DRAFT RED HERRING PROSPECTUS
Dated June 28, 2024
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read section 32 of the Companies Act, 2013
100% Book Built Offer

Please scan this QR Code to view the DRHP

SHIVALIK
Keeps the Wheel Moving

SHIVALIK ENGINEERING INDUSTRIES LIMITED

CORPORATE IDENTITY NUMBER: U27107CT2011PLC022353

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	Email and Telephone	Website
C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492001, India	Hardeep Choudhary, Company Secretary and Compliance Officer	**Email**: cs@shivalikengineering.com **Tel:** +91 8370002022	www.shivalikengineering.com

PROMOTERS OF OUR COMPANY: GIRIRAJ SINGHANIA AND RAGHVENDRA SINGHANIA

DETAILS OF THE OFFER

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND SHARE RESERVATION AMONG QIB, NII, RII & EMPLOYEES
Fresh Issue and Offer for Sale	Up to [●] Equity Shares of face value ₹5 aggregating up to ₹ 3,350 million	Up to 4,130,000 Equity Shares of face value ₹5 aggregating up to ₹[●] million	Up to [●] Equity Shares of face value ₹5 aggregating up to ₹[●] million	The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1)of the SEBI ICDR Regulations. For further details, see '*Other Regulatory and Statutory Disclosures - Eligibility for the Offer'* on page 493. For details in relation to share reservation amongst QIBs, NIIs, RIIs and Eligible Employees, see "*Offer Structure*" on page 511.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION

NAME OF THE SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES FACE VALUE OF ₹ 5 BEING OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*	NAME OF THE SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES FACE VALUE OF ₹ 5 BEING OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*
Giriraj Singhania	Promoter	Upto 1,204,260	32.35	Pankaj Sharma	Public	Upto 12,320	11.18
Raghvendra Singhania	Promoter	Upto 1,204,260	0.03	Dhruv Kumar Nagwani	Public	Upto 220,000	11.18
Vishal Sharma	Public	Upto 802,760	10.41	Navin Kumar Nagwani	Public	Upto 220,000	8.47
Mohit Sharma	Public	Upto 211,200	11.18	Padam Kumar Nagwani	Public	Upto 255,200	11.18

**As certified by Rajendra Prasad, Chartered Accountants, by way of their certificate dated June 28, 2024*

RISKS IN RELATION TO FIRST OFFER

The face value of the Equity Shares is ₹ 5 each. The Offer Price, Floor Price or Price Band as determined by our Company in consultation with the BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 129, should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 35.

THE COMPANY'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each of the Selling Shareholder, severally and not jointly, accepts responsibility for and confirms only the statements specifically made by such Selling Shareholder in this Draft Red Herring Prospectus solely in relation to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares that will be offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of this Offer, [●] shall be the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC for filing in accordance with Section 26(4) and Section 32 of the Companies Act. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, please see the section entitled "*Material Contracts and Documents for Inspection*" beginning on page 544.

BOOK RUNNING LEAD MANAGERS

LOGO	NAME	CONTACT PERSON	EMAIL & TELEPHONE
AXIS CAPITAL	**AXIS CAPITAL LIMITED**	**Harish Patel**	**Tel:** +91 22 4325 2183 **E-mail:** shivalik.ipo@axiscap.in
IIFL SECURITIES	**IIFL SECURITIES LIMITED**	**Yogesh Malpani / Pawan Kumar Jain**	**Tel:** + 91 22 4646 4728 **E-mail:** shivalik.ipo@iiflcap.com

REGISTRAR TO THE OFFER

LOGO	NAME	CONTACT PERSON	EMAIL & TELEPHONE
	BIGSHARE SERVICES PRIVATE LIMITED	**Mukesh Kumar**	**Tel**: +91 7045600446 **E-mail**: mukesh@bigshareonline.com

BID/OFFER PERIOD

ANCHOR INVESTOR BID/ OFFER PERIOD*	[●]	**BID/OFFER OPENS ON***	[●]	**BID/OFFER CLOSES ON****	[●]***

* *Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*
** *Our Company may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*
*** *The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.*

DRAFT RED HERRING PROSPECTUS
Dated June 28, 2024
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
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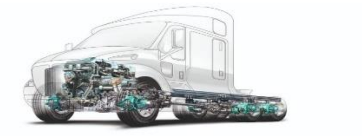

SHIVALIK
Keeps the Wheel Moving

SHIVALIK ENGINEERING INDUSTRIES LIMITED

Our Company was incorporated in Chhattisgarh, India, as Vardaan Engineering Industries Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated March 9, 2011. Subsequently, pursuant to a shareholder's resolution passed on November 25, 2011, the name our Company was changed to Shivalik Engineering Industries Private Limited and accordingly, a fresh certificate of incorporation dated November 25, 2011 was issued to our Company by the RoC. Thereafter, our Company was converted into public limited company pursuant to shareholder's resolution dated February 17, 2017, consequent to which the name of our Company was changed to Shivalik Engineering Industries Limited, and a fresh certificate on incorporate dated February 28, 2017 was issued by the RoC. For details of changes in the name and registered office address of our Company, see '*History and Certain Corporate Matters*' on page 319.

Registered and Corporate Office: C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492001, India; **Tel**:+ 91 8370002022
Contact Person: Hardeep Choudhary, Company Secretary and Compliance Officer
E-mail: cs@shivalikengineering.com; **Website**: www.shivalikengineering.com
Corporate Identity Number: U27107CT2011PLC022353

PROMOTERS OF OUR COMPANY: GIRIRAJ SINGHANIA AND RAGHVENDRA SINGHANIA]

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF SHIVALIK ENGINEERING INDUSTRIES LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH BY OUR COMPANY AGGREGATING UP TO ₹ 3,350 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 4,130,000 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE"), COMPRISING UP TO 1,204,260 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY GIRIRAJ SINGHANIA, UP TO 1,204,260 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY RAGHVENDRA SINGHANIA, UP TO 802,760 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY VISHAL SHARMA, UP TO 211,200 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY MOHIT SHARMA, UP TO 12,320 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY PANKAJ SHARMA , UP TO 220,000 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY DHRUV KUMAR NAGWANI, UP TO 220,000 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY NAVIN KUMAR NAGWANI, AND UP TO 255,200 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH AGGREGATING UP TO ₹[●] MILLION BY PADAM KUMAR NAGWANI (TOGETHER THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES").

THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, MAY OFFER A DISCOUNT OF UP TO [●] % (EQUIVALENT OF ₹ [●] PER EQUITY SHARE) TO THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE EMPLOYEE RESERVATION PORTION SHALL NOT EXCEED 5.00% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, MAY CONSIDER ISSUE OF SPECIFIED SECURITIES AS MAY BE PERMITTED UNDER APPLICABLE LAW TO ANY PERSON(S), AGGREGATING UP TO ₹ 670 MILLION, AT ITS DISCRETION, PRIOR TO THE FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). IF THE PRE-IPO PLACEMENT IS COMPLETED, THE SIZE OF THE FRESH ISSUE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE OFFER COMPLYING WITH THE MINIMUM OFFER SIZE REQUIREMENTS PRESCRIBED UNDER RULE 19(2)(B) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED ("SCRR").

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 5 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DETERMINED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, ALL EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND THE [●] EDITION OF [●], A HINDI DAILY NEWSPAPER (HINDI BEING THE REGIONAL LANGUAGE OF CHHATTISGARH, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE" AND TOGETHER WITH THE BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.]

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. In cases of *force majeure*, banking strike or similar unforeseen circumstances, our Company in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of one Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Banks, as required under the SEBI ICDR Regulations.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"), provided that our Company may in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than Anchor Investor Portion) ("**Net QIB Portion**"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, subject to valid Bids being received at or above the Offer Price, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. One-third of the Non-Institutional Portion shall be available for allocation to Non-Institutional Bidders with a Bid size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion shall be available for allocation to Non-Institutional Bidders with a Bid size of more than ₹1,000,000. Provided that under-subscription in either of these two sub-categories of the Non-Institutional Portion may be allocated to Non-Institutional Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, Equity Shares will be allocated on
a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA accounts and UPI ID in case of UPI Bidders, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") or by the Sponsor Bank(s) under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 516.

RISKS IN RELATION TO FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 5 each. The Offer Price, Floor Price or Price Band as determined by our Company in consultation with the BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under *"Basis for Offer Price"* on page 129, should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to *"Risk Factors"* on page 35.

THE COMPANY'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each of the Selling Shareholder, severally and not jointly, accepts responsibility for and confirms only the statements specifically made by such Selling Shareholder in this Draft Red Herring Prospectus solely in relation to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares that will be offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, [●] shall be the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 544.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
AXIS CAPITAL	IIFL SECURITIES	
AXIS CAPITAL LIMITED 1st Floor, Axis House C-2 Wadia International Center Pandurang Budhkar Marg Worli Mumbai 400 025 Maharashtra, India **Tel:** +91 22 4325 2183 **Email:** shivalik.ipo@axiscap.in **Investor grievance email:** complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact Person:** Harish Patel **SEBI Registration:** INM000012029	**IIFL SECURITIES LIMITED** 24th Floor, One Lodha Place Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013 Maharashtra, India **Tel:** + 91 22 4646 4728 **E-mail:** shivalik.ipo@iiflcap.com **Investor Grievance e-mail:** ig.ib@iiflcap.com **Website:** www.iiflcap.com **Contact person:** Yogesh Malpani / Pawan Kumar Jain **SEBI Registration No.:** INM000010940	**BIGSHARE SERVICES PRIVATE LIMITED** Office No. S6-2, 6th Floor Pinnacle Business Park, Next to Ahura Center, Mahakali Caves Road, Andheri East Mumbai-400093 **Tel**: +91 7045600446 **E-mail**: ipo@bigshareonline.com **Investor grievance e-mail**: investor@bigshareonline.com **Website**: www.bigshareonline.com **Contact Person**: Mukesh Kumar **SEBI Registration**: INR000001385

BID/OFFER PERIOD

BID/ OFFER OPENS ON: *	[●]
BID/ OFFER CLOSES ON: **	[●]***

* *Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*
** *Our Company may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*
*** *The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.*

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TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification, direction or clarification shall be to such legislation, act, regulation, rule, guideline, policy, circular, notification, direction or clarification as amended, updated, supplemented, re-enacted or modified, from time to time, and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms in the SEBI Act, SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Further, the Offer related terms used but not defined in this Draft Red Herring Prospectus shall have the meaning ascribed to such terms under the General Information Document.

Notwithstanding the foregoing, the terms used in "Industry Overview", "Statement of Special Tax Benefits", "Financial Information", "Basis for Offer Price", "History and Certain Corporate Matters", "Financial Indebtedness", "Outstanding Litigation and Material Developments", "Offer Procedure", "Key Regulations and Policies", and "Main Provision of the Articles of Association" on pages 148, 141, 359, 129, 319, 480, 483, 516, 312 and 538 respectively, shall have the meaning ascribed specifically to such terms in the relevant sections.

General Terms

Term	Description
"the Company", "our Company", or "the Issuer"	Shivalik Engineering Industries Limited, a public limited company incorporated under Companies Act, 2013 having its registered and corporate office at C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492001, India.
"we", "our" or "us"	Unless the context otherwise indicates or implies, our Company, as at and during the relevant period / Fiscal/ Financial Year.

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended from time to time.
"Audit Committee"	The audit committee of our Board of Directors, as described in "*Our Management*" on page 328.
"Auditors" or "Statutory Auditors"	The current statutory auditors of our Company, being Rajendra Prasad, Chartered Accountants.
"Board" or "Board of Directors"	The board of directors of our Company (including any duly constituted committee thereof).
"Chief Financial Officer"	The chief financial officer of our Company, being Mr. Manoj Patni.
"Company Secretary and Compliance Officer"	The company secretary and compliance officer of our Company, being Mr. Hardeep Choudhary.
"Composite Scheme of Arrangement", "Composite Scheme" or "Scheme"	Composite scheme of arrangement entered into among Shivalik Auto Engineering Private Limited ("**SAEPL**"), Neelkamal Vanijya Private Limited ("**NVPL**"), Adopt Commotrade Private Limited ("**ACPL**"), Goldmoon Vinimay Private Limited ("**GVPL**"), Shivalik Power and Steel Private Limited ("**SPSPL**") and Shivalik Engineering Industries Limited ("**SEIL**" or the "**Company**") whereby SAEPL, NVPL, ACPL, GVPL, and the Demerged Undertaking of SPSPL, have been amalgamated into the Company, as described in "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamations or any revaluation of assets, etc. in the last ten years*" on page 324.
"Corporate Office"	C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492001, India
"CRISIL" or "CRISIL MI&A"	CRISIL Market Intelligence & Analytics, a division of CRISIL Limited, appointed by our Company pursuant to an engagement letter dated May 20, 2024.

Term	Description
"CRISIL Report"	Report prepared by CRISIL Market Intelligence and Analytics titled "Assessment of Market Potential for Industrial Engineered Components" dated June, 2024.
"Demerged Undertaking"	The castings division of Shivalik Power and Steel Private Limited, which included all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of Shivalik Power and Steel Private Limited, in relation to and pertaining to the business of manufacturing and marketing of castings, engineering products and automobile and ancillary components on a going concern basis, together with all its assets and liabilities.
"Detailed Project Report"	The detailed project report along with the "Techno-Commercial Proposal" dated May 29, 2024 prepared by Oriano Clean Energy Private Limited in connection with the object of the Offer relating to funding capital expenditure for setting up of the Solar Plant.
"Director(s)"	The director(s) on our Board, as described in "*Our Management*" on page 328.
"EPC Contractor"	The engineering and procurement contractor appointed for setting up of the Solar Plant, i.e., Oriano Clean Energy Private Limited.
"Equity Shares"	The equity shares of our Company of face value of ₹ 5 each.
"Executive Director(s)"	Executive director(s) on our Board of Directors, as described in "*Our Management*" on page 328.
"Group Companies"	The company(ies) identified as 'group companies' in accordance with Regulation 2(1)(t) of the SEBI ICDR Regulations, being Shivalik Power and Steel Private Limited and Sharda Shree Agriculture and Developers Private Limited.
"Independent Director(s)"	Independent director(s) on our Board of Directors.
"IPO Committee"	The committee constituted by our Board of Directors for the Offer, as described in "*Our Management*" on page 328.
"Joint Managing Director"	The joint managing director of our Company, being Mr. Raghvendra Singhania.
"KBM Promoter Group"	The Relevant Family Members, taken together with their Relevant Connected Entities, and such term shall refer to each of them
"Key Managerial Personnel"	Key managerial personnel of our Company in terms of the SEBI ICDR Regulations and as disclosed in "*Our Management – Key Managerial Personnel*" on page 347.
"Managing Director"	The managing director of our Company, being Mr. Giriraj Singhania.
"Materiality Policy"	Policy for identification of Group Companies, material outstanding civil litigation involving our Company, our Promoters and our Directors and material creditors of the Company, pursuant to the disclosure requirements under SEBI ICDR Regulations, as adopted by the Board through its resolution dated June 28, 2024.
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended from time to time.
"Nomination and Remuneration Committee"	The Nomination and Remuneration Committee of our Board of Directors, as described in "*Our Management*" on page 328.
"Non-executive Director(s)"	Non-executive director(s) of our Company, as described in "*Our Management*" on page 328.
"Unit 1"	Our manufacturing facility situated at Plot No. 8, Heavy Industrial Area, Hathkhoj, Bhilai, District- Durg, Chhattisgarh – 490026, India
"Unit 2"	Our manufacturing facility situated at Plot No. 14,15 & 16, Heavy Industrial Area, Hathkhoj, Bhilai, District- Durg, Chhattisgarh – 490026, India
"Unit 3"	Our machine unit at Plot No. 2A, 3, 4- Engineering Park, Heavy Industrial Area, Hathkhoj, Bhilai, District- Durg, Chhattisgarh – 490026, India which is currently under development and not operational.
"Unit 4"	Our manufacturing facility situated at Murhena Road, Village Belsonda, District - Mahasamund, Chhattisgarh – 493445, India
"Pro Forma Consolidated Financial Information"	The proforma consolidated financial information of our Company comprising of the pro forma consolidated statement of assets and liabilities as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and the pro forma consolidated information of profit and loss for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021 and related notes thereon, illustrating the impact of the Composite Scheme on the Company as if the Composite Scheme was implemented with effect from April 1, 2020, by applying proforma adjustments to the Restated Consolidated Financial Information, such adjustments being prepared in accordance with the: (a) SEBI ICDR Regulations, (b) the Guidance Note on Reports in Company Prospectuses (Revised 2019), and (c) the Guidance Note on Combined and Carve-out Financial Statements (2017) issued by ICAI.
"Promoters"	The promoters of our Company, being Mr. Giriraj Singhania and Mr. Raghvendra Singhania, as described in "*Our Promoters and Promoter Group*" on page 351.
"Promoter Group"	The entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

Term	Description
	Kapiraj Singhania, Birendra Singhania and Manju Khedia are members of the promoter group in accordance with Regulation 2(1)(pp)(ii) of the SEBI ICDR Regulations. However, the relevant confirmations and undertakings in respect of such persons and their Relevant Connected Entities as our "promoter group", (as defined under the SEBI ICDR Regulations) have not been provided by them. Consequently, our Company has included disclosures pertaining to Kapiraj Singhania, Birendra Singhania and Manju Khedia and their Relevant Connected Entities based on and limited only to the extent of information available in the public domain and accessible to the Company. For details, see "*Our Promoters and Promoter Group*" on page 351.
"Relevant Family Members"	Kapiraj Singhania and Birendra Singhania, brothers of our Promoters, and Manju Khedia, a sister of our Promoters, taken together and each of them
"Relevant Connected Entities"	(i) any body corporate in which 20% or more of the equity share capital is held by any of the Relevant Family Members or a firm or any Hindu Undivided Family of which a Relevant Family Member is a member, or (ii) any body corporate in which any body corporate mentioned under (i) above holds 20% or more of the equity share capital or (iii) any Hindu Undivided Family or firm in which the aggregate shareholding of Relevant Family Members is equal to or more than 20% of the total capital
"Registered Office"	The registered office of our Company, which is located at C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492001, India.
"Registrar of Companies" or "RoC"	The Registrar of Companies, Chhattisgarh at Bilaspur.
"Restated Consolidated Financial Information"	The restated consolidated financial information of our Company comprising of the of the restated consolidated statement of assets and liabilities of the Company and its associate (collectively, the 'Group') as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows, the restated consolidated statement of changes in equity of the Group for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, and the summary statement of significant accounting policies, and other explanatory information prepared in terms of the requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019), as amended, issued by ICAI.
"Risk Management Committee"	The risk management committee of our Board of Directors, as described in "*Our Management*" on page 328.
"Samarth Investment Co."	All references to Samarth Investment Co. throughout the DRHP shall mean Samarth Investment Co. acting through its partners at the time. Raghvendra Singhania, and Purv Polyfilms Private Limited are the current partners of Samarth Investment Co.
"Selling Shareholders"	Giriraj Singhania, Raghvendra Singhania, Vishal Sharma, Mohit Sharma, Pankaj Sharma, Dhruv Kumar Nagwani, Navin Kumar Nagwani and Padam Kumar Nagwani
"Senior Management"	Senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as disclosed in "*Our Management*" on page 328.
"Shareholders"	The holders of the Equity Shares from time to time.
"Solar Plant"	Captive solar power plant of 43.75 MWp being set up by the Company at Mouza Village Katalbod, P.H.No.18, R.I.C. Babamohtara, Tahsil Bemetara District Bemetara, Chhattisgarh.
"Stakeholders' Relationship Committee"	The stakeholders' relationship committee of our Board of Directors, as described in "*Our Management*" on page 328.
"Transferor Companies"	Shivalik Auto Engineering Private Limited ("**SAEPL**"), Neelkamal Vanijya Private Limited ("**NVPL**"), Adopt Commotrade Private Limited ("**ACPL**") and Goldmoon Vinimay Private Limited ("**GVPL**")
"Whole-time Director"	The whole-time director of our Company, being Mr. Vinay Agrawal.

Offer Related Terms

Term	Description
"Abridged Prospectus"	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf
"Acknowledgement Slip"	The slip or document issued by the relevant Designated Intermediary (ies) to the Bidder as proof of registration of the Bid cum Application Form.
"Allot' or "Allotment" or 'Allotted"	Allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.
"Allotment Advice"	Advice or intimation of Allotment sent to the Bidders who have bid in the Offer after the

Term	Description
	Basis of Allotment has been approved by the Designated Stock Exchange.
"Allottee"	A successful Bidder to whom an Allotment is made.
"Anchor Investor(s)"	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100,000,000.
"Anchor Investor Allocation Price"	The final price at which Equity Shares will be allocated to Anchor Investors on the Anchor Investor Bidding Date according to the terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the BRLMs.
"Anchor Investor Application Form"	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion, and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Anchor Investor Bid/ Offer Period" or "Anchor Investor Bidding Date"	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLMs will not accept any Bids from Anchor Investors, and allocation to Anchor Investors shall be completed.
"Anchor Investor Offer Price"	The price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs.
"Anchor Investor Portion"	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
"Anchor Investor Pay-in Date"	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date.
"ASBA" or "Application Supported by Blocked Amount"	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount the relevant ASBA Account and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of the UPI Mandate Request by the UPI Bidders using the UPI Mechanism
"ASBA Account"	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders, for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a UPI Bidder linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders using the UPI Mechanism
"ASBA Bid"	A Bid made by an ASBA Bidder.
"ASBA Bidder(s)"	Any Bidder (other than an Anchor Investor) in the Offer who intends to submit a Bid.
"ASBA Form"	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Axis"	Axis Capital Limited
"Banker(s) to the Offer"	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and "the Sponsor Bank(s), as the case may be
"Basis of Allotment"	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, described in "*Offer Procedure*" on page 516.
"Bid(s)"	An indication by a Bidder (other than an Anchor Investor) to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly.
"Bid Amount"	In relation to each Bid, the highest value of optional Bids indicated in the Bid cum Application Form (less Employee Discount, if any) and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.

Term	Description
	Eligible Employees applying in the Employee Reservation Portion can apply at the Cut Off Price and the Bid Amount shall be Cap Price, net of Employee Discount, if any, multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ [●] (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ [●] (net of Employee Discount, if any). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ [●], subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ [●] (net of Employee Discount, if any).
"Bid cum Application Form"	The Anchor Investor Application Form or the ASBA Form, as the context requires.
"Bidder" or "Applicant"	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
"Bidding Centres"	Centres at which the Designated Intermediaries shall accept the ASBA Forms, *i.e.*, Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
"Bid Lot"	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
"Bid/ Offer Closing Date"	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of the English national daily newspaper [●], and all editions of the Hindi national daily newspaper [●] (Hindi also being the regional language of Chhattisgarh, where our Registered Office is located) each with wide circulation, and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the designated intermediaries and the Sponsor Banks, as required under the SEBI ICDR Regulations. Our Company in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.
"Bid/ Offer Opening Date"	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of the English national daily newspaper [●], and all editions of the Hindi national daily newspaper [●] (Hindi also being the regional language of Chhattisgarh, where our Registered Office is located), each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Banks, as required under the SEBI ICDR Regulations.
"Bid/ Offer Period"	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
"Book Building Process"	The book building process provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, being Axis Capital Limited and IIFL Securities Limited.
"Broker Centres"	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker (in case of UPI Bidders, only using UPI Mechanism). The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.
"Cap Price"	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted. Cap Price shall be at least 105% of the Floor Price and shall not exceed 120% of the Floor Price.
"Cash Escrow and Sponsor Banks Agreement"	The agreement to be entered amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), the Public Offer

Term	Description
	Account Bank(s), the Sponsor Banks, and the Refund Bank(s).
"Client ID"	Client identification number maintained with one of the Depositories in relation to the demat account.
"CDP" or "Collecting Depository Participant"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and the UPI Circulars, and as per the list available on the websites of BSE and NSE.
"Compliance Officer for the Offer"	Compliance officer for the Offer in terms of the SEBI ICDR Regulations.
"Cut-Off Price"	Offer Price, which shall be any price within the Price Band, finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-Off Price. QIBs (including Anchor Investor) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
"Demographic Details"	Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable.
"Designated Branches"	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
"Designated CDP Locations"	Such locations of the CDPs where Bidders (other than Anchor Investors) can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively,) as updated from time to time.
"Designated Date"	The date on which the Escrow Collection Bank(s) transfers funds from the Escrow Account(s) to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of UPI Bidders using the UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus following which the Equity Shares will be Allotted in the Offer.
"Designated Intermediary(ies)"	In relation to ASBA Forms submitted by RIBs, Eligible Employees and HNIs bidding with an application size of ₹ 500,000(not using UPI Mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder, as the case may be, using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, SCSBs, Registered Brokers, the CDPs and RTAs.
"Designated RTA Locations"	Such locations of the RTAs where Bidders (other than Anchor Investors) can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively,) as updated from time to time.
"Designated SCSB Branches"	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
"Designated Stock Exchange"	[●]
"Draft Red Herring Prospectus or DRHP"	This draft red herring prospectus dated June 28, 2024 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or

Term	Description
	corrigenda thereto.
"Eligible Employee(s)"	Permanent employees of our Company, as may be decided (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC and who continue to be a permanent employee of our Company until the submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form, but not including (i) our Promoter; (ii) persons belonging to our Promoter Group; or (iii) Directors who either themselves or through their relatives or through anybody corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000(net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be available for allocation and Allotment on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000(net of Employee Discount)
"Eligible NRI"	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe to,or purchase the Equity Shares.
"Employee Discount"	A discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share) as may be offered by our Company, in consultation with the BRLMs, to Eligible Employees in the Employee Reservation Portion and which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.
"Employee Reservation Portion"	The portion of the Offer being up to [●] Equity Shares, aggregating to ₹ [●] million, which shall not exceed [●] % of the post Offer Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis. The Employee Reservation Portion shall not exceed 5.00% of our post-offer paid-up equity share capital.
"Escrow Account(s)"	Account(s) opened with the Escrow Collection Bank and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount while submitting a Bid.
"Escrow Collection Bank"	A bank which is a clearing member and registered with SEBI as a banker to an issue, and with whom the Escrow Account(s) will be opened, in this case being [●].
"First or sole Bidder"	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
"Floor Price"	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
"Fresh Issue"	The issue of up to [●] Equity Shares of face value of ₹ 5 each aggregating up to ₹ 3,350 million by our Company.
"General Information Document" or "GID"	The General Information Document for investing in public offers, prepared and issued in accordance with the circular no. (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by SEBI, suitably modified and updated pursuant to, among others, the circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, circular no. (SEBI/HO/CFD/TPD1/CIR/P/2023/140) dated August 9, 2023 as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges, and the BRLMs.
"IIFL"	IIFL Securities Limited
"Monitoring Agency"	[●]
"Monitoring Agency Agreement"	The agreement to be entered into between our Company and the Monitoring Agency.
"Mutual Fund Portion"	[●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
"Mutual Funds"	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
"Net Offer"	The Offer less the Employee Reservation Portion.
"Net Proceeds"	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details about use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer – Utilisation of Net Proceeds*" and "*Objects of the Offer – Offer Expenses*" on pages 114 and 125 respectively.
"Net QIB Portion"	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor

Term	Description
	Investors.
"NBFC-SI" or "Systemically Important Non-Banking Financial Company"	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
"Non-Institutional Bidders"	Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees bidding in the Employee Reservation Portion and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
"Non-Institutional Portion"	The portion of the Offer being not less than 15% of the Net Offer comprising [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price, in the following manner: (a) one third of the portion available to non-institutional investors shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000; (b) two third of the portion available to non-institutional investors shall be reserved for applicants with application size of more than ₹ 1,000,000: Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of non-institutional investors.
"Non-Resident" or "NR"	A person resident outside India, as defined under FEMA and includes FPIs, VCFs, FVCIs and NRIs.
"Offer"	The initial public offering of up to [●] Equity Shares of face value ₹5 each of our Company for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ [●] million comprising of the Fresh Issue and the Offer for Sale. The offer comprises the Net Offer and Employee Reservation. Our Company, in consultation with the Book Running Lead Managers, may consider issue of Specified Securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 670 million, at its discretion, prior to the filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). The Pre-IPO Placement, if undertaken, will be at price to be decided to be decided by our Company in consultation with the Book Running Lead Managers. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under Rule 19(2)(b) of the SCRR.
"Offer Agreement"	The agreement dated June 28, 2024, among our Company, the Selling Shareholders, the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
"Offer for Sale"	The offer for sale of up to 4,130,000 Equity Shares of face value ₹5 each aggregating up to ₹ [●] million by the Selling Shareholders.
"Offer Price"	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company in consultation with the BRLMs on the Pricing Date, in accordance with the Book-Building Process and in terms of the Red Herring Prospectus and the Prospectus. A discount of up to [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company in consultation with the BRLMs.
"Offered Shares"	Up to 4,130,000 Equity Shares of face value ₹5 each aggregating up to ₹[●] million being offered for sale by the Selling Shareholders in the Offer for Sale.
"Offer Proceeds"	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders.
"Pre-IPO Placement"	Our Company in consultation with the BRLMs, may consider issue of Specified Securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 670 million, at its discretion, prior to the filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with the minimum offer size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue.

Term	Description
	On utilization of Pre-IPO placement proceeds (if any) prior to the completion of the Offer, it shall be appropriately intimated to the Pre-IPO Placement subscribers that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and result into listing of the Equity Shares of our Company on the Stock Exchanges.
"Price Band"	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot and Employee Discount if any, as decided by our Company in consultation with the BRLMs will be advertised in all editions of the English national daily newspaper [●], and all editions of the Hindi national daily newspaper [●] (Hindi also being the regional language of Chhattisgarh, where our Registered Office is located) each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.
"Pricing Date"	The date on which our Company in consultation with the BRLMs, finalises the Offer Price.
"Prospectus"	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
"Public Offer Account"	The bank account opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
"Public Offer Account Bank"	A bank which is a clearing member and registered with SEBI as a banker to an issue, and with whom the Public Offer Account(s) will be opened, in this case being [●].
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
"QIB Bidders"	QIBs who Bid in the Offer.
"QIB Portion"	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer consisting of not more than [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).
"QIB Bid/ Offer Closing Date"	In the event our Company in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date one day prior to the Bid/Offer Closing Date; otherwise, it shall be the same as the Bid/Offer Closing Date.
"Red Herring Prospectus" or "RHP"	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
"Refund Account"	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
"Refund Bank"	The Banker to the Offer with whom the Refund Account(s) will be opened, in this case being [●].
"Registrar Agreement"	The agreement dated June 28, 2024, entered into among our Company, the Selling Shareholders and the Registrar to the Offer.
"Registered Brokers"	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
"Registrar to the Offer" or "Registrar"	Bigshare Services Private Limited, a company incorporated under the Companies Act, 1956, as amended and having its registered office at Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093
"Resident Indian"	A person resident in India, as defined under FEMA.
"Retail Individual Bidder(s)" or "Retail Individual Investor(s)" or 'RII(s)' or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 0.2 million in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs).
"Retail Portion"	The portion of the Offer being not less than 35% of the Net Offer comprising [●] Equity Shares, which shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Term	Description
"Revision Form"	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.
"RTAs" or "Registrar and Share Transfer Agents"	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
"RTA Master Circular"	SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024.
"Self-certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https:/www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website.
"Share Escrow Agent"	The share escrow agent appointed pursuant to the Share Escrow Agreement, being [●].
"Share Escrow Agreement"	The agreement to be entered between our Company, the Selling Shareholders and the Share Escrow Agent.
"Specified Locations"	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders.
"Specified Securities"	Specified securities as defined under Regulation 2(eee) of the SEBI ICDR Regulations, 2018
"Sponsor Banks"	Banks registered with SEBI which is appointed by the issuer to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the UPI Bidders using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars., the Sponsor Banks in this case being [●].
"Sub-Syndicate Members"	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
"Syndicate Agreement"	The agreement to be entered between our Company, the Registrar to the Offer, the Selling Shareholders, the BRLMs and the Syndicate Members.
"Syndicate Members"	Syndicate members as defined under Regulation 2(1)(hhh) of the SEBI ICDR Regulations, being [●].
"Syndicate" or "Members of the Syndicate"	The BRLMs and the Syndicate Members.
"Underwriters"	[●]
"Underwriting Agreement"	The agreement to be entered between the Underwriters, our Company and the Selling Shareholders, entered into on or after the Pricing Date but prior to filing of the Red Herring Prospectus or the Prospectus with the RoC, as applicable.
"UPI Bidders"	Collectively, individual investors applying as (i) Retail Individual Bidders in the Retail Portion, (ii) Eligible Employees Bidding in Employee Reservation Portion; and (iii) Non-Institutional Bidders with a Bid Amount of up to ₹ 500,000 in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Forms(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹500,000 using UPI Mechanism, shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and

Term	Description
	(iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity).
"UPI Circulars"	Collectively, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, the RTA Master Circular and SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022, SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, SEBI master circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent that such circular pertains to the UPI Mechanism), along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard, and any subsequent circulars or notifications issued by SEBI and Stock Exchanges in this regard.
"UPI ID"	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India (NPCI).
"UPI Mandate Request"	A request (intimating the UPI Bidder by way of a notification on the UPI application and by way of a SMS directing the UPI Bidder to such UPI application) to the UPI Bidder initiated by the Sponsor Banks to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment. Such request shall be accepted by UPI Bidders at or before 5.00 pm on Bid/Offer Closing Date.
"UPI Mechanism"	The bidding mechanism that may be used by an UPI Bidder to make a Bid in the Offer in accordance with UPI Circulars.
"UPI PIN"	Password to authenticate UPI transaction.
"Wilful Defaulter" or "Fraudulent Borrower"	Wilful defaulter or a fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations.
"Working Day"	All days on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression "Working Day" shall mean all days on which commercial banks in Mumbai are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression 'Working Day' shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the circulars issued by SEBI, including the UPI circulars.

Technical/ Industry Related Terms/ Abbreviations

Term	Description
"2-D"	2-dimensional
"3-D"	3-dimensional
"AC"	Alternating current
"B2B"	Business-to-business
"CV"	Commercial Vehicle
"CAD"	Computer-aided design
"CAGR"	Compounded annual growth rate
"CRM"	Customer relationship management
"CSR"	Corporate social responsibility
"DC"	Direct Current
"EBITDA"	Earnings before interest, taxes, depreciation and amortization.
"ERP"	Enterprise resource planning
"EV"	Electric vehicle

Term	Description
"GSM"	Graded surveillance measures
"GST"	Goods and services tax
"IATF"	International Automotive Task Force
"ISO"	International Organisation for Standardisation
"LCV"	Light commercial vehicle
"MWp"	Megawatt peak
"OEM"	Original equipment manufacturer
"PAT"	Profit after tax
"ROCE"	Return on capital employed
"ROE"	Return on equity
"SKU"	Stock-keeping units
"STT"	Securities transaction tax

Conventional and General Terms or Abbreviations

Term	Description
"AGM"	Annual General Meeting.
"AIF"	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
"BSE"	BSE Limited.
"Category I FPI"	FPIs registered as "Category I foreign portfolio investors" under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
"Category II FPI"	FPIs registered as "Category II foreign portfolio investors" under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
"CDSL"	Central Depository Services (India) Limited.
"CIN"	Corporate Identity Number.
"CIT"	Commissioner of Income Tax.
"Companies Act"	Companies Act, 1956 and Companies Act, 2013, as applicable.
"Companies Act, 1956"	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
"Companies Act, 2013"	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force.
"CSR"	Corporate Social Responsibility.
"Depositories"	NSDL and CDSL.
"Depositories Act"	The Depositories Act, 1996, read with regulations framed thereunder.
"DIN"	Director Identification Number.
"DP ID"	Depository Participant's Identity Number.
"DP" or "Depository Participant"	A depository participant as defined under the Depositories Act.
"EPS"	Earnings Per Share.
"ESIC"	Employees' State Insurance Corporation
"FCNR"	Foreign currency non-resident account.
"FDI"	Foreign Direct Investment.
"FEMA"	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
"FEMA NDI Rules"	Foreign Exchange Management (Non-debt Instrument) Rules, 2019.
"Financial Year" or "Fiscal" or "Fiscal Year" or "FY"	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
"FPI(s)"	Foreign portfolio investors as defined under the SEBI FPI Regulations.
"FVCI"	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
"Fugitive Economic Offender"	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
"GDP"	Gross domestic product.
"GoI" or "Government" or "Central Government"	The Government of India.
"GST"	Goods and services tax.
"HUF"	Hindu undivided family.
"ICAI"	The Institute of Chartered Accountants of India.
"IT"	Income Tax
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"Income Tax Act"	Income- Tax Act, 1961, read with the rules framed thereunder.
"Income Tax Rules"	Income- Tax Rules, 1962.

Term	Description
“Ind AS”	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.
“Indian GAAP”	Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
“IPO”	Initial public offering.
“IST”	Indian Standard Time.
“MCA”	Ministry of Corporate Affairs, Government of India.
“Mn” or “mn”	Million.
“N.A.” or “NA”	Not applicable.
“NAV”	Net asset value.
“NEFT”	National Electronic Fund Transfer.
“NRI”	A person resident outside India, who is a citizen of India or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
“NSDL”	National Securities Depository Limited.
“NSE”	National Stock Exchange of India Limited.
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
“p.a.”	Per annum.
“P/E Ratio”	Price/earnings ratio.
“PAN”	Permanent account number.
“PAT”	Profit after tax.
“PF”	Provident Fund
“RBI”	Reserve Bank of India.
“RTGS”	Real time gross settlement.
“R&D”	Research and development
“SCRA”	Securities Contracts (Regulation) Act, 1956.
“SCRR”	Securities Contracts (Regulation) Rules, 1957.
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
“SEBI Act”	Securities and Exchange Board of India Act, 1992.
“SEBI AIF Regulations”	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
“SEBI FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
“SEBI FVCI Regulations”	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
“SEBI Insider Trading Regulations”	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
“SEBI Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
“SEBI Merchant Bankers Regulations”	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
“SEBI SBEB and Sweat Equity Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
“SEBI VCF Regulations”	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
“State Government”	The government of a state in India.
“Stock Exchanges”	Collectively, the BSE and NSE.
“STT”	Securities transaction tax.
“Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
“TDS”	Tax deducted at source.
“U.S.”/ “U.S.A.”/ “United States”	The United States of America, together with its territories and possessions, any state of the United States of America and the District of Columbia.
“U.S. Securities Act”	U.S. Securities Act of 1933, as amended.
“VCFs”	Venture capital funds as defined in and registered with SEBI under SEBI VCF Regulations.
“Year”/ “Calendar Year”	The 12 month period ending December 31.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references to "India" in this Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions, and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

All references herein to the "U.S.", "U.S.A.", or the "United States" are to the United States of America and its territories and possessions.

Unless otherwise stated, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

Currency and Units of Presentation

All references to *"Rupee(s)"*, *"Rs."* or "₹" or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to *"US$"* or *"USD"* or *"U.S. Dollars"* are to United States Dollar, the official currency of the United States of America.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Rupees that have been presented solely to comply with the requirements of SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

(*in ₹*)

Currency	Exchange rate as on			
	December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 US$	83.11	82.22	75.81	73.50

Source: Foreign exchange reference rates as available on www.fbil.org.in
Note: Exchange rate is rounded off to two decimal point. If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated above or at all.

Time

Unless otherwise specified, all references to time in this Draft Red Herring Prospectus are to Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Financial and Other Data

Unless stated or the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Consolidated Financial Information. Certain financial information has also been derived from the Pro Forma Consolidated Financial Information.

The Restated Consolidated Financial Information of our Company comprising of the restated consolidated statement of assets and liabilities of the Company and its associate (collectively, the 'Group') as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows, the restated consolidated statement of changes in equity of the Group for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021and the summary statement of significant accounting policies, and other explanatory information prepared in terms of the requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)", as amended issued by ICAI.

The Pro Forma Consolidated Financial Information has been prepared by us for the purposes of inclusion in this Draft Red Herring Prospectus, for illustrative purposes only, by adjusting the Restated Consolidated Financial Information, to illustrate the impact on our financial condition as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and our financial performance for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, of the Composite Scheme, as if the Composite Scheme had come into effect on and from April 1, 2020, *i.e.*, the beginning of the earliest period presented by the Pro Forma Consolidated Financial Information.

The Pro Forma Consolidated Financial Information consists of the pro forma consolidated statement of assets and liabilities as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and the pro forma consolidated information of profit and loss for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021 and related notes thereon and have been prepared in accordance with Ind AS, the Guidance Note on "Reports in Company Prospectuses (Revised 2019)", as amended issued by ICAI (the "Prospectus Guidance Note"), the Guide to Reporting on Proforma Financial Statements, Standard on Assurance Engagements (SAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus issued by ICAI (the "Pro Forma Financial Reporting Guide"), the Guidance Note on Combined and Carve-out Financial Statements (2017) issued by ICAI and the related procedures, to the extent applicable (the "Combined and Carve-out FS Guidance Note") and the relevant provisions of the SEBI ICDR Regulations.

The Pro Forma Consolidated Financial Information were prepared by our management by making proforma adjustments to: (a) the Restated Consolidated Financial Information; (b) the information about the financial condition and financial performance of the Transferor Companies extracted from the special purpose standalone financial statements of each of the Transferor Companies as at and for the nine-month period ended December 31, 2022 and for each of the years ended March 31, 2022 and March 31, 2021; and (c) the information about the financial condition and financial performance of the Demerged Undertaking extracted from the special purpose standalone financial statements of SPSPL as at and for the nine-month period ended December 31, 2022 and for each of the years ended March 31, 2022 and March 31, 2021.

The adjustments set forth in our Pro Forma Consolidated Financial Information are based upon available information and assumptions that our management believes to be reasonable. Our Proforma Condensed Consolidated Financial Information should be read in conjunction with the basis stated in Note-1 to the Pro Forma Consolidated Financial Information appearing in "*Pro Forma Consolidated Financial Information*" included on page 410, including for details in connection with the proforma adjustments.

Our Pro Forma Consolidated Financial Information is not a substitute for our past results and may not necessarily be indicative of what our actual results of operations, financial position and cash flows would have been for such period or as at such date, nor are they intended to be indicative of expected results or operations in the future periods or our future financial position. Our Pro Forma Consolidated Financial Information does not include all of the information required for financial statements under Ind AS. It does not include any adjustment for liabilities or related costs that may result from the Composite Scheme, nor do they reflect any adjustments for potential synergies therefrom. Certain liabilities and related costs may ultimately be recorded for costs associated with the Composite Scheme, and there can be no assurance that any synergies will be achieved. Further, our Composite Scheme was not prepared in accordance with auditing or other standards and practices generally accepted in other jurisdictions or in connection with an offering registered with the SEC under the U.S. Securities Act, and consequently, does not comply with the presentation of pro forma financial information in accordance with those standards and practices. Accordingly, the degree of reliance placed by investors in other jurisdictions on our Pro Forma Consolidated Financial Information should be limited. Also see "*History and Certain Corporate Matters—Composite Scheme of Arrangement among SAEPL, NVPL, ACPL, GVPL with our Company and demerger of SPSPL and its vesting into our Company*" and "*Risk Factors—31. The Pro Forma Consolidated Financial Information included in this Draft Red Herring Prospectus to reflect the impact of the certain amalgamations is not indicative of our future financial condition or financial performance*" on pages 324 and 59, respectively. For further information on our Company's financial information, see "*Financial Information*" beginning on page 359.

There are significant differences between Ind AS, Indian GAAP, US GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with

Indian accounting policies and practices, the Companies Act, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

Our Company's fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular fiscal year (referred to herein as "**Fiscal**", "**Fiscal Year**" or "**FY**") are to the 12 months period ended March 31 of that particular year, unless otherwise specified.

All the figures in this Draft Red Herring Prospectus have been presented in million or in whole numbers where the numbers have been too small to present in million unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. However, figures sourced from third-party industry sources may be expressed in denominations other than million or may be rounded off to other than two decimal points to confirm to their respective sources.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 35, 284, and 430, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from the Restated Consolidated Financial Information.

Non-GAAP Financial Measures

This Draft Red Herring Prospectus contains certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like revenue from operations, growth in revenue from operations %, operating EBITDA, operating EBITDA margin %, net profit for the year, PAT margin %, return on equity %, return on capital employed %, debt/total net worth, and certain other statistical information relating to our operations and financial performance that are not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP (together, "**Non-GAAP Measures**"). These Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ periods or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. We compute and disclose such non-Indian GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. For risks in relation to Non-GAAP measures, see "*Risk Factors – Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.* " on page 65.

Customer and Vendor Data

We have included in this Draft Red Herring Prospectus, names and other relevant details, as may have been required, of certain of our customers and vendors. Further, names of certain customers and vendors have not been included in this Draft Red Herring Prospectus either because relevant consents for disclosure of their names were not available or in order to preserve confidentiality.

Industry and Market Data

Unless stated otherwise, the industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report titled "Assessment of Market Potential for Industrial Engineered Components" dated June, 2024 prepared by CRISIL Market Intelligence and Analytics (**"CRISIL Report"**), which is exclusively prepared for the purpose of the Offer and publicly available information as well as other industry publications and sources. CRISIL is an independent agency which has no relationship with our Company, our Promoters, any of our Directors or Key Managerial Personnel or Senior Management or the BRLMs, and was appointed by the Company pursuant to an engagement letter dated May 20, 2024. For risks in relation to commissioned reports, see "*Risk Factors – This Draft Red Herring Prospectus contains information from third parties including an industry report prepared by an independent third-party research agency, CRISIL Market Intelligence and Analytics ("CRISIL"), which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer.*" on page 64.

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which industry and market data set forth in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 35.

In accordance with the SEBI ICDR Regulations, the section "*Basis for the Offer Price*" on page 129 includes information relating to our peer group. Such information has been derived from publicly available sources. Accordingly, no investment decision should be made solely on the basis of such information.

This Draft Red Herring Prospectus contains certain data and statistics from the CRISIL Report, which is available on the website of our Company at https://shivalikengineering.com/investor/.

Disclaimer of CRISIL

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

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "can", "could", "continue", "expect", "estimate", "goal", "intend", "may", "likely", "objective", "plan", "purpose", "project", "should" "will", "will continue", "will achieve", "shall" "seek to", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- We are dependent on our top five customers who contribute more than 60.00% of our revenue from operations for the nine months ended December 31, 2023 and in each of the last three Fiscals. Loss of any of these customers or a reduction in purchases by any of them could adversely affect our business, results of operations and financial condition

- Our business and profitability are substantially dependent on the availability and cost of our raw materials, and any disruption to the timely and adequate supply of raw materials, or volatility in the prices of raw materials may adversely impact our business, results of operations and financial condition

- We derive a substantial portion of our revenue from the sale of wheel hubs and brake drums and loss of sales due to reduction in demand for these products would have a material adverse effect on our business, financial condition, results of operations and cash flows

- A significant portion of our revenue from operations is attributable to the commercial vehicle segment and tractor segment of the automotive industry. Our business is also subject to seasonality of demand for commercial vehicles and tractors. Any adverse changes in these sectors and the seasonal nature of the demand for commercial vehicles and tractors could adversely impact our business, results of operations and financial condition

- We do not have firm long term commitment agreements with any of our customers and hence may not realize all of the revenue expected from our existing or new customers and may not be able to accurately forecast demand for our products and plan production schedules in advance.

- We are subject to strict compliance of quality requirements by our customers. Any failure in maintaining our quality accreditations and certifications may negatively impact our brand and reputation which may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

- There may be flaws or defects in the products we manufacture that could result in liability claims against us, reduced demand for our products and damage to our reputation.

- We have experienced growth in recent years and may be unable to sustain our growth or manage it effectively.

- Our manufacturing facilities are concentrated in the state of Chhattisgarh. Any significant social, political, economic or seasonal disruption, natural calamities or civil disruptions in Chhattisgarh could have an adverse effect on our business, results of operations, future cash flows and financial condition.

- Our financing agreements contain covenants that limit our flexibility in operating our business. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, cash flows, results of operations and financial condition

For a discussion of factors that could cause our actual results to differ from our expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 35, 284 and 430, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect our views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on the currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, Directors, the Selling Shareholders, and the BRLMs or their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of filing of the Red Herring Prospectus until the date of Allotment. The Selling Shareholders shall, severally and not jointly, ensure that the Company is informed of material developments in relation to the statements and undertakings specifically undertaken or confirmed by it in relation to itself and its respective portion of the Offered Shares in the Red Herring Prospectus until the date of Allotment.

SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures and terms of the Offer included in this Draft Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Main Provisions of the Articles of Association" on pages 35, 79, 94, 114, 148, 284, 359, 430, 483, 516, and 538 respectively.

Summary of the primary business of the Company

We are a prominent precision engineering company in India, with a primary focus on manufacturing casting components including high-quality metal components for use in, among others, the automotive, agriculture, railways and off-highway industries. (*Source: CRISIL Report*). We are predominantly a supplier of precision engineering components for commercial vehicles, tractors and off-highway vehicles, pipe fittings and rail components, with 297 SKUs as of December 31, 2023. Our offerings provide comprehensive end-to-end solutions to our customers, encompassing the entire value chain through our vertically integrated operations - from designing, precision engineering, melting, casting, and cleaning to value-added options such as machining, assembly and reverse engineering services.

Summary of the industry in which the Company operates (*Source: CRISIL Report*)

India is one of the fastest growing economies and by 2025, India is predicted to be the third largest auto component market in the world. Production of CVs in India is expected to increase at 2-4% CAGR between fiscals 2024 and 2029, with exports projected to grow at 5-7% CAGR in the same period. Further, the production of tractors in India, spanning from fiscal year 2024 to 2029, portrays a positive and steadily ascending trend of 6-8% CAGR over the 5-year period in India.

Offer Size

Offer of Equity Shares*	Up to [●] Equity Shares of face value ₹5 aggregating up to ₹ [●] million
Of which:	
Fresh Issue(1)	Up to [●] Equity Shares of face value ₹5 aggregating up to ₹ 3,350 million
Offer for Sale(2)	Up to 4,130,000 Equity Shares of face value ₹5 aggregating up to ₹ [●] million
The Offer comprises:	
Employee Reservation Portion	Up to [●] Equity Shares of face value ₹5 aggregating up to ₹ [●] million]
Net Offer	[●] Equity Shares of face value ₹5 aggregating up to ₹ [●] million

** Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement for an aggregate amount not exceeding ₹ 670 million. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.*

(1) *The Offer has been authorised pursuant to the resolutions dated June 4, 2024, passed by the Board and the Fresh Issue has been authorised pursuant to the resolution dated June 5, 2024, passed by the Shareholders. Our Board has taken on record the respective consents and authorisations of the Selling Shareholders to participate in the Offer for Sale pursuant to its resolution dated June 28, 2024.*

(2) *The Selling Shareholders have each severally and not jointly confirmed that their respective portions of the Offered Shares are eligible for being offered for sale in the Offer for Sale in accordance with the SEBI ICDR Regulations. Each of the Selling Shareholders severally and not jointly has confirmed and authorized its participation in the Offer for Sale, as disclosed in "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 492.*

The Offer and the Net Offer shall constitute *[●]*% and *[●]*%, respectively, of the fully diluted post-Offer Equity Share capital of our Company. See "*The Offer*" on page 79.

Objects of the Offer

The objects for which the Net Proceeds from the Offer shall be utilized are as follows:

Particulars	Estimated Amount (in ₹ million)^
Funding capital expenditure for setting up of the Solar Plant	1,792.40
Expansion of existing units, i.e., expansion of existing foundry capacity by setting up a new foundry line	500.00
General corporate purposes*	[●]
Net Proceeds	[●]

** To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds, in accordance with Regulation 7(3) of the SEBI ICDR Regulations.*

^ Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement, as may be permitted under the applicable law, aggregating up to ₹ 670 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended.

Names of the Promoters

Our Promoters are Giriraj Singhania and Raghvendra Singhania. For further details, see "*Our Promoters and Promoter Group*" on page 351.

Aggregate pre-Offer shareholding of our Promoters, members of our Promoter Group and Selling Shareholders

a) The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up share capital of the Company is set out below:

Name of the Shareholder	Pre-Offer		Post-Offer(1)	
	Number of Equity Shares held	Percentage of the pre-Offer paid-up Equity Share capital (%)	Number of Equity Shares held	Percentage of the post-Offer paid-up Equity Share capital (%)
Promoters				
Giriraj Singhania	6,312,574	25.53	[●]	[●]
Raghvendra Singhania	5,749,068	23.25	[●]	[●]
Total (A)	**12,061,642**	**48.78**	[●]	[●]
Other members of the Promoter Group				
Sharda Shree Agriculture & Developers Private Limited	2,022,040	8.18	[●]	[●]
Samarth Investment Co. (2)	1,928,400	7.80	[●]	[●]
Giriraj Singhania (HUF)	1,456,852	5.89	[●]	[●]
Raghvendra Singhania (HUF)	202,460	0.82	[●]	[●]
Aditi Singhania	4,454	0.02	[●]	[●]
Devraj Singhania	4,454	0.02	[●]	[●]
Shilpa Singhania	2,310,502	9.35	[●]	[●]
Varsha Singhania	2,200,000	8.90		
Total (B)	**10,129,162**	**40.97**	[●]	[●]
Total (A + B)	**22,190,804**	**89.75**	[●]	[●]

(1) *To be computed prior to filing of the Prospectus with the RoC.*

(2) *Samarth Investment Co. ("**Samarth**") holds Equity Shares (the "**Samarth Shares**") of the Company. At the time of their dematerialisation, the Samarth Shares (in demat form) were credited to the account of Pranay Agrawal (a partner of Samarth at the time of dematerialisation) and were erroneously attributed to the PAN of Pranay Agrawal and not the PAN of Samarth. By a letter dated June 24, 2024, Pranay Agrawal has confirmed that the Samarth Shares were held in his account (and corporate actions on the Samarth Shares were received thereon from time to time) solely on behalf of Samarth. Pranay Agrawal is not a partner of Samarth since March 31, 2024 and as on the date of this Draft Red Herring Prospectus. In this regard, each of Raghvendra Singhania, in his capacity as one of the current partners of Samarth and Pranay Agrawal, in both his individual capacity and as the erstwhile partner of Samarth, have notified the relevant depository participant and the Company through their respective letters, each dated June 24, 2024, requesting the Samarth Shares to be correctly attributed to the PAN of Samarth and, accordingly, credited to the demat account of Samarth.*

The aggregate pre-Offer shareholding of the Selling Shareholders as a percentage of the pre-Offer paid-up share capital of the Company is set out below:

Name of shareholder		Pre-Offer		Post-Offer[1]	
		No. of Equity Shares	Percentage of pre-Offer capital	No. of Equity Shares	Percentage of post-Offer capital
1.	Giriraj Singhania	6,312,574	25.53	[●]	[●]
2.	Raghvendra Singhania	5,749,068	23.25	[●]	[●]
3.	Vishal Sharma	802,760	3.25	[●]	[●]
4.	Mohit Sharma	211,200	0.85	[●]	[●]
5.	Pankaj Sharma	12,320	0.05	[●]	[●]
6.	Dhruv Kumar Nagwani	220,000	0.89	[●]	[●]
7.	Navin Kumar Nagwani	290,400	1.17	[●]	[●]
8.	Padam Kumar Nagwani	255,200	1.03	[●]	[●]
	Total	**13,853,522**	**56.02**	**[●]**	**[●]**

(1) *To be computed prior to filing of the Prospectus with the RoC.*

Summary of select Proforma Financial Information

(in ₹ million, except as indicated below)

Particulars	As of and for the nine-month period ended December 31, 2023	As of and for the Financial Year ended March 31		
		2023	2022	2021
(A) Equity Share Capital	44.43	52.29	52.29	44.43
(B) Other Equity	2,092.73	1,541.90	1,174.94	1,026.96
(C) Total Equity	2,137.16	1,594.19	1,227.23	1,071.39
(D) Revenue from Operations	5,211.83	6,662.14	4,043.94	2,426.89
(E) Profit before tax for the Year/period	776.52	542.61	72.96	26.12
(F) Profit after tax for the Year/period	556.35	369.68	63.74	13.42
(G) Earnings per Equity Share (basic, in ₹)[1]	49.90	29.90	5.16	1.09
(H) Earnings per Equity Share (diluted, in ₹)[2]	49.90	29.90	5.16	1.09
(I) Net Asset Value per Equity Share[3]	191.68	128.96	99.27	86.67
(J) Return on Equity (Return on Net Worth) (in %)[4]	29.82	26.21	5.55	1.25
(K) Total borrowings[5]	1,095.89	1,252.18	1,543.86	1,579.13

Notes:

(1) *Basic Earnings Per Share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.*

(2) *Diluted Earnings Per Share is calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would have been issued upon conversion of all the dilutive potential equity shares.*

(3) *Calculated as restated Net Worth at the end of the year divided by the weighted average number of equity shares outstanding at the end of the year.*

(4) *Calculated by dividing profit after tax by average of closing Net Worth during that year and the previous year.*

(5) *Total borrowings represent the sum of current borrowings, non- current borrowings and current portion of non-current borrowings.*

For further details, see "*Financial Information – Pro Forma Consolidated Financial Information*" and "*Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation*" on pages 410 and 18, "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamations or any revaluation of assets, etc. in the last ten years*" on page 324; and "*Risk Factors - The Pro Forma Consolidated Financial Information included in this Draft Red Herring Prospectus to reflect the impact of the certain amalgamations is not indicative of our future financial condition or financial performance*." on page 59.

Summary of select Restated Consolidated Financial Information

The details of certain financial information as set out under the SEBI ICDR Regulations as of and for the nine-month period ended December 31, 2023, and as of and for the financial years ended March 31, 2023, 2022 and 2021 derived from the Restated Consolidated Financial Information are as follows:

(in ₹ million, except as indicated below))

Particulars	As of and for the nine-month period ended December 31, 2023	As of and for the Financial Year ended March 31		
		2023	2022	2021
(A) Equity Share Capital	44.43	52.29	80.42	75.12
(B) Other Equity	2,092.73	1,541.90	565.86	449.65
(C) Total Equity	2,137.16	1,594.19	646.28	524.77
(D) Revenue from Operations	5,211.83	5,507.08	3,130.05	1,886.48
(E) Profit before tax for the Year/period	776.52	390.09	36.28	19.43
(F) Profit after tax for the Year/period	556.35	260.53	40.76	10.27
(G) Earnings per Equity Share (basic, in ₹)[(1)]	49.90	29.43	5.31	1.37
(H) Earnings per Equity Share (diluted, in ₹)[(2)]	49.90	29.43	5.31	1.37
(I) Net Asset Value per Equity Share[(3)]	191.68	180.06	84.12	69.86
(J) Return on Equity (Return on Net Worth) (in %)[(4)]	29.82	23.26	6.96	1.98
(K) Total borrowings[(5)]	1,095.89	1,252.18	695.45	779.35

Notes:[(1)] Basic Earnings Per Share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.
[(2)] Diluted Earnings Per Share is calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would have been issued upon conversion of all the dilutive potential equity shares.
[(3)] Calculated as restated Net Worth at the end of the year divided by the weighted average number of equity shares outstanding at the end of the year.
[(4)] Calculated by dividing profit after tax by average of closing Net Worth during that year and the previous year.
[(5)] Total borrowings represent the sum of current borrowings, non- current borrowings and current portion of non-current borrowings.

For further details, see "*Financial Information – Restated Consolidated Financial Information"* on page 359.

Qualifications of the Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Information

There are no qualifications by the Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Information.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, Directors, Promoters and litigation involving the Group Companies that has a material impact on our Company, as of the date of this Draft Red Herring Prospectus, as also disclosed in "*Outstanding Litigation and Material Developments*" on page 483, in terms of the SEBI ICDR Regulations and the materiality policy adopted by our Board pursuant to a resolution dated June 28, 2024, is provided below:

Name of the entity	Number of material civil litigations	Number of criminal proceedings	Number of actions taken by statutory or regulatory authorities	Disciplinary actions imposed by SEBI or Stock Exchanges against our Promoters in the last five financial years including outstanding actions	Number of tax proceedings	Aggregate amount involved *(in ₹ million)*[+]
Company						
By our Company	1	1	0	0	0	72.50
Against our Company	1	0	0	0	3	8.65
Directors						
By our Directors	0	0	0	0	0	0

Name of the entity	Number of material civil litigations	Number of criminal proceedings	Number of actions taken by statutory or regulatory authorities	Disciplinary actions imposed by SEBI or Stock Exchanges against our Promoters in the last five financial years including outstanding actions	Number of tax proceedings	Aggregate amount involved *(in ₹ million)*+
*Against our Directors **	0	0	0	0	1	5.67
Promoters						
By our Promoters	0	0	0	0	0	0
*Against our Promoters***	0	0	0	0	1	5.67

+According to the materiality policy dated June 28, 2024 and to the extent quantifiable.
**Tax Proceedings involving a Director that is also one of the Promoters has been covered under proceedings involving the Promoters.*
***Tax Proceedings include proceedings involving a Director.*

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries.

For further details, see "*Outstanding Litigation and Material Developments*" on page 483.

Risk Factors

For details of the risks applicable to us, see "*Risk Factors*" on page 35.

Summary of Contingent Liabilities

The following is a summary table of our contingent liabilities and commitments as of December 31, 2023 as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, derived from the Restated Consolidated Financial Information:

(in ₹ million)

Particulars	As of December 31, 2023
Claims not acknowledged as debts:	
(i) Income tax	-
(ii) Indirect tax	-
Bank guarantees	1.69
Total	1.69

For further details of our contingent liabilities, see "*Restated Consolidated Financial Information – Contingent Liabilities & Commitments"* on page 408.

Summary of Related Party Transactions

The details of related party transactions entered into by our Company for the nine-month period ended December 31, 2023, and financial years ended March 31, 2023, 2022 and 2021, as per Ind AS 24 – Related Party Disclosures read with SEBI ICDR Regulations are as set out in the table below:

Details of related party transactions:

Nature of Transaction	Name of the related party	For the nine-month period ended December 31, 2023		For the year ended March 31, 2023		For the year ended March 31, 2022		For the year ended March 31, 2021	
		Amount *(in ₹ million)*	**Percentage of revenue from operations (%)**	**Amount** *(in ₹ million)*	**Percentage of revenue from operations (%)**	**Amount** *(in ₹ million)*	**Percentage of revenue from operations (%)**	**Amount** *(in ₹ million)*	**Percentage of revenue from operations (%)**
Revenue from Operations	Erstwhile SAEPL[1]	-	0.00	196.48	3.57	69.87	2.23	46.74	2.48
	SPSPL	45.11	0.87	751.69	13.65	598.29	19.11	294.70	15.62
Job Work Income	Erstwhile SAEPL[1]	-	0.00	1.13	0.02	-	0.00	-	0.00
Purchases	Erstwhile SAEPL[1]	-	0.00	1,215.35	22.07	1,050.70	33.57	329.13	17.45
	SPSPL	-	0.00	135.23	2.46	164.51	5.26	121.02	6.42
Commission Expense	Sharda Shree Agriculture (Partnership firm)	55.52	1.07	43.56	0.79	16.57	0.53	8.93	0.47
Job Work Expense	SPSPL	-	0.00	12.85	0.23	-	0.00	1.11	0.06
Rent Expense	Giriraj Singhania	1.09	0.02	1.32	0.02	1.20	0.04	1.08	0.06
	Raghvendra Singhania	1.09	0.02	1.32	0.02	1.20	0.04	1.08	0.06
	Shilpa Singhania	1.51	0.03	1.60	0.03	1.32	0.04	1.20	0.06
	SSADPL	-	0.00	-	0.00	1.29	0.04	-	0.00
Remuneration	Giriraj Singhania	32.00	0.61	26.30	0.48	4.42	0.14	0.50	0.03
	Vinay Agrawal	5.85	0.11	6.90	0.13	6.60	0.21	5.40	0.29
	Raghvendra Singhania	32.00	0.61	26.30	0.48	4.42	0.14	0.50	0.03
	Vishal Sharma	1.20	0.02	0.68	0.01	-	0.00	-	0.00
	Hardeep Choudhary	0.07	-	-	-	-	-	-	-
Loan Taken	Shilpa Singhania	-	0.00	-	0.00	28.65	0.92	-	0.00
Interest Expense on Loan	Shilpa Singhania	-	0.00	-	0.00	1.35	0.04	-	0.00
Loan Repaid	Giriraj Singhania	-	0.00	0.32	0.01	-	0.00	-	0.00
	Raghvendra Singhania	-	0.00	-	0.00	13.70	0.44	-	0.00
	Varsha Singhania	-	0.00	-	0.00	7.50	0.24	-	0.00
	Shilpa Singhania	-	0.00	-	0.00	30.00	0.96	-	0.00
	Vishal Sharma	0.10	-	-	-	-	-	-	-
Investment in Partnership Firm	Shivalik Green Farms	0.60	0.01	-	0.00	-	0.00	-	0.00

[1] *These entities have been amalgamated with our Company pursuant to the Composite Scheme*

The total related party transactions account for 3.38% of the total revenue for nine-month period ended December 31, 2023, 43.96% of the total revenue for the year ended March 31, 2023, 60.68% of the total revenue for the year ended March 31, 2022 and 43.01% of the total revenue for the year ended March 31, 2021 as per Restated Financial Information.

For details of the related party transactions, see "*Financial Information – Restated Consolidated Financial Information – Note 31: Information of related party transactions as required by Ind AS 24 - Related Party Disclosures*" on page 404.

Financing Arrangements

Our Promoters, members of our Promoter Group, our Directors and their relatives have not financed the purchase by any person of securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which the Equity Shares were acquired by the Promoters, in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name of the Promoter**	Number of Equity Shares acquired in last one year	Weighted average price of acquisition per Equity Share (in ₹)*
Giriraj Singhania	3,631,174	32.50
Raghvendra Singhania	5,749,067	00.03

**As certified by Rajendra Prasad, Chartered Accountants, pursuant to their certificate dated June 28, 2024*
**Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each*
***Also Selling Shareholders.*

The weighted average price at which the Equity Shares were acquired by the Selling Shareholders (other than the Promoters), in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name of the Selling Shareholder	Number of Equity Shares acquired in last one year	Weighted average price of acquisition per Equity Share (in ₹)*#
Vishal Sharma	772,760	10.75
Mohit Sharma	211,200	11.18
Pankaj Sharma	12,320	11.18
Dhruv Kumar Nagwani	220,000	11.18
Navin Kumar Nagwani	290,400	8.47
Padam Kumar Nagwani	255,200	11.18

**As certified by Rajendra Prasad, Chartered Accountants, pursuant to their certificate dated June 28, 2024.*
**Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each*
#[For arriving on the weighted average price at which the Equity Shares of the Company were acquired by the Selling Shareholders, only acquisition of Equity Shares has been considered while arriving at weighted average price per Equity Share for last one year.

Average cost of acquisition of Equity Shares for our Promoters and the Selling Shareholders

The average cost of acquisition of Equity Shares for our Promoters as on the date of this Draft Red Herring Prospectus is as set out below:

Name of Promoters**	Number of Equity Shares held	Average cost of acquisition per Equity Share (₹)*
Giriraj Singhania	6,312,574	32.35
Raghvendra Singhania	5,749,068	0.03

**As certified by Rajendra Prasad, Chartered Accountants pursuant to their certificate dated June 28, 2024.*
**Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2023, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each*

***Also Selling Shareholders.*

The average cost of acquisition of Equity Shares for the Selling Shareholders (other than the Promoters) as on the date of this Draft Red Herring Prospectus is as set out below:

Name of the Selling Shareholders	Number of Equity Shares held	Average cost of acquisition per Equity Share (in ₹)*
Vishal Sharma	802,760	10.41
Mohit Sharma	211,200	11.18
Pankaj Sharma	12,320	11.18
Dhruv Kumar Nagwani	2,20,000	11.18
Navin Kumar Nagwani	290,400	8.47
Padam Kumar Nagwani	255,200	11.18

**As certified by Rajendra Prasad, Chartered Accountants, pursuant to their certificate dated June 28, 2024*
**Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each.*

Details of price at which Equity Shares were acquired by our Promoters, the members of the Promoter Group, the Selling Shareholders and Shareholders with the right to nominate Directors or any other rights in the last three years preceding the date of this Draft Red Herring Prospectus

Except as stated below, there have been no Equity Shares that were acquired in the last three years preceding the date of this Draft Red Herring Prospectus, by our Promoters, Promoter Group, and the Selling Shareholders. The details of the prices at which these acquisitions were undertaken are stated below:

S. No.	Name of the acquirer	Date of acquisition	Number of equity shares acquired	Acquisition price per share (in ₹)	Category
1	Giriraj Singhania	January 06, 2024	36,83,570	32.04	Promoter / Selling Shareholder
	Giriraj Singhania	June 05, 2024	30,36,287	-	
	Giriraj Singhania	June 27, 2024	2,40,000	-	
2	Raghvendra Singhania	February 25, 2022	1	-	Promoter / Selling Shareholder
	Raghvendra Singhania	January 06, 2024	10,16,716	0.20	
	Raghvendra Singhania	May 28, 2024	18,57,817	-	
	Raghvendra Singhania	June 05, 2024	28,74,534	-	
3	Samarth Investment Co.	June 05, 2024	9,64,200	-	Promoter Group
4	Dhruv Kumar Nagwani	January 06, 2024	1,10,000	22.36	Selling Shareholder
	Dhruv Kumar Nagwani	June 05, 2024	1,10,000	-	
5	Navin Kumar Nagwani	January 06, 2024	1,10,000	22.36	Selling Shareholder
	Navin Kumar Nagwani	March 19, 2024	35,200	-	
	Navin Kumar Nagwani	June 05, 2024	1,45,200	-	
6	Padam Kumar Nagwani	January 06, 2024	1,27,600	22.36	Selling Shareholder
	Padam Kumar Nagwani	June 05, 2024	1,27,600	-	
7	Vishal Sharma	January 06, 2024	3,71,380	22.38	Selling Shareholder
	Vishal Sharma	June 05, 2024	4,01,380	-	
8	Mohit Sharma	January 06, 2024	1,05,600	22.36	Selling Shareholder
	Mohit Sharma	June 05, 2024	1,05,600	-	
9	Pankaj Sharma	January 06, 2024	6,160	22.36	Selling Shareholder
	Pankaj Sharma	June 05, 2024	6,160	-	
10	Aditi Singhania	January 06, 2024	2,227	0.85	Promoter Group
	Aditi Singhania	June 05, 2024	2,227	-	
11	Devraj Singhania	January 06, 2024	2,227	0.85	Promoter Group
	Devraj Singhania	June 05, 2024	2,227	-	
12	Giriraj Singhania HUF	January 06, 2024	7,28,426	2.13	Promoter Group
	Giriraj Singhania HUF	June 05, 2024	7,28,426	-	
13	Raghvendra Singhania HUF	January 06, 2024	1,01,230	2.95	Promoter Group
	Raghvendra Singhania HUF	June 05, 2024	1,01,230	-	
14	Sharda Shree Agriculture and Developers Private Limited	January 06, 2024	2,43,320	22.36	Promoter Group

S. No.	Name of the acquirer	Date of acquisition	Number of equity shares acquired	Acquisition price per share (in ₹)	Category
	Sharda Shree Agriculture and Developers Private Limited	June 05, 2024	10,11,020	-	
15	Shilpa Singhania	January 06, 2024	12,75,251	0.54	Promoter Group
	Shilpa Singhania	June 05, 2024	12,75,251	-	
16	Varsha Singhania	May 28, 2024	11,00,000	-	Promoter Group
	Varsha Singhania	June 05, 2024	11,00,000	-	

^As certified by Rajendra Prasad, Chartered Accountants, Chartered Accountants, pursuant to their certificate dated June 28, 2024.
** In accordance with the Composite Scheme since no consideration was paid to acquire these Equity Shares.*

Details of weighted average cost of acquisition of all Equity Shares transacted over the trailing three years, 18 months and one year preceding the date of this Draft Red Herring Prospectus

Period	Weighted average cost of acquisition (WACA) (in ₹)*	Lower End of the Price Band is 'X' times the WACA^	Upper End of the Price Band is 'X' times the WACA^	Range of acquisition price Lowest Price - Highest Price (in ₹)*
Last three years	7.14	[●]	[●]	0-32.04
Last 18 months	7.14	[●]	[●]	0-32.04
Last one year	7.14	[●]	[●]	0-32.04

**As certified by Rajendra Prasad, Chartered Accountants, pursuant to their certificate dated June 28, 2024.*
^To be updated in Prospectus.

Issue of equity shares for consideration other than cash or bonus issue in the last one year

Except as stated below, our Company has not issued any shares in the past for consideration other than cash or by way of bonus issue, as of the date of this Draft Red Herring Prospectus:

<table>
<tr><th>Date of allotment</th><th>Allottees and number of equity shares allotted(2)</th><th>Face value (₹)</th><th>Issue price per equity share (₹)</th><th>Reason for allotment</th><th>Benefits accrued to our Company</th></tr>
<tr><td>January 6, 2024</td><td>
<table>
<tr><th>S. No.</th><th>Name of allottee/shareholder</th><th>Number of equity shares</th></tr>
<tr><td>1.</td><td>Giriraj Singhania</td><td>3,683,570</td></tr>
<tr><td>2.</td><td>Vishal Sharma</td><td>371,380</td></tr>
<tr><td>3.</td><td>Sharda Shree Agriculture and Developers Private Limited</td><td>243,320</td></tr>
<tr><td>4.</td><td>Giriraj Singhania (HUF)</td><td>728,426</td></tr>
<tr><td>5.</td><td>Mohit Sharma</td><td>105,600</td></tr>
<tr><td>6.</td><td>Pankaj Sharma</td><td>6,160</td></tr>
<tr><td>7.</td><td>Raghvendra Singhania (HUF)</td><td>101,230</td></tr>
<tr><td>8.</td><td>Rajni Nagwani</td><td>35,200</td></tr>
<tr><td>9.</td><td>Dhruv Kumar Nagwani</td><td>110,000</td></tr>
<tr><td>10.</td><td>Navin Kumar Nagwani</td><td>110,000</td></tr>
<tr><td>11.</td><td>Padam Kumar Nagwani</td><td>127,600</td></tr>
<tr><td>12.</td><td>Aditi Singhania</td><td>2,227</td></tr>
<tr><td>13.</td><td>Devraj Singhania</td><td>2,227</td></tr>
<tr><td>14.</td><td>Shilpa Singhania</td><td>1,275,251</td></tr>
<tr><td>15.</td><td>Raghvendra Singhania</td><td>1,016,716</td></tr>
</table>
</td><td>10</td><td>-</td><td>Allotment of Equity Shares pursuant to the Composite Scheme(1)</td><td>Consideration for transfer and vesting of the entire undertakings of the Transferor Companies and Demerged Undertaking in our Company</td></tr>
</table>

Date of allotment	Allottees and number of equity shares allotted[(2)]		Face value (₹)	Issue price per equity share (₹)	Reason for allotment	Benefits accrued to our Company
	Total	**7,918,907**				

[(1)] *For further details on the Composite Scheme, see "History and Certain Corporate Matters—Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the Last 10 Years" on page 324.*
[(2)] *Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each*

Details of pre-IPO Placement

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement, aggregating up to ₹ 670 million, prior to filing of the Red Herring Prospectus. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

Split / Consolidation of Equity Shares in the last one year

Except as disclosed below, our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus:

Pursuant to resolutions passed by our Board at its meeting dated June 4, 2024 and the Shareholders at their EGM dated June 5, 2024, our Company has sub-divided its equity shares of face value of ₹10 each to equity shares of face value of ₹5 each.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

An exemption application dated June 7, 2024 (the "**Exemption Application**") under Regulation 300(1)(c) of the SEBI ICDR Regulations was submitted by our Company to SEBI seeking an exemption from considering and disclosing (a)(i) Kapiraj Singhania (brother of the Promoters); (ii) Birendra Singhania (brother of the Promoters); (iii) Manju Khedia (sister of the Promoters) (together, the "**Relevant Family Members**"); and (b) (i) any body corporate in which 20% or more of the equity share capital is held by any of the Relevant Family Members or a firm or any Hindu Undivided Family of which a Relevant Family Member is a member, or (ii) any body corporate in which any body corporate mentioned under (i) above holds 20% or more of the equity share capital or (iii) any Hindu Undivided Family or firm in which the aggregate shareholding of Relevant Family Members is equal to or more than 20% of the total capital (such entities, the "**Relevant Connected Entities"**, and together with the Relevant Family Members, the "**KBM Promoter Group**"**)**, as members of the Promoter Group in this Draft Red Herring Prospectus, in accordance with the SEBI ICDR Regulations. Our Exemption Application was not acceded to by the SEBI pursuant to its letter dated June 28, 2024 **(**the "**Exemption Response**").

In its Exemption Response, SEBI directed us to, among other things, (i) classify and disclose the KBM Promoter Group as part of the promoter group of the Company in accordance with applicable requirements under the SEBI ICDR Regulations; (ii) include applicable disclosures in this Draft Red Herring Prospectus based on information available regarding the KBM Promoter Group in the public domain; and (iii) inform the Relevant Family Members about their inclusion as members of the Company's promoter group in the DRHP. Consequently, our Company has pursuant to its letters dated June 28, 2024 informed each of the Relevant Family Members regarding their inclusion as part of the Company's promoter group in the DRHP. Accordingly, disclosures pertaining to the KBM Promoter Group are based on and limited only to the extent of information available in the public domain and accessible to us, in terms of the Exemption Response.

See "*Other Regulatory and Statutory Disclosures—Exemption from complying with any provisions of securities laws, if any, granted by SEBI*" and "*Risk Factors*–*The siblings of our Promoters, who are deemed to be a part of the Promoter Group under the SEBI ICDR Regulations, have not provided their consent to be identified as* *members of the Promoter Group and have not provided any information in respect of themselves and their relevant entities as Promoter Group. We cannot assure you that complete disclosures relating to the Relevant Family Members and their Relevant Connected Entities are included in this Draft Red Herring Prospectus.*" on pages 503 and 53, respectively.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information, including the risks and uncertainties described, in the Red Herring Prospectus, when available, before making an investment in the Equity Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Offer. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

The risks and uncertainties described in this section are not the only risks that we or our Equity Shares or the industry and segments in which we currently operate or propose to operate may face. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, such financial impact cannot be disclosed in such risk factors. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see section "Forward-Looking Statements" beginning on page 22.

To obtain a complete understanding, prospective investors should read this section in conjunction with the sections "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 284, 148 and 430, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus and the Red Herring Prospectus, when available. Unless otherwise indicated or the context otherwise requires, the financial information as of and for the nine months ended December 31, 2023, and as of and for the Financial Years ended March 31, 2023, March 31, 2022, and March 31, 2021 included herein is derived from our Pro Forma Consolidated Financial Information, included in this Draft Red Herring Prospectus. For further information, see "Restated Financial Information" and "Pro Forma Consolidated Financial Information" on pages 359 and 410.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of market potential for industrial engineered components" dated June, 2024 (the "**CRISIL Report**") prepared and issued by CRISIL Market Intelligence and Analytics, pursuant to an engagement letter dated May 20, 2024. The CRISIL Report has been exclusively commissioned and paid for by us in connection with the Offer. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. A copy of the CRISIL Report shall be available on the website of our Company at www.shivalikengineering.com, in accordance with applicable laws. The CRISIL Report was prepared using publicly available financial information. CRISIL Market Analytics and Intelligence is not related in any manner to our Company or any of our Directors, Promoters, Key Managerial Personnel or Senior Management Personnel or the Book Running Lead Managers. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Unless the context otherwise requires, in this section, references to "our Company", "the Company", "we", "us" or "our", refers to Shivalik Engineering Industries Limited, on a consolidated basis.

INTERNAL RISKS

1. We are dependent on our top five customers who contribute more than 60.00% of our revenue from operations for the nine months ended December 31, 2023 and in each of the last three Fiscals. Loss of any of these customers or a reduction in purchases by any of them could adversely affect our business, results of operations and financial condition.

Our top five customers contribute to a majority of our revenue from operations. The table below sets forth the contribution from our top one, top three, top five and top ten customers as compared to our revenue from operations for the periods stated, based on our Pro Forma Consolidated Financial Information:

Particulars	For the nine months ended		Fiscal					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)
Top customer	1,105.46	21.21%	1,799.45	27.01%	931.74	23.04%	416.51	17.16%
Top three customers	2,648.83	50.82%	3,953.01	59.34%	2,018.70	49.92%	1,075.36	44.31%
Top five customers	3,327.20	63.84%	4,755.64	71.38%	2,644.36	65.39%	1,498.93	61.76%
Top ten customers	4,340.50	83.28%	5,822.16	87.39%	3,472.58	85.87%	1,973.24	81.31%

Notes:

1. *Our top customer, top three customers, top five customers and top 10 customers are based on the revenue contribution of the relevant customer in such period, as the case may be.*
2. *For the nine months period ended December 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*
3. *For the Financial Year ended March 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*

The table below sets forth the contribution from our top one, top three, top five and top ten customers as compared to our revenue from operations for the periods stated, based on our Restated Consolidated Financial Information:

Particulars	For the nine months ended		Fiscals					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)
Top customer	1,105.46	21.21%	1,799.45	32.68%	931.74	29.77%	416.51	22.08%
Top three customers	2,648.83	50.82%	2,981.17	54.13%	1,855.23	59.27%	1,036.94	54.97%
Top five customers	3,327.20	63.84%	3,783.80	68.71%	2,291.01	73.19%	1,378.49	73.08%
Top ten customers	4,340.50	83.28%	4,765.68	86.54%	2,820.76	90.12%	1,739.85	92.23%

Notes:

1. *Includes sales made to SAEPL and SPSPL, which in turn would fulfil the order for our customers, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, i.e., prior to the effect of the Composite Scheme.*
2. *Our top customer, top three customers, top five customers and top 10 customers are based on the revenue contribution of the relevant customer in such period, as the case may be.*
3. *For the nine months period ended December 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*
4. *For the Financial Year ended March 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited.*

Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.

We depend and expect to continue to depend on our top five customers for a substantial portion of our revenue. The loss of any of our top five customers for any reason (including due to limitation to meet any change in quality specification, change in technology; disputes with a customer; adverse changes in the market share and financial condition of our customers, such as possible bankruptcy or liquidation or other financial hardship decline in their sales, labour strikes or other work stoppages affecting production of these customers) could have a material adverse effect on our business, results of operations and financial condition.

We do not have long-term agreements with our customers and rely on purchase orders and delivery schedules issued by our customers from time to time, that set out the price per unit, volume and other terms of sales for our products. However, such purchase orders/delivery schedules may be cancelled unilaterally with or without cause and should such cancellation take place, it may have an adverse impact on our revenue and results of operations. While there has been no cancellation of orders by any of our top five customers in the nine months ended December 31, 2023 and in each of the last three Fiscals, however, there can be no assurance that our large customers will not cancel orders in the future which may have an impact on our results of operations and business in the future.

Furthermore, there is no assurance that our top five customers will continue to source products from us at volumes or rates consistent with, and commensurate to, the amount of business received from them historically, or at all. While our top five customers have not materially reduced the demand for our products in the nine months ended December 31, 2023 and last three Fiscals, any decrease in the demand for our products from our top five customers, or a termination of our ongoing arrangements with our customers altogether, would adversely impact our results of operations, financial condition and cash flow.

2. ***Our business and profitability are substantially dependent on the availability and cost of our raw materials, and any disruption to the timely and adequate supply of raw materials, or volatility in the prices of raw materials may adversely impact our business, results of operations and financial condition.***

Our cost of materials consumed which primarily consists of pig iron and steel scrap (including mild steel scrap), is a significant portion of our total expenses. We procure raw materials from our suppliers based on purchase orders and we do not have any purchase agreements or firm commitments with them. There have been no instances where supplier did not perform obligation in a timely manner, nine months ended December 31, 2023 and in Fiscals 2023, 2022 and 2021. The raw materials are only sourced from suppliers from our approved vendors list. Further, we depend on third-party suppliers for our raw materials, on a purchase order basis. In past there have been some instances where raw materials after being inspected on specifications and parameters, as directed by our quality plans, were rejected. Further, our top 10 suppliers, for the nine-month period ended December 31, 2023, did not contribute to 50% or more of our raw materials procured. For further details, see "*Our Business – Raw Materials and Suppliers*" on page 304. The majority of the raw materials that we consume comprises of pig iron and steel scrap (including mild steel scrap) is subject to fluctuation in commodity prices.

The table below sets forth details of our cost of materials consumed, including as a percentage of our total expense, during the periods stated, based on our Pro Forma Consolidated Financial Information:

Particulars	**Nine months ended December 31, 2023**		**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Amount	**Percentage of total expenses**	**Amount**	**Percentage of total expenses**	**Amount**	**Percentage of total expenses**	**Amount**	**Percentage of total expenses**
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
Cost of materials consumed	**2,661.89**	**59.97**	**3,536.28**	**57.61**	**2,297.47**	**57.73**	**1,294.91**	**53.83**
Of which –								
- Mild steel scrap	1,183.01	26.65	1,658.45	27.02	1,341.02	33.70	779.48	32.40
- Pig iron	420.54	9.47	585.95	9.55	282.53	7.10	142.34	5.92

Particulars	Nine months ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total expenses	Amount	Percentage of total expenses	Amount	Percentage of total expenses	Amount	Percentage of total expenses
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
- Steel scrap	187.51	4.22	159.94	2.61	176.9 0	4.45	124.03	5.16

The table below sets forth details of our cost of materials consumed, including as a percentage of our total expense, during the periods stated, based on our Restated Consolidated Financial Information:

Particulars	Nine months ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total expenses	Amount	Percentage of total expenses	Amount	Percentage of total expenses	Amount	Percentage of total expenses
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
Cost of materials consumed	**2,661.89**	**59.97**	**3,525.40**	**68.68%**	**2,270.98**	**73.34%**	**1,192.05**	**63.76%**
Of which –								
- Mild steel scrap	1,183.01	26.65%	1,001.64	19.51%	658.11	21.25%	432.53	23.14%
- Pig iron	420.54	9.47%	387.85	7.56%	139.84	4.52%	80.20	4.29%
- Steel scrap	187.51	4.22%	65.71	1.28%	17.80	0.57%	57.80	3.09%

Any increase in the prices of our raw materials will also impact our working capital margins, our expenses and therefore, our profit margins, which would strain our resources. While we seek to pass on the increase in cost of metals, especially mild steel scrap, to our customers, and typically increase our prices on a quarterly basis our cash flows may be adversely affected in case of a gap in time between the date of procurement of our raw materials and the date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. Also see, "*We do not have firm long term commitment agreements with any of our customers and hence may not realize all of the revenue expected from our existing or new customers and may not be able to accurately forecast demand for our products and plan production schedules in advance*" on page 41.

3. ***We derive a substantial portion of our revenue from the sale of wheel hubs and brake drums and loss of sales due to reduction in demand for these products would have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We rely substantially on revenue generated from the sale of wheel hubs and brake drums, which are essential components in commercial vehicles in automotive segment. However, if there is a significant shift in the demand for wheel hubs and brake drums, or if our customers start relying on other suppliers, it could adversely affect our financial condition, cash flows, and results of operations. While we have not experienced any material decline in our sale of wheel hubs and brake drums in the nine months ended December 31, 2023 and in the last three Fiscals, there is no assurance that we will not face any such decline in sale of wheel hubs and brake drums in the future. For further details of sectoral concentration of risk with respect to commercial vehicles, see "*A significant portion of our revenue from operations is attributable to the commercial vehicle segment and tractor segment of the automotive industry. Our business is also subject to seasonality of demand for commercial vehicles and tractors. Any adverse changes in these sectors and the seasonal nature of the demand for commercial vehicles and tractors could adversely impact our business, results of operations and financial condition.*" on page 39. The table below sets out the revenues generated from sale of wheel hubs and brake drums and as a percentage of our revenue from operations for the periods stated, based on our Pro Forma Consolidated Financial Information:

Particulars	Nine months ended	Fiscals		
	December 31, 2023	2023	2022	2021

	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)
Wheel hubs	845.25	16.22%	1,356.97	20.37%	701.62	17.35%	298.90	12.32%
Brake drums	1,689.80	32.42%	2,009.50	30.16%	1,003.24	24.81%	449.84	18.54%
Total	**2,535.05**	**48.64%**	**3,366.47**	**50.53%**	**1,704.86**	**42.16%**	**748.74**	**30.85%**

The table below sets out the revenues generated from sale of wheel hubs and brake drums and as a percentage of our revenue from operations for the periods stated, based on our Restated Consolidated Financial Information:

Particulars	**Nine months ended December 31, 2023**		**Fiscals**					
			2023		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (%)**
Wheel hubs	845.25	16.22%	1,296.89	23.55%	690.31	22.05%	294.77	15.63%
Brake drums	1,689.80	32.42%	1,090.59	19.80%	547.28	17.48%	221.67	11.75%
Total	2,535.05	48.64%	2,387.48	43.35%	1,237.59	39.53%	516.44	27.38%

Our future success will also depend in part on our ability to reduce our dependence on wheel hubs and brake drums by introducing new products as well as product or feature enhancements in a timely manner. We may not be able to install and commission the facilities required to manufacture new products for our customers in time for the start of production, and the transitioning of our manufacturing and machining facilities and resources to full production for new products may impact production rates or other operational efficiency measures at our facilities. There can also be no assurance that any products we introduce will achieve market acceptance. Any failure to successfully manufacture and market new products could adversely affect our business, financial condition, cash flows and results of operations.

4. ***A significant portion of our revenue from operations is attributable to the commercial vehicle segment and tractor segment of the automotive industry. Our business is also subject to seasonality of demand for commercial vehicles and tractors. Any adverse changes in these sectors and the seasonal nature of the demand for commercial vehicles and tractors could adversely impact our business, results of operations and financial condition.***

Our business has been and continues to be concentrated on catering to the automotive industry, which includes the commercial vehicle and the tractor segment. The table below sets forth the contribution from our various segments to our total revenue from operations for the periods stated, based on our Pro Forma Consolidated Financial Information:

Sector	**For the nine months ended December 31, 2023**		**Fiscal**					
			2023		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**
Automotive[(1)] (A)	**4,596.29**	**88.19%**	**6,035.97**	**90.60%**	**3,481.75**	**86.10%**	**1,957.16**	**80.64%**
Commercial	3,066.87	58.84%	3,987.53	59.85%	2,315.81	57.27%	987.77	40.70%

vehicles[(2)]								
Tractor	1,529.42	29.35%	2,048.44	30.75%	1,165.94	28.83%	969.39	39.94%
Non-automotive[(2)] (B)	**389.73**	**7.48%**	**543.37**	**8.16%**	**463.58**	**11.46%**	**159.89**	**6.59%**
Railway	146.79	2.82%	193.78	2.91%	123.60	3.06%	106.90	4.40%
Pipe fittings	242.94	4.66%	349.59	5.25%	339.98	8.40%	52.99	2.19%
Others (C)	**225.81**	**4.33%**	**82.80**	**1.24%**	**98.61**	**2.44%**	**309.84**	**12.77%**
Total (A+B+C)	**5,211.83**	**100.00%**	**6,662.14**	**100.00%**	**4,043.94**	**100.00%**	**2,426.89**	**100.00%**

Notes:

(1) *Automotive includes commercial vehicles and tractors.*
(2) *Commercial vehicles include off-highway vehicles.*
(3) *Non-automotive includes railway and pipe fittings segment.*
(4) *Others includes revenue from scrap and other unallocable sales.*

The table below sets forth the contribution from our various segments to our total revenue from operations for the periods stated, based on our Restated Consolidated Financial Information:

End-use industry	**For the nine months period ended**		**Fiscals**					
	December 31, 2023		**2023**		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**
Automotive[(1)] (A)	**4,596.29**	**88.19%**	**4,415.30**	**80.17%**	**2,420.84**	**77.34%**	**1,403.32**	**74.39%**
Commercial vehicles [(2)]	3,066.87	58.84%	2,921.29	53.05%	1,555.35	49.69%	653.16	34.62%
Tractor	1,529.42	29.35%	1,494.01	27.12%	865.49	27.65%	750.16	39.77%
Non-automotive[(3)] (B)	**389.73**	**7.48%**	**86.86**	**1.58%**	**-**	**-**	**-**	**-**
Railway	146.79	2.82%	54.86	1.00%	-	-	-	-
Pipe fittings	242.94	4.66%	32.00	0.58%	-	-	-	-
Others (C)[(4)]	**225.81**	**4.33%**	**61.49**	**1.12%**	**28.90**	**0.92%**	**141.72**	**7.51%**
Total (A+B+C)	**5,211.83**	**100.00%**	**4,563.65**	**82.87%**	**2,449.74**	**78.26%**	**1,545.04**	**81.90%**

Note: Does not include sales made to SAEPL and SPSPL, which in turn would fulfil the order for our customers, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, i.e., prior to the effect of the Composite Scheme.

(5) *Automotive includes commercial vehicles and tractors.*
(6) *Commercial vehicles include off-highway vehicles.*
(7) *Non-automotive includes railway and pipe fittings segment.*
(8) *Others includes revenue from scrap and other unallocable sales.*

The demand for commercial vehicles is closely tied to economic growth. During periods of robust economic expansion, there is an increase in industrial output, infrastructure projects, and logistics activities, driving higher demand for commercial vehicles. Conversely, during economic slowdowns, demand plummets as businesses reduce capital expenditures and transportation needs decline. *(Source: CRISIL Report)* Further, the commercial vehicle industry is very closely linked to the output of the agricultural and manufacturing sectors. While the agricultural sector has a direct dependence on the normalcy of monsoon, the manufacturing sector too, is indirectly impacted by monsoon performance both on demand as well as supply side across various sub-segments on manufacturing. *(Source: CRISIL Report)* Further, inadequate availability of skilled labour can be one of the significant challenges impacting the automotive casting Industry in India. This shortage can span across various facets, from production to maintenance and innovation, ultimately affecting the industry's growth and global competitiveness. While our revenue has increased year-on-year over the last three fiscals, there can be no assurance that we will not be affected by any significant events impacting the sectors that we operate in, in India in the future. The commercial vehicle and the tractor segments of the automotive industry tend to be cyclical and are sensitive to changes in general economic conditionsand other factors beyond our control such as consumer demand, consumer confidence, inflation, employment and disposable income levels, credit availability, among other things, any of which may negatively affect the demand for vehicles and, as a result, products and services. For example, a rise in inflation may result in a reduced consumer demand for commercial vehicles and tractors that our customers manufacture or assemble, which may adversely affect their production plans.

The sales, volumes and prices for our products are also influenced by the cyclicality of automotive production and seasonality of demand for commercial vehicles and tractors. Our sales could be affected by inventory levels and production levels of automotive manufacturers. The cyclicity in the automotive industry may result in variability in demand for our products and, as a result, our sales and profitability.

We may experience sales declines during the manufacturers' scheduled shutdowns. Further, automotive production and demand may be subject to seasonality in some geographies, which may influence the demand for our products. On other occasions, an increase in our customers' production may require us to commit more resources and cause a material increase in costs, in order to meet our customers' schedules. We risk losing potential orders from our customers if we are unable to meet their increased demands. As a result, our relationship with our customers may be impacted and our product sales may be adversely affected and result in loss of revenue and reduced margins. Any cancellation or delay in production could have an adverse effect on our business and financial condition.

These segments are also subject to changes in regulatory or industry requirements, for instance, changes in applicable emission standards issued by the Government of India, or in competitive technologies, our ability to continue to generate consistent volume of business from such sectors also depends on our ability to develop and introduce new products in a timely manner or expand our client base. However, there can be no assurance that we will be able to secure the necessary technical knowledge or capabilities which will allow us to expand our product portfolio in a timely manner or at all, or that any products we develop and introduce will achieve market acceptance as anticipated.

We may be unable to anticipate changes in technology and regulatory standards in the future. As a result, we may not be able to successfully develop, engineer, and bring to market new and innovative and/or improved products, or respond to evolving business models (including electric vehicle advances). Any failure to successfully develop, launch and market new products and a deterioration in the sectors that we operate in as a whole, could adversely affect our business and results of operations.

5. We do not have firm long term commitment agreements with any of our customers and hence may not realize all of the revenue expected from our existing or new customers and may not be able to accurately forecast demand for our products and plan production schedules in advance.

The amount of our sales to the customers, including the realization of future sales from purchase orders awarded to us ("**Awarded Business**"), or obtaining new business or customers, is inherently subject to a number of risks and uncertainties, including the accuracy of customer estimates relating to volumes of vehicles to be produced and sold and the timing of such production.

We base our growth estimates, in part, on volumes promised by our customers. Our purchase orders with customers are generally open-ended in terms of period and quantity to be supplied. Our customers provide annual and quarterly product forecasts highlighting their requirements and further provide us with product-specific delivery schedules at short intervals throughout the year, based on a number of economic and business factors such as our customers' demand and supply situation, and other variables and assumptions, some or all of which may change or may not be accurate and, accordingly, our growth estimates may not accurately indicate our actual sales and revenues for any future period or date. The actual Awarded Business is received only by way of ongoing purchase orders and our customers typically do not make any long-term commitments on the quantity of products for which they would place purchase orders, and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences or the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model. If there are significant cuts in production schedules announced by customers with little advance notice, we may be unable to respond with corresponding production and inventory reductions. As a result, it is difficult for us to forecast revenue, production or sales and plan our inventory in advance.

Our inability to forecast the level of customer demand for our products and our inability to accurately schedule our raw material purchases and production and manage our inventory may adversely affect our business and cash flows from operations. Any failure to meet our customers' expectations could result in the cancellation of orders. Our customers may terminate their business arrangements with us and cancel any purchase orders for causes as described in such purchase orders or otherwise for reasons such as product quality, ability to meet delivery timelines, among others. Our customers have no liability to pay for or reimburse lost profits, unabsorbed overheads, capital investments made by us, product development and engineering costs, facilities and equipment rental and other related costs such as penalties or administrative charges incurred directly or indirectly by us in connection with cancelled orders. In addition, since we do not have exclusive contracts with any of our customers, this entitles them to replace us with another supplier under certain circumstances.

Further, since our customers only provide us with estimated product volumes without a commitment to purchasing those exact quantities or placing new orders. This lack of commitment can cause fluctuations in our sales from one period to another, as customers may change their preferred suppliers based on various economic and business factors. Such volume projections rely on assumptions that may change or be inaccurate. While we have received consistent purchase orders from all of our customers in the nine months ended December 31, 2023 and in Fiscals 2023, 2022 and 2021, since our customers are not bound by any agreement to purchase our products, we cannot assure you that our customers will continue their association with us in the long term and we may not in fact realize all of the future sales represented by our Awarded Business, which could materially and adversely affect our business, cash flows, financial condition and results of operations.

6. We are subject to strict compliance of quality requirements by our customers. Any failure in maintaining our quality accreditations and certifications may negatively impact our brand and reputation which may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

Given the nature of our business and products, our customers have high and exacting standards for product quality, as well as delivery schedules. Adherence to quality standards is a critical factor in our manufacturing process as any defects in the products manufactured by our Company or failure to comply with the technical specifications of our customers may lead to cancellation of the orders placed by our customers. Additionally, our customers typically have stringent, time-consuming selection, inspection and review procedures for their products. These tests cover facility assessment by customers along with process audits by our customers. The parts produced undergo a stringent testing process, failing which we would not be awarded any purchase orders. As a result of being subject to a stringent quality control mechanism at each stage of the manufacturing process, we are required to incur expenses to maintain our quality assurance systems such as forming a separate team of engineers responsible for quality and assurance in the manufacturing facilities, machineries, and in the manufacturing processes.

We are also subject to ongoing audits with customers who have onboarded us and are required to adhere to stringent quality standards. While we have not failed a customer audit in the nine months ended December 31, 2023 and in each of the last three Fiscals, there can be no assurance that our Company will meet the relevant quality requirements in respect of the products manufactured by us in the future. If any such event were to occur in future, it may have a material adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Further, certain of our facilities have received quality assurance certifications and accreditations including IATF 16949:2016, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 which have certified that our development, manufacturing and supply of our products are in compliance with globally accepted manufacturing practices and quality standards. For details, see "*Our Business – Our Manufacturing Facilities*" and "*Our Business – Quality Control and Assurance*" on pages 301 and 305, respectively. If we are unable to renew these accreditations, our brand and reputation could be adversely affected. Any significant damage to our reputation and/or brand caused by being denied such accreditations and certifications could have a material adverse effect on our ability to attract new and repeat customers and, as a result, adversely affect our business, results of operations, financial condition, cash flows and future prospects.

We will continue to spend a portion of our future revenues to manage our product quality, failure of which may negatively impact our business, results of operations, financial condition, cash flows and future prospects.

7. There may be flaws or defects in the products we manufacture that could result in liability claims against us, reduced demand for our products and damage to our reputation.

We manufacture and sell products based on our customers' specifications, many of which form a critical part of vehicle systems, such as brake drums and transmissions. Despite our quality control and quality assurance efforts, problems may occur, or may be alleged, in these products. Any failure on our part to manufacture products as per client requirements could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect.

Any flaws or defects in the products we manufacture, caused due to any reason, including by way of faulty customer specifications, or flaws in the manufacturing or design processes, servicing, or a component defect, may result in delayed deliveries to our customers or, reduction or cancellation of customer orders. Other than minor complaints or return of products from certain customers, no instances of reduction or cancellation of customer orders have arisen in the nine months ended December 31, 2023 and in Fiscals 2023, 2022 and 2021, if any such problems were to occur in large numbers or too frequently, our business reputation may also be affected. Any potential claims arising from faulty or defective products may include damages for the recall of a product or injury/bodily harm and other damage caused to person or property. We may also be required to repair the defective product or replace it with a new conforming product and the costs may also be required to be borne by us, or if they are borne by the customer, may be capped. The successful assertion of any claim could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

We may not have practical recourse against certain suppliers, and contractual protections, insurance coverage or supplier warranties, as well as our other risk mitigation efforts, may be inadequate, costly, or unavailable. Further, while we have not faced such a situation, material claim or product liability in the nine months ended December 31, 2023 and in the past three Fiscals, we may incur costs defending claims in the future, and any such disputes could adversely affect our business relationships.

While there has not been any instance of product defaults in nine months ended December 31, 2023 and in the last three Fiscals, we cannot assure you that any product defects will not arise in the future, whether on our account or on account of defective components provided by a supplier. If such cases arise, our customers may cancel orders, , or make adverse claims against us, which, if litigated, may be decided against us. Any future product defects or defaults may have a material adverse impact on our business, results of operations, financial condition, cash flows and future prospects.

8. We have experienced growth in recent years and may be unable to sustain our growth or manage it effectively.

We have expanded our operations and experienced growth in recent years. Our revenue from operations grew at a CAGR of 65.68% from ₹2,426.89 million in Fiscal 2021 to ₹6,662.14 million in Fiscal 2023, based on our Pro Forma Consolidated Financial Information. Our profit for the year, calculated on the basis of our Pro Forma Consolidated Financial Information, increased from ₹13.42 million in Fiscal 2021 to ₹369.68 million in Fiscal 2023 at a CAGR of 424.94%.

Our revenue from operations grew at a CAGR of 70.86% from ₹1,886.48 million in Fiscal 2021 to ₹5,507.08 million in Fiscal 2023 based on our Restated Consolidated Financial Information. Our profit for the year, calculated on the basis of our Restated Consolidated Financial Information, increased from ₹10.27 million in Fiscal 2021 to ₹260.53 million in Fiscal 2023 at a CAGR of 403.66%.

Our engagement with certain of our customers commences at the early stages of the product life cycle right from the design stage, which we believe leads to higher customer stickiness. This has led to consistent growth in our revenue from operations, across the industries we cater to.

There has been a substantial evolution in the business and financial position of our Company since incorporation for instance, we were initially operating a single unit. Since then, there has been a substantial change in the business profile of our Company, along with expansion of our capacities. Currently, we operate three manufacturing facilities and are in the process of setting up our separate, consolidated machining unit in Chhattisgarh, post corporate restructuring undertaken by the Company pursuant to a composite scheme of arrangement approved by the NCLT, Cuttack Bench vide its order dated October 1, 2023, and effective as on November 30, 2023.

For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Pro Forma Consolidated Financial Information*" and "*Restated Consolidated Financial Information*" on pages 430, 410 and 359, respectively.

Further, our operations have grown to comprise three manufacturing facilities and we are in the process of setting up our separate, consolidated machining unit in Chhattisgarh, as of December 31, 2023.

Sustaining our growth will require investments including in assets and will also put pressure on our ability to effectively manage and control historical and emerging risks. We may not be able to sustain our growth rates due to a variety of factors such as a decline in the demand for automotive components, increased price competition, non-availability of raw materials, inability to onboard experienced members for our management team or a general slowdown in the economy or the industries in which our customers operate.

Our growth has placed, and continues to place, significant demands on our internal administrative infrastructure, our managerial, technical and operational capabilities as well as our financial, management and other internal risk control systems. We may not be successful in controlling our input costs, effectively managing our internal supply chain and manufacturing processes. If we are unable to increase our production capacity in line with our customer requirements, continuous expansion may increase the challenges involved with our ability to maintain high levels of customer satisfaction and quality standards, develop and maintain relationships with our suppliers, improve our operations and technology systems and maintain risk management standards, operate in markets or geographies where we have limited experience and preserve a uniform culture, values and work ethic in our operations. Alternatively, a decline in our customers' business performance or a reduction in our customers' production volumes may also lead to a corresponding decrease in demand for our products and services and our business, operations, revenues and profitability may be adversely affected if our customers demand price reductions, set-off any payment obligations or if there is an adverse change in any of our customers' procurement strategies.

Any failure to sustain our growth or an expansion in the scope and complexity of our operations as a result of any or a combination of the foregoing factors may have an adverse effect on our revenues and our operating margins may also decline, which may adversely affect our business, results of operations and financial condition.

9. Our manufacturing facilities are concentrated in the state of Chhattisgarh. Any significant social, political, economic or seasonal disruption, natural calamities or civil disruptions in Chhattisgarh could have an adverse effect on our business, results of operations, future cash flows and financial condition.

We own and operate three manufacturing facilities and are in the process of setting up our separate, consolidated machining unit in Chhattisgarh, all of which are located in Chhattisgarh, India, and are situated in close proximity to each other.

Due to the geographic concentration of our manufacturing facilities, our operations are susceptible to local and regional factors, such as economic and weather conditions, natural disasters, political, demographic and population changes, and other unforeseen events and circumstances. Such disruptions could result in the damage or destruction of a significant portion or all of our manufacturing abilities, cause significant delays in shipments of our products and/or otherwise have a materially adverse effect on our business. The occurrence of any of these events could require us to incur significant capital expenditure or change our business structure or strategy, which could have an adverse effect on our business, results of operations, future cash flows and financial condition. While we have not faced any such disruptions in the nine months ended December 31, 2023 and in Fiscals 2023, 2022 and 2021in our operations due to the concentration of our manufacturing operations in Chhattisgarh, we cannot assure you that there will not be any significant developments in the region in the future, which may adversely affect our operations.

10. Our financing agreements contain covenants that limit our flexibility in operating our business. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, cash flows, results of operations and financial condition.

As of March 31, 2024, our total outstanding borrowings were ₹ 942.44 million. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our businesses. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow will be used towards repayment of our existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our loans are at variable interest rates; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

We cannot assure you that we will be able to comply with the financial or other covenants prescribed under the documentation for our financing arrangements or that we will be able to obtain consents necessary to take the actions that may be required to operate and grow our business. Any failure to service our indebtedness, perform any condition or covenant or comply with the financial and other covenants specified in the financing agreements could lead to a termination of our credit facilities, default and acceleration of amounts due under such facilities, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our cash flows, financial condition and results of operations. Certain of our financing arrangements also contain cross-default provisions which could automatically trigger defaults under other financing arrangements. Our failure to meet our obligations under any of our debt financing agreements could have an adverse effect on our business, cash flows, results of operations and financial condition. For further details, see "*Financial Indebtedness*" on page 480. For details in relation to our credit rating, see "*We may require financing to support our further developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all.*" on page 65.

Further, our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from our lenders for, among other things:

a. any fresh issuance of Equity Shares;
b. effecting changes, without a prior notice, in the Company's capital structure, shareholding pattern, including dilution and/or transfer of shareholding of the promoters and promoter group and imposing lock-in on the shareholding of the promoter(s) and other shareholders of the Company;; and
c. amending the memorandum of association and articles of association, change in the name of the Company including pursuant to any scheme of arrangement, merger, demerger or amalgamation;

11. Our Promoters have provided personal guarantees as security for certain facilities availed by our Company. If these guarantees are revoked, we may be unable to procure alternative guarantees satisfactory to our lenders, which may adversely affect our business, results of operations, cash flows and financial condition

Our Promoters, Giriraj Singhania and Raghvendra Singhania have provided personal guarantees as security for certain facilities availed by our Company, which amounted to ₹ 1,687.70 million. The table below sets forth details of the personal guarantees provided by our Promoters, Giriraj Singhania and Raghvendra Singhania:

S. No.	Bank/Financial Institution in whose favour the guarantee has been provided by Giriraj Singhania and Raghvendra Singania	Guarantee Amount Outstanding (₹ million)	Reason for guarantee
1.	Axis Bank Limited*	485.10	Working Capital and Term Loans
2.	ICICI Bank Limited*	294.50	Working Capital and Term Loans
3.	HDFC Bank Limited **	980.00	Working Capital and Term Loans

**Personal guarantee given by Giriraj Singhania*
***Personal guarantee given by Giriraj Singhania and Raghvendra Singhania*

For further details, see "*History and Certain Corporate Matters –Guarantees by the promoters"* on page 325.

If any of the abovementioned guarantees are revoked, our lenders may require alternative guarantees or cancel such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Accordingly, our business, results of operations, cash flows and financial condition may be adversely affected by the revocation of all or any of the guarantees provided by our Promoters Giriraj Singhania and Raghvendra Singhania, in connection with our Company's borrowings. For further details, see "*Financial Indebtedness*" on page 480.

Further, while there are currently no outstanding borrowings with one of our lenders, and while we have initiated termination of all agreements with that lender, we have in past restructured our debt with such lender under the resolution framework for Covid-19 related stress and the relevant financing agreements have not been terminated as of the date of this Draft Red Herring Prospectus. While we have obtained consents from all relevant lenders in connection with this Offer, no consent has been received from the aforementioned lender.

Any failure to comply with the conditions and covenants in our financing agreements, the creation of additional encumbrances that are not waived by our lenders or guarantors or otherwise cured, the occurrence of a material adverse event that could lead to an event of default and consequent termination of our credit facilities, could adversely affect our business, results of operations, financial condition and cash flows.

12. We have significant power and fuel requirements and any disruption to the supply of power could disrupt our manufacturing operations and increase our production costs, which could adversely affect our results of operations.

We require substantial power and fuel to operate our manufacturing and machining facilities, and energy costs represent a key component of the production costs for our operations. If energy costs were to continue to rise, or if electricity supply arrangements were disrupted, our manufacturing operations could be disrupted, and our profitability could decline. The table below sets forth our power costs for the periods stated, based on our Pro Forma Consolidated Financial Information:

Particulars	Nine months ended December 31, 2023		Fiscals 2023		Fiscals 2022		Fiscals 2021	
	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)
Power and fuel	369.16	8.32%	401.78	6.55%	360.37	9.06%	226.87	9.43%

The table below sets forth our power costs for the periods stated, based on our Restated Consolidated Financial Information:

Particulars	For the nine months ended		Fiscals					
	December 31, 2023		2023		2022		2021	
	Amount (₹ million)	Percentage of Total *Expenses (%)*	Amount *(₹ million)*	Percentage of Total Expenses *(%)*	Amount *(₹ million)*	Percentage of Total Expenses *(%)*	Amount *(₹ million)*	Percentage of Total Expenses *(%)*
Power and fuel	369.16	8.32%	240.93	4.69%	171.21	5.53%	129.58	6.93%

We source most of our electricity requirements from the state electricity grid and our own diesel generator sets. Inadequate electricity, and diesel for our generators could result in interruption or suspension of our production operations. In particular, any significant increase in the cost of diesel/fuel could result in an unexpected increase in production cost.

Frequent production shutdowns due to suspension of our operations could lead to increased costs associated with restarting production and corresponding loss of production, any of which would adversely affect our results of operation and financial condition. While we have not experienced any interruptions to our power supplies in the nine months ended December 31, 2023 and in Fiscals 2023, 2022 and 2021, there is no guarantee that interruptions would not occur due to any events unforeseen by us.

While we intend to utilize a portion of the proceeds from this Offer for funding capital expenditure of our Company to set up a captive solar power plant, which we believe will benefit our Company by reducing our dependence on the state electricity grid and significantly reduce our costs, we cannot assure you that we will be able to achieve this in a timely manner, or at all. For further details see "*Objects of the Offer*" and "*There is no assurance that the Objects of the Offer will be achieved within the timeframe expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the funding plan has not been appraised by any bank or financial institution*" on pages 114 and 62, respectively.

13. ***Any defaults or delays in payment by a significant portion of our customers or our inability to collect receivables from our customers, may have an adverse effect on business, results of operations, financial condition, cash flows and future prospects.***

In the ordinary course of business, we extend credit to our customers typically up to 45 days as part of our standard payment terms. We are exposed to counterparty credit risk in the usual course of our business (i.e., the risk of uncertainty regarding the receipt of the outstanding amounts).

Set out below are the details of our Trade Receivables and Trade Receivables Turnover ratio as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 based on our Pro Forma Consolidated Financial Information:

Particulars	December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Trade Receivables (₹ *in million*)	902.28	631.09	619.62	686.25
Debtor days(1)	40	34	59	103
Trade Receivables Turnover Ratio(2)	6.80	10.65	6.19	3.54
Provision for bad debts	-	-	-	-

(1) Debtor days has been calculated as average trade receivables divided by revenue from operations multiplied by number of days for each financial year

(2) Trade receivable turnover ratio has been calculated as revenue from operations divided by average trade receivables

We have, and may continue to have, high levels of outstanding receivables. Set out below are the details of our Trade Receivables and Trade Receivables Turnover ratio as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 based on our Restated Consolidated Financial Information:

Particulars	December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Trade Receivables (₹ *in million*)	902.28	631.09	433.24	497.01
Debtor days(1)	40	35	54	68
Trade Receivables Turnover Ratio(2)	5.78	8.73	7.22	3.80
Provision for bad debts	-	-	-	-

(1) Debtor days has been calculated as average trade receivables divided by revenue from operations multiplied by number of days for each financial year

(2) *Trade receivable turnover ratio has been calculated as revenue from operations divided by average trade receivables*

For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 430.

Since the credit period offered by our business partners and suppliers is generally lesser than what we generally grant our customers, this has potentially resulted in certain cash flow mismatches in Financial years 2021 and 2022. There can be no assurance that we will not experience any significant cash flow mismatches in the future or that our cash flow management measures will function properly, or at all. This risk may be exacerbated and our working capital requirements could increase if there is a considerable difference between the holding levels of our trade payables and our trade receivables and any increase in our trade receivable turnover days will negatively affect our business. There can be no assurance that we will be able to collect the whole or any part of any overdue payments and a significant delay in, or non-receipt of, large payments or non-performance by our customers, business partners, suppliers or other counterparties, or inadequate provisions for doubtful receivables, could adversely affect our cash flows and results of operations.

Our results of operations and profitability depend on the credit worthiness of our customers. We cannot assure you that these counterparties will always be able to pay us in a timely fashion, or at all. While there have been no instances of major delays or major defaults in payments by the Company's customers in the last three Fiscals, or in the nine-months ended December 31, 2023, that have materially impacted the Company's business and operations, we have faced delays in payments of receivables by certain customers. Any adverse change in the financial condition of our customers may adversely affect their ability to make payments to us. Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our customers and, as a result, could cause customers to delay payments to us, request modifications to their payment arrangements, that could increase our receivables or affect our working capital requirements, or default on their payment obligations to us. Default or delays in payments by a significant portion of our customers may compel us to utilize greater amounts of our operating working capital and result in increased interest costs, thereby adversely affecting our business, results of operations, financial condition and cash flows.

14. ***There are outstanding legal proceedings involving our Company, our Promoters and our Directors. Any adverse decision in such proceedings may render us / them liable to liabilities / penalties and may adversely affect our business, results of operations, cash flows and reputation.***

There are several outstanding legal proceedings against our Company, Directors and Promoters. These proceedings are pending at different levels of adjudication before various adjudication forums. Brief details of material outstanding litigation that have been initiated by and against our Company, our Directors and our Promoters, as applicable, are set forth below:

Name of the entity	Number of material civil litigations	Number of criminal proceedings	Number of actions taken by statutory or regulatory authorities	Disciplinary actions imposed by SEBI or Stock Exchanges against our Promoters in the last five financial years including outstanding actions	Number of tax proceedings	Aggregate amount involved *(in ₹ million)*+
Company						
By our Company	1	1	0	0	0	72.50
Against our Company	1	0	0	0	3	8.65
Directors						
By our Directors	0	0	0	0	0	0
*Against our Directors**	0	0	0	0	1	5.67
Promoters						

Name of the entity	Number of material civil litigations	Number of criminal proceedings	Number of actions taken by statutory or regulatory authorities	Disciplinary actions imposed by SEBI or Stock Exchanges against our Promoters in the last five financial years including outstanding actions	Number of tax proceedings	Aggregate amount involved *(in ₹ million)*+
By our Promoters	0	0	0	0	0	0
*Against our Promoters***	0	0	0	0	1	5.67

+ *According to the materiality policy and to the extent quantifiable.*
* *Tax Proceedings involving a Director that is also the Promoter of Shivalik Engineering Industries Limited has been covered under proceedings involving the Promoters.*
***Tax Proceedings include proceedings involving a Director.*

Further, as on the date of this Draft Red Herring Prospectus, there are no pending litigation proceedings involving any of our Group Companies, which will have a material impact on our Company. For further details, see "*Outstanding Litigation and Other Material Developments*" on page 483.

If any of these outstanding litigations are decided against our Company, Directors or Promoters, as the case may be, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. In this regard, we may be subject to penalties and regulatory actions including the suspension of our business. We cannot assure you that these outstanding legal proceedings will be decided in our Company's favour or in the favour of our Directors or Promoters, or that no further liability will arise out of these proceedings. For example, one of our director who is also the promoter of the Company had received a notice from Assistant Commissioner of Income tax – Circle 3(1), Raipur, ("**ACIT**") alleging error in computation of exemption claimed by the concerned director in tax filings under Section 54F of the Income Tax Act, 1961. The ACIT has provided the disputed demand amount as ₹5,676,120. The assessing officer has disregarded the submissions and evidence furnished by the concerned director and concluded that exemption claimed under Section 54F of the Income Tax At, 1961 is not allowed. The concerned director has filed an appeal against the order of the assessing officer before the Commissioner of Income-Tax (Appeal), Raipur, which is currently pending for disposal. Further, such legal proceedings could divert management's time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our Directors, individual Promoters and/or our profitability, reputation, business, cash flows, results of operations and financial condition.

15. The activities carried out at our manufacturing and machining facilities, including any hazardous activity, can cause injury to people or property in certain circumstances.

The activities carried out at our manufacturing and machining facilities may be potentially dangerous to our employees. While we provide a safe and healthy working environment which is compliant with applicable occupational health and safety management system and environmental management system standards, we believe to be adequate insurance including insurance coverage for accidents, there is a risk that an accident may occur at our manufacturing and machining facilities. An accident may result in personal injury to our employees, or the labour deployed at our manufacturing and machining facilities, destruction of property or equipment, manufacturing or delivery delays, environmental damage, or may lead to suspension of our operations and/or imposition of liabilities.

While we have not encountered any fatalities or any major employee injuries in the nine months ended December 31, 2023 and in Fiscals 2023, 2022 and 2021, however, any such future accident may result in litigation, the outcome of which is difficult to assess or quantify, the cost to defend such litigation can be significant and our insurance may not be sufficient to provide complete coverage. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, results of operations, financial condition, cash flows and future prospects.

Our operations are subject to operating risks associated with manufacturing, including related to handling and storage of raw materials used in our manufacturing processes. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- explosions;
- fires;
- mechanical failures and other operational problems;
- discharge or release of fumes from paint and thinner.

The occurrence of any of these hazards could result in a suspension of operations and the imposition of civil or criminal liabilities. We may also face claims and litigation, in India or overseas, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our manufacturing and machining facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected. For instance, we have received a notice from the Court of Commissioner, Circle – IV, Gurugram, Haryana pursuant to an application submitted by our former employee seeking an award along with an interest and cost of treatment, alleging failure to provide any compensation on account of accident and injuries sustained by him during the course of his employment with Company. For further details "*Outstanding Litigation and Other Material Developments – Other material pending litigation initiated by our Company*" on page 485.

16. We may be required to receive or renew certain approvals or licenses required in the ordinary course of business or to commence new businesses. Failure to obtain or maintain or renew licenses, registrations, permits and approvals may adversely affect our business, cash flows and results of operations.

Our operations are subject to extensive laws and government regulations. For further information, see "*Key Regulations and Policies*", "*Government and Other Approvals*" and "*Other Regulatory and Statutory Disclosures*" on pages 312, 488 and 492, respectively. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to sanctions imposed by the relevant authorities. We are also subject to laws and regulations governing relationships with employees, including as to minimum wages and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labor, work permits, and maintenance of regulatory and statutory records.

In addition, we require certain statutory and regulatory permits, approvals, licenses, registrations and permissions (hereinafter collectively referred to as "**Permits**") that are necessary to conduct our business and operations. These Permits may be subject to numerous conditions. Further, certain Permits are valid for a specific period and are required to be renewed at regular intervals in accordance with the timelines prescribed under the relevant statutes or as may be provided under the terms of such Permits. Further, due to the amalgamation of Shivalik Auto Engineering Private Limited, Neelkamal Vanijya Private Limited, Adopt Commotrade Private Limited and Goldmoon Vinimay Private Limited with our Company, not all of these Permits may be in the name of our Company. While we have amended some of the material approvals in the name of our Company and we have applied for the transfer of some of these remaining approvals to our Company, such as, registrations under the Employee Provident Fund and Miscellaneous Provisions Act, 1952, Employee State Insurance Act, 1948, approvals under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974.

Any inability to obtain or validly maintain some or all of these Permits, or inability to renew such Permits in the time frames prescribed under law or as may be required for the purpose of the business, or any failure to comply with applicable conditions or any claim in relation to breach of any such conditions could adversely affect our business, results of operations, cash flows and financial condition. Our failure to obtain any of these or any other applicable Permits or renewals thereof or comply with the requirements of the Permits, may adversely affect the continuity of our business, hinder our operations may adversely impact our revenues, growth and profitability. In addition, we have and may need to in the future, apply for certain additional Permits or renewal of existing permits, which we do from time to time.

While we have obtained a significant number of approvals, licenses, registrations and permits from the relevant authorities, we are in the process of applying for certain material approvals. We have not applied for no-objection certificates from the City Army, Fire and Emergency Services and State Disaster Response Force (i.e., the Fire NOC for Unit II, Unit III and Unit IV). In connection with Unit-III that is currently non-operational, while we have obtained the relevant approval under the Chhattisgarh Land Development Rules, 1984, applications for certain material approvals have not been made as of the date of this Draft Red

Herring Prospectus. Additionally, we are in process of transferring certain material approvals in the name of the Company, pursuant to Composite Scheme. For details, see "*Government and Other Approvals*" on page 488.

Any unfavourable changes in or interpretations of existing laws, or the promulgation of new laws, governing our business and operations could require us to obtain additional licenses and approvals. Regulatory authorities could also impose notices and other orders on us if we fail to obtain any required licenses or approvals. To foster our growth, we may also consider entering or operating in new jurisdictions, wherein we may be required to fulfil the state-wise respective compliances, laws and regulatory norms which differ from state to state.

We cannot assure that the Permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. For further details on material Permits, see "*Government and Other Approvals*" on page 488.

17. We may be unable to fully realize the anticipated benefits of recent amalgamation successfully or within our intended timeframe. If we experience delays or other problems in implementing our strategy of integrating our business model through the amalgamation, our growth, business, financial condition, results of operations and prospects may be adversely affected.

With the intention to consolidate, synergize the operation and holding of, and create a strong financial base for the castings, engineering products, and automobile and ancillary components business, the entire undertakings of Shivalik Auto Engineering Private Limited, Neelkamal Vanijya Private Limited, Adopt Commotrade Private Limited and Goldmoon Vinimay Private Limited were transferred to and vested in our Company. Further, the casting division of Shivalik Power and Steel Private Limited was demerged and vested into our Company. We have included in this Draft Red Herring Prospectus, the Pro Forma Consolidated Financial Information (to be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 430) as of and for the nine months ended December 31, 2023 and the Financial Years 2023, 2022 and 2021, to demonstrate the results of operations and the financial position that would have resulted as if the mergers had taken place at the earliest of the periods presented in the Pro Forma Consolidated Financial Information (i.e., April 1, 2020). For further details, see "*Pro Forma Consolidated Financial Information*" and "*History and Certain Corporate Matters – Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the Last 10 Years*" on pages 410 and 324 respectively.

There can be no assurance that this restructuring will achieve its anticipated benefits. To the extent that we fail to identify, complete and successfully integrate the aforementioned companies with our existing business or should the amalgamation not deliver the intended results, our financial performance could be negatively affected.

Potential difficulties that we may encounter as part of the integration process could *inter-alia* include the following:

- underestimated costs associated with the amalgamation;
- increased costs of integration;
- the possibility that the full benefits anticipated to result from the acquisition will not be realized;
- delays in the integration of strategies, operations and services;
- possible cash flow interruptions or loss of revenue as a result of transitional matters; and
- the disruption of, or the loss of momentum in, our Company.

If we are unable to successfully overcome the potential difficulties associated with the integration process and achieve our objectives following an acquisition, the anticipated benefits and synergies of amalgamation may not be realized fully or may take longer to realize than expected. Any failure to timely realize these anticipated benefits could have an adverse effect on our business, financial condition, results of operations or cash flows.

18. Under-utilization of our manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.

We operate three manufacturing facilities and are in the process of setting up our separate, consolidated machining unit in Chhattisgarh. The table below sets forth our installed capacities across our three manufacturing facilities as of December 31, 2023, and our actual production and capacity utilization for the nine months ended December 31, 2023, and for the Fiscals 2023, 2022 and 2021, respectively:

Products manufactured	**Installed capacity (*in metric tonnes*) as of December 31, 2023***	**For the nine months ended December 31, 2023***		**Fiscal**					
				2023		**2022**		**2021**	
		Actual production (*in metric tonnes*)	**Capacity utilisation (*%*)**	**Actual production (*in metric tonnes*)**	**Capacity utilisation (*%*)**	**Actual production (*in metric tonnes*)**	**Capacity utilisation (*%*)**	**Actual production (*in metric tonnes*)**	**Capacity utilisation (*%*)**
Unit – I									
Auto components i.e., gear box, etc of vehicles	28,800.00	21,343.00	74.11%	26,728.65	92.81%	19,708.92	68.43%	17,203.29	59.73%
Unit – II									
Auto parts of vehicle i.e., gear box, etc.	30,000.00	16,723.00	55.74%	18,987.11	63.29%	12,205.18	40.68%	4,387.88	14.63%
Unit – IV									
Auto parts of vehicle i.e., gear box, etc.	25,000.00	12,684.00	50.74%	12,498.62	49.99%	11,832.00	47.33%	8,612.89	34.45%

As certified by Ahskar and Associates, Chartered Engineers, by way of their certificate dated June 28, 2024.
** Not annualized.*

Notes:

(1) The information relating to the installed capacity as of the dates included above are based on various assumptions and estimates that have been considered for calculation of the installed capacity. These assumptions and estimates include the standard capacity calculation practices of companies in the same industry, and after examining the calculations and explanations provided by the Company and other ancillary equipment installed at the facilities. The assumptions and estimates considered include the following: (i) ***Number of working days in a year – 307; (ii) Number days in a month - 26; (iii) Number of shifts in a day: 3; (iv) Number of hours: 8 per shift (v) Schedule preventive maintenance days: 2***

(2) The information relating to the actual production as of the dates included above are based on the examination of the internal production records provided by the Company, explanations provided by the Company, the period during which the Facilities operate in a year, expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies.

(3) Capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of the relevant manufacturing facility as of and at the end of the relevant period.

For further details in relation to our manufacturing facilities, see "*Our Business- Our Manufacturing Facilities and Warehouses*" on page 301.

Our ability to maintain our profitability depends on our ability to maintain high levels of capacity utilization. We had low capacity utilisation in financial years ended March 31, 2022, and March 31, 2021 due low demand of OEMs. Capacity utilization is affected by our product mix, our ability to accurately forecast customer demand, to carry out uninterrupted operations, the availability of raw materials, industry/ market conditions as well as overhead costs and manufacturing costs. In the event that there is a decline in the demand for our products, or if we face prolonged disruptions at our facilities including due to interruptions in the supply of water, electricity or as a result of labour unrest, or are unable to procure sufficient raw materials, we would not be able to achieve full capacity utilization of our current manufacturing facilities, resulting in operational inefficiencies which could have a material adverse effect on our business and financial condition.

19. *Our Statutory Auditors have included an emphasis of matters in the examination report to the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus.*

The examination report to the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus includes an emphasis of matter in relation to the audited special purpose consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 (together the "**Special Purpose Consolidated Ind AS Financial Statements**") to state that such financial statements have been prepared by our Company solely for the purpose of preparation of the Restated Consolidated Financial Information, as required under the SEBI ICDR Regulations, in relation to the proposed Offer and as a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for any another purpose.

20. The siblings of our Promoters, who are deemed to be a part of the Promoter Group under the SEBI ICDR Regulations have not provided their consent to be identified as members of the Promoter Group and have not provided any information in respect of themselves and their relevant entities as Promoter Group. We cannot assure you that complete disclosures relating to the Relevant Family Members and their Relevant Connected Entities are included in this Draft Red Herring Prospectus.

Our Company had requested Kapiraj Singhania and Birendra Singhania, brothers of our Promoters ("**Promoters' Brothers**"), and Manju Khedia, a sister of our Promoters ("**Promoters' Sister**", and together with the Promoters' Brothers, the "**Relevant Family Members**"), all three being deemed to be members of the Promoter Group under the SEBI ICDR Regulations, to provide confirmations and undertakings in respect of themselves and their relevant entities as members of the Promoter Group (such entities, the "**Relevant Connected Entities**", and together with the Relevant Family Members, the "**KBM Promoter Group**"), on three occasions, by way of letters dated January 1, 2024, January 5, 2024, and January 31, 2024. While we have received affidavits from Birendra Singhania, one of the Promoters' Brothers and the Promoters' Sister stating that they are unwilling to be identified, or to have any entity related to them by way of their shareholding in such entities be identified, as members of the Promoter Group of our Company, or provide any information in this regard to our Company, we are yet to receive a response to any of the letters dispatched to Kapiraj Singhania, one of the Promoters' Brothers.

Accordingly, our Company had filed an exemption application dated June 7, 2024 with SEBI (the "**Exemption Application**"), seeking relaxation under Regulation 300(1)(c) of the SEBI ICDR Regulations from the strict enforcement of applicable provisions under the the SEBI ICDR Regulations for identifying and disclosing the KBM Promoter Group as part of our Company's "promoter group", as defined under the SEBI ICDR Regulations. By its letter dated June 28, 2024 (the "**Exemption Response**"), SEBI has conveyed its decision to not grant our Company the exemptions sought in the Exemption Application, further directing our Company, among other actions, to classify and disclose the KBM Promoter Group as part of its Promoter Group in accordance with applicable requirements under the SEBI ICDR Regulations and include applicable disclosures about the KBM Promoter Group in this DRHP, the Red Herring Prospectus and Prospectus on the basis of information available regarding the KBM Promoter Group in the public domain.

Accordingly, we have disclosed information and confirmations in this Draft Red Herring Prospectus in relation to the KBM Promoter Group as members of the Promoter Group of the Company, only to the extent available and accessible to the Company from the publicly available information published on: (i) the Ministry of Corporate Affairs' website (accessible at https://www.mca.gov.in/content/mca/global/en/home.html); (ii) the "Credit Information Bureau (India) Limited" website (*accessible at http://www.cibil.com/*); (iii) the BSE's website (*accessible at https://www.bseindia.com/investors/debent.aspx)*; (iv) the NSE's website (*accessible at https://www.nseindia.com/regulations/member-sebi-debarred-entities)*; (v) the "Watchout Investors" website (*accessible at https://www.watchoutinvestors.com/*) and (vi) the SEBI's website (*accessible at https://www.sebi.gov.in/index.html*).

Further, as also directed by the SEBI in its Exemption Response, the Exemption Application and the SEBI Letter have been designated as material documents for inspection in connection with the Offer. See "*Material Contracts and documents for Inspection"* on page 544. Further, pursuant to letters dated June 28, 2024, our Company informed the Promoters' Brothers and the Promoter's Sister that our Company would disclose information and confirmations about the KBM Promoter Group in this DRHP, the Red Herring Prospectus and Prospectus based on and limited only to the extent of information publicly available. Accordingly, the disclosures in this DRHP, have been included based on the websites of certain government authorities and other public databases, in order to comply with the requirements of the SEBI ICDR Regulations.

Since the Relevant Family Members have been unwilling to provide any information and confirmations as required under the SEBI ICDR Regulations in relation to themselves and the other members of the KBM

Promoter Group as members of the Promoter Group, in accordance with the Exemption Response, our Company has included disclosures and confirmations pertaining to the KBM Promoter Group in this Draft Red Herring Prospectus, including in the sections titled "*Our Promoters and Promoter Group*", "*Other Regulatory and Statutory Disclosures*" and "*Offer Information*" beginning on pages 351, 492 and 505, based on and limited only to the extent of information publicly available from the aforementioned websites of certain government authorities and other public databases. The disclosures and confirmations pertaining to the KBM Promoter Group (as members of the Promoter Group of our Company) included in this Draft Red Herring Prospectus may be limited in the context of requirements of the SEBI ICDR Regulations and investors are advised to exercise caution when relying on such information.

21. One of the members of our Promoter Group, Kapiraj Singhania, has been identified as a defaulter

Based on a public search conducted, one of the members of our Promoter Group, Kapiraj Singhania, has been identified as a defaulter, on account of him being one of the directors of Vindhya Vasini Industries Limited, which has defaulted in repayment of loans availed by it from Punjab National Bank. Further, neither Kapiraj Singhania nor his connected entities hold any Equity Shares or have any other business interest, as a vendor, supplier or a client, in our Company and neither the Company nor the Promoters hold any business interest, as a vendor, supplier or a client, with respect to Kapiraj Singhania or his connected entities.

22. We are dependent on our manufacturing and machining facilities, and our warehouses, and any disruption, slowdown or shutdown of our facilities and warehouses or any other operational difficulties caused by unforeseen events may restrict our operations and adversely affect our business and financial condition.

Our business is supported by our manufacturing capabilities, comprising of three manufacturing facilities and our separate, consolidated machining unit, which we are in the process of setting up, in Chhattisgarh, India. For further details in relation to our facilities, see "*Our Business- Our Manufacturing Facilities and Warehouses*" on page 301.

Our manufacturing facilities and operations are subject to the following risks:

- forced or voluntary closure of manufacturing and machining facilities, and our warehouses, including as a result of regulatory actions;
- problems with supply chain continuity, including as a result of natural or man-made disasters at any of our manufacturing and machining facilities, and our warehouses;
- manufacturing shutdowns, breakdown or failure of equipment, equipment performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities;
- disruption in electrical power or water resources, fire and industrial accidents, which may entail significant repair and maintenance costs;
- labour disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;
- any changes in the availability of power or water availability which impacts the entire region;
- failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply;
- shortage of qualified personnel;
- changes in applicable local and international laws and regulations impacting our manufacturing facilities and technology centres where we operate; and
- changes in political relationships between India and the countries in which we export and local political tensions.

While no such accidents have taken place in the nine months ended December 31, 2023 and in Fiscals 2023, 2022 and 2021, in particular, there is a risk of accidents due to the use and storage of hazardous or flammable materials in our manufacturing facilities including, paints, thinners, fuels and chemicals and risks arising out of our metal casting operations in general including accidents involving moving heavy machinery, on-site transport, forklifts and overhead cranes and fires / explosions in our furnaces.

We also operate five warehouses for efficiency in supply lines to our customers. We have entered into agreements with various service providers for their logistics services, including warehousing and delivery.

Any disruption of such supply lines may adversely impact our operations and result in delays in supply to our customer, which could negatively impact our reputation. Prolonged disruptions of supply lines may lead to our customers not placing any further orders with us, impacting our revenue and profitability.

23. We have experienced negative cash flows in prior years.

We have experienced negative cash flows from operations in the Financial Year ended March 31, 2022.

	December 31, 2023	Financial Year 2023	Financial Year 2022	Financial Year 2021
	(in ₹ million)			
Net cash generated from operating activities (A)	535.67	(378.54)	163.13	49.04
Net cash flow used in investing activities (B)	(215.34)	(71.98)	(56.65)	(36.43)
Net cash flow used in financing activities (C)	(290.08)	452.55	(108.42)	(11.46)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**30.25**	**2.03**	**(1.94)**	**1.15**

We had negative cash flow from investing activities and from financing activities for the nine months ended December 31, 2023, and for the Financial Years ended March 31, 2023, March 31, 2022, and March 31, 2021 primarily due to changes in working capital, interest payments and due to capital expenditure incurred in those years. We cannot assure you that we will not have negative cash flow from operating activities, investing activities and from financing activities in the future due to further tightening of our working capital cycle and planned capital expenditure in Fiscals 2025 and 2026 and that, if this were to occur in the future, whether we would be able to finance our working capital or other business requirements, or secure other financing when needed, on acceptable commercial terms, or at all. Any negative cash flows in the future could adversely affect our results of operations and financial condition. For further details, see "*Management's Discussion and Analysis of our Financial Condition and Results of Operations – Cash Flows*" on page 472.

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

Capital intensive nature of business as well as competitive intensity are the key entry barriers to the industry. (*Source: CRISIL Report*) While striving for cost-cutting measures and upholding stringent quality standards, there is a risk of erosion of our margins, which may have an adverse impact on our business, financial condition, and results of operations.

Further, estimating the precise amounts of these price reductions entails risks and uncertainties, The resulting price reductions may impact our sales and profit margins. Failing to offset future customer price reductions through enhanced operating efficiencies, the adoption of new manufacturing processes, sourcing alternatives, and other cost-cutting initiatives while upholding stringent quality standards could significantly and adversely affect our business, financial condition, and results of operations. Our customers only provide us with estimated product volumes without a commitment to purchasing those exact quantities or placing new orders. This lack of commitment can cause fluctuations in our sales from one period to another, as customers may change their preferred suppliers based on various economic and business factors. For further details, see "*We do not have firm long term commitment agreements with any of our customers and hence may not realize all of the revenue expected from our existing or new customers and may not be able to accurately forecast demand for our products and plan production schedules in advance*" on page 41.

Additionally, our business is capital intensive, necessitating the maintenance of a substantial fixed cost base. Consequently, our profitability relies, in part, on our ability to distribute fixed production costs over increased production volume. However, customers typically negotiate for more significant price discounts as their order volumes rise. If we are unable to generate adequate production cost savings in the future to counteract price reductions or if there is a decline in consumer demand for commercial vehicles and tractors, resulting in reduced sales, our gross margin and profitability may be adversely impacted.

25. We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations.

Our manufacturing activities are labour intensive, require our management to undertake significant labour interface, and expose us to the risk of industrial action. As of December 31, 2023, our skilled workforce comprised of 1,206 personnel. In addition, we have entered into arrangements with third party personnel companies for the supply of contract staff, and engage contract workers on an as required basis, depending on the volume of work. The success of our operations depends on availability of labour and maintaining good relationship with our workforce. While we have not faced any strikes, work stoppages or increased wage demand by our employees until date, we cannot assure you that our relations with our employees shall remain cordial at all times and that employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future.

If a labour dispute or conflict were to develop between us and our employees or contracted workers were to unionise or go on strike, we could become a target for union organizing activities and suffer work stoppage for a significant period of time. Such unionisation of the workers engaged by our customers, and any strikes, work stoppages, industrial actions or other forms of labour unrest or collective actions directed against us, or our customers could hinder our business operations or result in negative publicity that could adversely affect our brand and reputation. Any labour disruption may adversely affect our manufacturing operations either by increasing our cost of production or halting a portion or all of our production.

26. ***We engage contract workers for carrying out certain functions of our business operations. In the event of non-availability of such contract workers at reasonable cost, any adverse regulatory orders or any default on payments to them by the agencies could lead to disruption of the manufacturing facilities and our business operations.***

We engage independent contractors through whom we engage contract workers for the performance of certain functions at our manufacturing unit and at our offices, on the basis of yearly work orders.

Our industry is labour intensive and our dependence on contract labour may result in significant risks for our operations, relating to the cost, availability and skill of such contract laborers in India, as well as contingencies affecting availability of such contract labour during peak periods in labour intensive industries such as ours. There can be no assurance that we will have adequate access to skilled and unskilled workmen at reasonable rates. Any increase in the cost of labour or failure to procure availability of labour due to any other reason, will adversely affect our business, results of operations, financial condition, cash flows and future prospects.

While we have obtained the relevant approvals for hiring contract labourers, pursuant to the Contract Labour (Regulation and Abolition) Act, 1970, as amended, the appropriate government may, after consultation with the Central Advisory Contract Labour Board or the State Advisory Contract Labour Board, prohibit, by notification, the employment of contract labour in any process, operation or other work in any establishment. We cannot assure you that such a notification will not be issued by the appropriate government in respect of the locations of our manufacturing facilities. If such a notification prohibiting the employment of contract labour is issued with respect to our operations, it will have an adverse impact on our ability to employ contract labour in our manufacturing and other operations, and may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

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

We rely on third parties for the transportation services for the timely delivery of our products to our customers located in India and the United States of America.

The table below sets forth details of our freight costs, as a percentage of our total expenses for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	**Nine months ended December 31, 2023**		**Fiscals**					
			2023		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Total Expenses (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Expenses (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Expenses (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Expenses (%)**
Freight costs	68.07	1.53%	57.83	0.94%	41.94	1.05%	23.83	0.99%

The table below sets forth details of our freight costs, as a percentage of our total expenses for the periods indicated, based on our Restated Consolidated Financial Information:

Particulars	Nine months ended December 31, 2023		Fiscals					
			2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)
Freight costs	68.07	1.53%	57.83	1.13%	41.93	1.35%	23.82	1.27%

Our domestic operations use a number of different modes of transportation, including road, air and rail. Where a shipment is outbound overseas, we use a number of different modes of transportation, including rail and sea. Therefore, we face a risk that there could be deficiency or interruption in these third-party services.

Further, economic developments globally can have a significant impact on India. In particular, the global economy has been negatively impacted by the conflict between Russia and Ukraine. Governments in the United States, United Kingdom, and European Union have imposed sanctions on certain products, industry sectors, and parties in Russia. The conflict could negatively impact regional and global financial markets and economic conditions, and result in global economic uncertainty and increased costs of various commodities, raw materials, energy and transportation. In addition, recent increases in inflation and interest rates globally, including in India, could adversely affect the Indian economy.

Disruptions of transportation services because of weather related problems, strikes, lockouts, inadequacy of road infrastructure, lack of containers or other events may affect our delivery schedules and impair our supply to our customers. To the extent that our losses are not covered by insurance, this may have a material adverse effect on our business, results of operations, financial condition, cash flows and future prospects. Delays (including delays in customs clearance), non-delivery of our products and increase in cost of fuel may also have a material adverse effect on our business, results of operations, financial condition, cash flows and future prospects. While we maintain marine cargo open policy to cover various risks during the transit of goods through sea any damage suffered by us in excess of coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. There have been two instances, in December 2022 and December 2021 wherein our products got damaged during transportation. However, these instances did not had any material impact on our business since our products were insured.

Although we enter into formal contracts with or issue purchase orders to our third-party logistic service providers, we may be exposed to fluctuations in transportation and logistics costs. However, in the event that these logistic service providers are unable to continue to provide these necessary services for our operations for reasons which are beyond our control and we are unable to secure alternate transport arrangements in a timely manner and at an acceptable cost, or at all, our business, results of operations, financial condition, cash flows, future prospects and reputation may be materially adversely affected.

28. We depend heavily on our Promoter, Directors, Key Management Personnel and Senior Management, and loss of their services could weaken our management team and have a material adverse effect on our business, operations, prospects or financial results. Further, any inability on our part to retain or recruit skilled personnel could adversely affect our business, results of operations and financial condition

We are highly dependent on our Promoters, Directors, Key Managerial Personnel and Senior Management, for setting our strategic business direction and managing our business. Our Promoters, Giriraj Singhania and Raghvendra Singhania, have significant experience in the industry in which we operate. Since our incorporation, they have led our business and operations and have played a vital role in our growth and providing us strategic guidance and direction. For further details, see "*Our Management*" and "*Our Promoters and Promoter Group*" on pages 328 and 351, respectively. A loss of the services of any of our Promoters could adversely affect our business, results of operations and financial condition.

Our performance depends largely on the knowledge, skill, industry experience and the continued efforts and abilities of our Directors, Key Management Personnel and Senior Management. We believe that the inputs and experience of our Directors, Key Management Personnel and Senior Management are valuable to the development of our business and operations and the strategic directions taken by our Company. For further information, see "*Our Management*" on page 328. Our success also depends, in part, on key customer relationships forged by them. We cannot assure you that we will be able to retain these individuals or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. Competition for qualified personnel with relevant industry expertise in India is intense and the loss of the services of our key personnel may materially and adversely affect our business, operations, prospects or financial results. While some members of our board have left our Company in the nine months ended December 31, 2023 and in the Fiscals 2023, 2022 and 2021, we have managed to find suitable replacements for such personnel and there has been no material adverse effect on business of our Company.

The following table sets forth the attrition rate in the years indicated:

Particulars	Nine months ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Average number of employees	1,183	965	731	603
Number of employees resigned	155	152	131	117
Attrition rate*	13.10%	15.75	17.92%	19.40%

**Attrition rate is calculated as (number of separations/average number of employees) *100. Average number of employees is calculated as sum of employees at the end of each month for the respective period divided by number of months in the respective period.*

Moreover, our ability to sustain our rate of growth depends significantly upon our ability to select and retain key managerial personnel and senior management, maintaining effective risk management policies and training managerial personnel to address emerging challenges. We cannot assure you that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations, or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have a material adverse effect on our business, operations, prospects or financial results.

29. Information relating to the historical capacity of our manufacturing plants included in this Draft Red Herring Prospectus is based on various assumptions and estimates and future production and capacity may vary.

The information regarding the historical capacity of our manufacturing plants, as outlined in this Draft Red Herring Prospectus, is based on several assumptions and estimates made by our management. These include projections for standard capacity calculation practices of companies in the same industry, planned operations, assumptions regarding the availability and quality of raw materials, and expectations regarding utilization levels, downtime due to scheduled maintenance, unplanned breakdowns, and anticipated operational efficiencies. This information has been verified by Ahskar and Associates, Chartered Engineers, pursuant to their certificate dated June 28, 2024, and is contingent upon specific assumptions, such as 307 working days in the Financial Year, one weekly holiday, and regular plant maintenance and technology upgrades.

Actual production levels and utilization rates may vary significantly from the estimated capacities or historical data due to factors like demand fluctuations. Hence, no undue reliance should be placed on the historical capacity information provided for our existing facilities in this Draft Red Herring Prospectus.

30. There have been delays in payment of statutory dues by our Company in the nine months period ended December 31, 2023 and the financial year ended March 31, 2022.

There have been delays in payment of statutory dues, including employee state insurance contributions and employee provident fund contributions towards regulatory authorities by our Company. For further details, see "*Government and Other Approvals*" on page 488. Inability to make timely payment of our statutory dues which could result us into paying interest on the delay in payment of statutory dues which could adversely affect our business and our results of operations and financial condition.

We cannot assure you that going forward we will be able to make timely payment of our statutory dues which could result us into paying interest on the delay in payment of statutory dues which could adversely affect our business and our results of operations and financial condition.

31. The Pro Forma Consolidated Financial Information included in this Draft Red Herring Prospectus to reflect the impact of the certain amalgamations is not indicative of our future financial condition or financial performance.

To consolidate, synergize the operation and holding of, and create a strong financial base for the castings, engineering products, and automobile and ancillary components business, the entire undertakings of Shivalik Auto Engineering Private Limited, Neelkamal Vanijya Private Limited, Adopt Commotrade Private Limited and Goldmoon Vinimay Private Limited (the "**Transferor Companies**") were transferred to and vested in our Company pursuant to implementation of the Composite Scheme. Further, the casting division of Shivalik Power and Steel Private Limited was demerged and vested into our Company. We have included in this Draft Red Herring Prospectus, the Pro Forma Consolidated Financial Information (to be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 430) by making pro forma adjustments to the Restated Consolidated Financial Information and the information about the financial condition and financial performance of the Transferor Companies and the Demerged Undertaking in order to illustrate the impact on our financial condition as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and our financial performance for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, of the Composite Scheme, as if the Composite Scheme had come into effect on and from April 1, 2020, *i.e.*, the beginning of the earliest period presented by the Pro Forma Consolidated Financial Information

As such, the Pro Forma Consolidated Financial Information is not audited and by its nature, subject to change and may not necessarily be indicative of what our actual results of operations and financial position and cash flow would have been for such periods or as at such dates, nor are they intended to be indicative of expected results of operations in the future periods or our future financial position. Our Pro Forma Consolidated Financial Information does not include all of the information required for financial statements under Ind AS. It does not include any adjustment for liabilities or related costs that may result from the Composite Scheme, nor do they reflect any adjustments for potential synergies therefrom. Certain liabilities and related costs may ultimately be recorded for costs associated with the Composite Scheme, and there can be no assurance that any synergies will be achieved. If the various assumptions underlying the preparation of the Pro Forma Consolidated Financial Information do not come to pass, our actual results could be materially different from those indicated in the Pro Forma Consolidated Financial Information. Accordingly, the degree of reliance placed by investors on our Pro Forma Financial Information should be limited. For further details, see "*Pro Forma Consolidated Financial Information*" on page 410.

32. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially have an adverse effect on our business.

In the ordinary course of our business, our Company has in the past entered into related party transactions, and may continue to do so in the future. Our related party transactions include transactions with our Promoters, our Directors, Key Management Personnel, Group Companies and our Associate for purchase of products and materials and payments therefor, repayment or advancement of loans, payment of commissions, payment of rent, payment of interest on loan and payment of remuneration, among others. The transactions we have entered into have involved, and any future transactions with our related parties could potentially involve, conflicts of interest. For details regarding our related party transactions, see "*Summary of Related Party Transactions*" on page 28.

The table below sets forth details of our related party transactions (excluding related party transactions eliminated during the period/ year), and as a percentage of our total revenue from operations for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	Nine months ended	Fiscals		
	December 31, 2023	2023	2022	2021

	Amount (*in ₹ million*)	Percentage of revenue from operations (%)	Amount (*in ₹ million*)	Percentage of revenue from operations (%)	Amount (*in ₹ million*)	Percentage of revenue from operations (%)	Amount (*in ₹ million*)	Percentage of revenue from operations (%)
Related party transactions	175.87	3.38%	167.46	2.51%	65.34	1.62%	30.64	1.26%

For further details, see "*Pro Forma Consolidated Financial Information*" on page 410.

The table below sets forth details of our related party transactions (excluding related party transactions eliminated during the period/ year), as a percentage of our total revenue from operations for the periods indicated, based on our Restated Consolidated Financial Information:

Particulars	**Nine months ended December 31, 2023**		**Fiscals**					
			2023		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of revenue from operations (%)**	**Amount (*in ₹ million*)**	**Percentage of revenue from operations (%)**	**Amount (*in ₹ million*)**	**Percentage of revenue from operations (%)**	**Amount (*in ₹ million*)**	**Percentage of revenue from operations (%)**
Related party transactions	175.87	3.38%	2,420.38	43.96%	1,899.18	60.68%	811.40	43.01%

For further details, see Note 31(g) to our Restated Consolidated Financial Information included in "*Restated Consolidated Financial Information*" on page 359.

While we believe that all such related party transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Although going forward, all related party transactions that we may enter into will be subject to approval by our Audit Committee, our Board, or our Shareholders, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, there can be no assurance that these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority Shareholders. There can be no assurance that we will be able to address such conflicts of interests or others in the future. For further details, see *"Pro Forma Consolidated Financial Information"* and *"History and Certain Corporate Matters – Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the Last 10 Years"* on pages 410 and 324, respectively.

33. Our business requires significant working capital. We may not be able to obtain future financing on favourable terms or at all or furnish bank guarantees in the future. If we experience insufficient cash flows from our operations or are unable to borrow funds to meet our working capital requirements, it may materially and adversely affect our business and results of operations.

Our business requires a significant amount of working capital primarily due to cost of our raw materials and power and fuel requirements, and due to limited availability of credit lines for procurement of our raw materials. Consequently, there could be situations where the total funds available to us may not be sufficient to fulfil our commitments, and hence we may need to incur additional indebtedness in the future or utilize internal accruals to satisfy our working capital needs. Our total outstanding borrowings as on March 31, 2024, were ₹942.44 million.

The table below sets out details of our working capital for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	Nine months ended December 31, 2023 (*in ₹ million*)	Fiscal 2023 (*in ₹ million*)	Fiscal 2022 (*in ₹ million*)	Fiscal 2021 (*in ₹ million*)
Current assets	2,236.18	1,712.24	1,814.11	1,703.23
Current liabilities (excluding current borrowings)	543.72	332.76	629.34	663.67
Net working capital	1,692.46	1379.48	1,184.77	1,039.56
Means of finance (sanction amount of fund based working capital facilities)	610.00	559.00	559.00	559.00

If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. As we pursue our growth plan, we expect that we will have to raise additional funds by incurring further indebtedness or issuing additional equity to meet our capital expenditures in the future. Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. However, our ability to arrange financing and the cost of capital of such financing is dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financial covenants that would restrict our operations. If we experience insufficient cash flows or are unable to borrow funds on a timely basis or at all to meet our working capital and other requirements, or to pay our debts, it could materially and adversely affect our business and results of operations.

Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations and financial condition could be materially and adversely affected. There can be no assurance that we will be able to effectively manage our working capital.

34. ***We are subject to risks arising from interest rate fluctuations, which could reduce our profitability and adversely affect our business, cash flows, financial condition and results of operations.***

Our operations are partly funded by debt and increases in interest rate and a consequent increase in the cost of servicing such debt may have an adverse effect on our cash flows, results of operations and financial condition. The interest rate for certain loan amounts availed by us is expressed as the base rate of a specified lender and interest spread per annum, which is variable. As of March 31, 2024, our total outstanding borrowings were ₹942.44 million, out of which total outstanding of ₹492.78 million was subject to variable interest rates. Further, most of our financing agreements include provisions providing for interest rates to be periodically reset or changed based on the lender's internal policies. Interest rates for borrowings have been volatile in India in recent periods. Changes in prevailing interest rates affect our interest expense in respect of our borrowings, and may have an adverse effect on our business, results of operations, cash flows and financial condition. The table below sets forth our interest expenses for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	Nine months ended		Fiscals					
	December 31, 2023		2023		2022		2021	
	Amount (₹ million)	*Percentage of Total Revenue from Operations (%)*	*Amount (₹ million)*	*Percentage of Total Revenue from Operations (%)*	*Amount (₹ million)*	*Percentage of Total Revenue from Operations (%)*	*Amount (₹ million)*	*Percentage of Total Revenue from Operations (%)*
Interest expenses	133.79	2.57%	189.40	2.84%	192.36	4.76%	163.68	6.74%

The table below sets forth our interest expenses for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	Nine months ended December 31, 2023		Fiscals					
			2023		2022		2021	
	Amount (₹ million)	***Percentage of Total Revenue from Operations (%)***	***Amount (₹ million)***	***Percentage of Total Revenue from Operations (%)***	***Amount (₹ million)***	***Percentage of Total Revenue from Operations (%)***	***Amount (₹ million)***	***Percentage of Total Revenue from Operations (%)***
Interest expenses	133.79	2.57%	104.18	1.89%	97.44	3.11%	85.51	4.53%

For a description of interest typically payable under our financing agreements, see "*Financial Indebtedness*" on page 480.

Although we may in the future engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms or that these agreements, if entered into, will protect us adequately against interest rate risks. Further, if such arrangements do not protect us adequately against interest rate risks, they would result in higher costs.

35. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, cash flows, results of operations and financial condition.

Our principal types of insurance, among others, include policies for marine cargo open policy, commercial general liability insurance, workmen compensation policy, group personal accident policy, industrial all risk policy, and various motor and auto insurance policies, among others. Our insurance cover on our net assets as of December 31, 2023 was ₹3,250.31 million, representing 82.39% of the net assets as of December 31, 2023. In past there has been rejection of minor insurance claims, however this has not material impact on profitability of our business.

For details, see "*Our Business – Insurance*" on page 310.

While we believe that the level of insurance we maintain is appropriate for the risks of our business, notwithstanding the insurance coverage that we carry, we may not be fully insured against certain business risks. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. Our insurance policies contain exclusions and limitations on coverage, as a result of which, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms. Furthermore, there can be no assurance that we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable in the future. The occurrence of an event for which we are not insured, where the loss is in excess of insured limits occurs or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Additionally, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition, cash flows and results of operations could be adversely affected.

36. There is no assurance that the Objects of the Offer will be achieved within the timeframe expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the Objects of the Offer have not been appraised by any bank or financial institution.

Our Company intends to use the Net Proceeds for (i) setting up of 43.75 MW solar power plant at Mouza Village Katalbod, P.H.No.18, R.I.C. Babamohtara, Tahsil Bemetara District Bemetara, Chhatisgarh; (ii) expansion of existing manufacturing units, i.e., expansion of our existing foundry capacity by setting up a new foundry line at Unit 2; and (iii) general corporate purposes. For details, see *"Objects of the Offer"* on page 114. For the purpose of our manufacturing business, we consume a substantial amount of power and fuel for our business operations. Adequate and cost-effective supply of power, fuel and water is critical to our manufacturing process. The Solar Plant is being set by our Company with the objective of procurement of power, reducing our operating costs and the carbon footprint of the Company and, optimising our resources.

Our capital expenditure plans remain subject to the potential problems and uncertainties that construction activities face including cost overruns or delays. We have appointed an external agency, Oriano Clean Energy Private Limited to set-up the solar power plant. The completion of is dependent on the performance of Oriano Clean Energy Private Limited, which is responsible for *inter alia* construction of the buildings and civil work, installation of plant and machinery and setting up of the required electrical installations. In addition, problems that could adversely affect our expansion plans include labour shortages, unforeseen delays, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed in our manufacturing facilities, delays in completion, defects in design or construction, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. Further, setting up of the solar power plant is subject to approvals that we have not yet obtained. Further, our funding requirements for the proposed expansion of our existing foundry capacity is based on management estimates quotations received from third parties and our funding requirements for the proposed Solar Plant is based on the Detailed Project Report issued by Oriano Clean Energy Private Limited. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost and other financial and operational factors. For further details see "*Objects of the Offer – Details of the Objects – Setting up the Solar Plant*" on page 116.

Further, the funding plans are based on management estimates and such fund requirements and intended use of proceeds have not been appraised by any bank or financial institution. Our Company will appoint a monitoring agency for monitoring the utilization of the Gross Proceeds in accordance with the SEBI ICDR Regulations prior to filing of the Red Herring Prospectus with the RoC. Our Company may have to revise its management estimates from time to time on account of various factors, including factors beyond its control such as market conditions, competition, cost of commodities and interest rate fluctuations, and consequently its requirements may change. Additionally, various risks and uncertainties, including those set forth in this section, may limit or delay our Company's efforts to use the Net Proceeds to achieve profitable growth in its business.

37. We have not placed orders for any machinery to be purchased for expansion of our existing foundry capacity from the Net Proceeds.

We intend to use a portion of the Net Proceeds towards funding capital expenditure of our Company, by expansion of existing manufacturing units, i.e., expansion of our existing foundry capacity by setting up a new foundry line at Unit 2. We intend to expand the installed capacity of Unit 2 by setting up a flaskless horizontal line with a specific moulding box size and incorporating cool drum technology into the new foundry line utilizing the Net Proceeds. This addition of a new foundry Line is expected to increase the existing installed capacity of Unit 2. For details, see "*Objects of the Offer*" on page 114. As of the date of this Draft Red Herring Prospectus, our Company has not placed orders for any machinery to be purchased for expansion of our existing foundry capacity from the Net Proceeds. For details regarding such machinery, see "*Objects of the Offer – Details of the Objects – Expansion of existing manufacturing units, i.e., expansion of existing foundry capacity by setting up a new foundry line at Unit 2*" on page 119, We cannot assure you that we will be able to purchase such machinery from the suppliers disclosed or at the prices quoted in this Draft Red Herring Prospectus, including due to cost fluctuations.

Any delays in placing orders for such machinery may result in a cost and time overrun, which could have a material adverse effect on the operations and profitability of our Company.

While we have obtained the quotations from various vendors in relation to the proposed capital expenditure, these quotations are valid for certain periods of time. Our funding requirements are based on our current business plans and management estimates. may be subject to change based on various factors such as the timing of completion of the Offer, market conditions outside the control of our Company, and any other business and commercial considerations. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations.

38. Any variation in the utilization of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval.

We propose to utilize the Net Proceeds towards (i) funding capital expenditure for setting up of the Solar Plant; (ii) expansion of existing manufacturing units, i.e., expansion of existing foundry capacity by setting up a new foundry line at Unit 2; and (iii) general corporate purposes in the manner specified in "*Objects of the Offer*" on page 114.

At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all.

Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations. In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, or vary any terms of even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

39. This Draft Red Herring Prospectus contains information from third parties, including an industry report prepared by an independent third-party research agency, CRISIL Market Intelligence and Analytics ("CRISIL"), which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer.

The industry and market information contained in this Draft Red Herring Prospectus includes information derived from an industry report prepared by CRISIL titled "Assessment of market potential for industrial engineered components" and dated June, 2024 (the "**CRISIL Report**"). The CRISIL Report has been commissioned and paid for by us for the purposes of confirming our understanding of the industry exclusively in connection with the Offer and is available on the website of our Company at https://shivalikengineering.com/. We officially engaged CRISIL in connection with the preparation of the CRISIL Report pursuant to an engagement letter dated May 20, 2024. The CRISIL Report uses certain methodologies for market sizing and forecasting and may include numbers relating to our Company that differ from those we record internally. Accordingly, investors should read the industry-related disclosure in this Draft Red Herring Prospectus in this context. Our Company, Subsidiaries, Promoters, Directors, Key Managerial Personnel, Senior Management Personnel and the Book Running Lead Managers are not related to CRISIL.

Industry sources and publications are also prepared based on information as of specific dates. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ significantly from those included in this Draft Red Herring Prospectus. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. For further details see "*Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation*" on page 18.

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

Our management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by it while taking into account the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls to ensure the orderly and efficient conduct of our business, including adherence to our policies, the safeguarding of our assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. While we have taken measures to strengthen our internal control system and have conducted audits to review gaps and process weaknesses and implemented the suggested measures, there can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

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

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like growth in revenue from operations, gross margin, operating EBITDA, and operating EBITDA margin, PAT Margin, Return on Equity, Return on Capital Employed, amongst others, which are derived from the Restated Financial Information (collectively, the "**Non-GAAP Measures**") have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit / (loss) for the years / period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure.

These Non-GAAP Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

42. We may require financing to support our further developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all.

We will continue to incur significant expenditure in maintaining and growing our existing operations. We cannot assure you that we will have sufficient capital for our current operations, any future expansion plans that we may have and our ability to complete such expansion plans. We may need to raise additional capital in the future, depending on business conditions, and our growth strategy. The factors that would require us to raise additional capital could include future acquisitions; business growth beyond what our current balance sheet can sustain; additional capital requirements imposed due to changes in the regulatory regime or new guidelines; significant depletion in our existing capital base due to unusual operating losses;

unforeseen events beyond our control, including an outbreak of infectious diseases such as the COVID-19 pandemic. The actual amount and timing of future financing may depend on several factors, among others, new business opportunities, opportunities for inorganic growth, regulatory changes, economic conditions, technological changes and market developments.

Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. In particular, the cost and availability of capital, among other factors, depend on our credit rating. Details of our credit ratings are set forth below:

Rating Agency	Current Credit Rating
CRISIL Ratings Limited	BBB+/Stable for total bank loan facilities, dated September 5, 2023

Our sources of additional funding, if required, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us or at all. If adequate capital is not available to us as required for our business and growth, our ability to fund our operations, take advantage of opportunities, implement any expansion or acquisition plans, or respond to competitive pressures could be significantly limited. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, financial condition and cash flows could be adversely affected.

43. ***Our ability to pay dividends in the future will depend on a number of factors, including but not limited to our earnings, financial condition, profit after tax available for distribution, cash flow, cash balance, debt-raising capacity, working capital requirements, liquidity and return ratios and restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend on our earnings, financial condition, profit after tax available for distribution, cash flow, cash balance, debt-raising capacity, working capital requirements, liquidity and return ratios and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association and applicable law, including the Companies Act, 2013. We have adopted a dividend distribution policy pursuant to a resolution of the Board dated June 10, 2024, which lays down the principles for distribution of dividend by our Company to our Shareholders and sets out inter alia the financial parameters and/or internal and external factors to be considered by our Company before declaring or recommending dividend to Shareholders and the circumstances under which Shareholders may or may not expect dividend. For more information, see "*Dividend Policy*" on page 358. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that the Equity Shares will appreciate in value.

44. ***Our Promoters will be able to exercise significant influence and control over us after the Offer and may have interests that are different from or conflict with those of our other shareholders.***

As on the date of this Draft Red Herring Prospectus, our Promoters hold 48.78% of the share capital of our Company on fully diluted basis, for further information on their shareholding pre and post Offer, see "*Capital Structure*" on page 94. After the completion of the Offer, our Promoters will continue to collectively hold substantial shareholding in our Company, and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders' approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these Shareholders. Further, some of our lenders require that our Promoters provide personal guarantees in order to secure debt availed by us. We cannot assure you that our Promoters will be amenable to provide such security in future. The interests of the Promoters as our controlling shareholders could conflict with our interests or the interests of its other shareholders. We cannot assure you that the Promoters will act to resolve any conflicts of interest in our favor and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

45. Certain of our Promoters, Directors and Key Managerial Personnel and members of Senior Management may have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.

Certain of our Promoters, Directors, Key Managerial Personnel and members of Senior Management may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration, commission or benefits. Certain Directors and Promoters may be deemed to be interested to the extent of Equity Shares, as applicable, held by them and by members of our Promoter Group, to the extent applicable, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. Certain of our promoters and directors are interested in the promotion or formation of our Company. Our Promoters are also interested to the extent of rent received by them from our Company. For further details, see "*Capital Structure*", "*Our Promoters and Promoter Group*" and "*Our Management*" on pages 94, 351 and 328, respectively.

Our Registered Office and our marketing cum sales office and guest house located in Mumbai, have been leased/ licensed to us by the Promoters and certain members of the Promoter Group. Additionally, the borrowings availed by our Company from certain lenders are secured by the guarantees provided by one of our Promoters. Any default or failure by us to repay our loans in a timely manner or at all could trigger repayment obligations on the part of our Promoter, in respect of such loans. This could have an adverse effect on our business, results of operation, and financial condition. We may not be successful in procuring guarantees to supplement or substitute the guarantees provided by our Promoter in a manner satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our business prospects, financial condition, results of operations, and cash flows.

46. Conflicts of interest may arise out of common business objects between our Company and our Promoters, Group Companies, and certain of the members of our Promoter Group.

Conflicts may arise in the ordinary course of decision making by our Promoters or Board of Directors. While we will adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, if and when they may arise, we cannot assure you that these or other conflicts of interest will be resolved in an impartial manner. Further, due to the conflict of interest between us, or to the extent that competing business operations offered by these Promoter Group members erode our market share, we may not be able to effectively manage any such conflict or competitive pressures and, consequently, our business, cash flows, results of operation and financial condition may be adversely affected.

47. Certain of our Directors are involved in one or more ventures which are in the same line of business as that of our Company.

Giriraj Singhania (Managing Director) is a director on the board of SPSPL. Further, Vinay Agrawal (Whole-time Director) is a director on the board of Dwarikadheesh Automotive Private Limited. These are companies which are in the same line of business as that of our Company. There can be no assurance that our Directors will be able to address conflicts of interests that arise because of their positions in such ventures. Also, there can be no assurance that our Directors will not engage in any competing business activity or acquire interests in competing ventures in the future. For further details regarding other directorships of our Directors, see "*Our Management*" on page 328.

48. The average cost of acquisition of Equity Shares by the Selling Shareholders may be less than the Offer Price.

The average cost of acquisition of Equity Shares by the Selling Shareholders may be less than the Offer Price, which will be decided by our Company, in consultation with the Book Running Lead Managers. The details of the average cost of acquisition of Equity Shares held by the Selling Shareholders are set out below:

Name of the Selling Shareholders	Number of Equity Shares held	Average cost of acquisition per Equity Share (in ₹)*
Giriraj Singhania	6,312,574	32.35
Raghvendra Singhania	5,749,068	0.03
Vishal Sharma	802,760	10.41
Mohit Sharma	211,200	11.18
Pankaj Sharma	12,320	11.18
Dhruv Kumar Nagwani	2,20,000	11.18
Navin Kumar Nagwani	290,400	8.47
Padam Kumar Nagwani	255,200	11.18

**As certified by Rajendra Prasad, Chartered Accountants, pursuant to their certificate dated June 28, 2024*
**Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each.*

For further details regarding the weighted average cost of acquisition of Equity Shares by the Selling Shareholders and build-up of Equity Shares of the Selling Shareholders in our Company, see "*Offer Document Summary – Average cost of acquisition*", "*Capital Structure- Capital Build-up of our Promoters' Shareholding in our Company*" and "*Capital Structure- Capital Build-up of the Selling Shareholders' Shareholding in our Company*" on pages 30, 103 and 109, respectively.

49. We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.

As on the date of this Draft Red Herring Prospectus, we do not have a registered trademark for our corporate logo. As on the date of this Draft Red Herring Prospectus the registration status of our corporate logo is accepted and advertised. While our application for registration has not been objected, there is no guarantee that we will not receive objection notice on our application before our Company receives the final certificate of registration. For further information, see "*Our Business – Intellectual Property*" on page 311.

We cannot guarantee that our application for registration of the trademark will be granted by the relevant authority in timely manner or at all, or that there will not be instances where such applications are contested and/or objections are raised by third parties. In the event that we are unable to successfully defend such challenges or objections, we may be unsuccessful in obtaining the registration of our trademark. In the absence of obtaining registration of these trademarks, we may not be able to initiate an infringement action against any third party infringing on our trademarks.

Additionally, there can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation, and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property

External Risk Factors

50. Financial and political instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia, Europe and the United States of America. In particular, the ongoing military conflicts between Russia and Ukraine, and Israel and Palestine among others, could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility and trade restrictions could result in increased volatility in the markets for certain securities and commodities and may cause inflation. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The COVID-19 pandemic had significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets. It may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, cash flows, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

In addition, India has experienced, and may in the future experience, political instability, including strikes, demonstrations, protests, marches, guerilla activity or other types of civil disorder. Acts of violence, terrorist attacks, regional conflicts or situations or war may also adversely affect the financial markets, which may impact our business. These instabilities and any adverse changes in the political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations or affect our ability to expand.

51. Our business is significantly affected by fluctuations in general economic activity.

Demand for commercial automobile vehicles is significantly affected by the general level of commercial activity and economic conditions in India. Since the products offered by our Company form a part of such tractors and commercial automobile vehicles, our results of operations may be affected by the level of business activity of our customers, which in turn is affected by the macroeconomic conditions in the economy and the commercial automobile industry.

During period of economic downturn, many companies may accordingly limit or decrease their production of tractors or commercial vehicles. We may also experience more competitive pricing pressure during periods of economic downturn. If, in the event of unfavorable economic conditions, companies decrease their production and in turn reduce the orders placed with us for parts, it may have a material adverse effect on our financial and operating performance. Economic recovery is difficult to predict, and may be short lived, slow or uneven, with certain regions continuing to experience declines or weakness in economic activity while others improve. Differing economic conditions and patterns of economic growth or contraction in the geographical regions in which we operate may affect demand for our products.

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

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits the abuse of a dominant position by any enterprise.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage.

The Government of India has also enacted the Competition (Amendment) Act, 2023, which includes several amendments to the Competition Act, such as introduction of deal value thresholds for assessing whether a merger or acquisition qualifies as a "combination", expedited merger review timelines, codification of the lowest standard of "control" and enhanced penalties for providing false information or a failure to provide material information. If we pursue acquisitions in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, as amended, any enforcement proceedings initiated by the CCI, any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or any prohibition or substantial penalties levied under the Competition Act, which would adversely affect our business, results of operations, cash flows and prospects.

53. Investors may not be able to enforce a judgment of a foreign court against our Company outside India.

Our Company is incorporated under the laws of India. A majority of our Company's assets are located in India and all of our Company's Directors, Key Managerial Personnel and Senior Management are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments, however, India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, United Arab Emirates, Singapore and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, United Arab Emirates, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognise the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. Further, there may be considerable delays in the disposal of suits by Indian courts.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

54. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. In addition, India has witnessed local civil disturbances in recent years, in particular communal violence across ethnic or communal lines involving conflicts, riots and other forms of violence between communities of different religious faith or ethnic origins, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

55. We face risks related to health epidemics and pandemics which could adversely affect our business.

We might be adversely affected by events outside of our control, including widespread public health issues, such as epidemic or pandemic infectious diseases; natural disasters such as earthquakes, floods or severe weather; political events such as terrorism, military conflicts and trade wars; and other catastrophic events. We face risks related to health epidemics and pandemics, including risks related to any responses thereto by the government of India, as well as our customers and suppliers.

Any future disruption in our ability to service our customers could have an adverse effect on our revenue, results of operations, and cash flows. We also face risks related to a downturn in our customers' respective businesses, due to government restrictions such as lockdowns. An economic slowdown or recession due to health epidemics and pandemics, including the recurrence of the COVID-19 pandemic or a similar variant of the disease, may affect our customers' ability to obtain credit to finance their business on acceptable terms, which could result in reduced spending on our service offerings.

56. We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control which may have an adverse effect on our business and result of operations.

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are proposed to be listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

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

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions
- prevailing income conditions among Indian customers and Indian corporations
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy
- downgrading of India's sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.

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

57. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In such a case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

58. Foreign investors are subject to foreign investment restrictions under Indian laws which limit our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all. Further, due to possible delays in obtaining requisite approvals, investors in the

Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

The foreign investment in our Company is governed by, inter alia, the FEMA, as amended, the FEMA Regulations, the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") effective from October 15, 2020, issued and amended by way of press notes. Under the FDI Policy, our Company is permitted to have FDI up to 100% wherein FDI up to 100% is permitted under the automatic route. Foreign investment in our Company, will be subject to the conditions specified in the FDI Policy. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020, which came into effect from April 22, 2020, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 536. Our ability to raise foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, results of operations, financial condition and cash flows.

59. The Indian tax regime has undergone substantial changes which could adversely affect our business and the trading price of the Equity Shares.

Our business, cash flows, results of operations and financial condition could be adversely affected by any change in the extensive central and state tax regime in India applicable to us and our business. Tax and other levies imposed by the central and state governments in India that affect our tax liability, include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time. This extensive central and state tax regime is subject to change from time to time. The final determination of our tax liability involves the interpretation of local tax laws and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred.

The Finance Act, 2020 ("**Finance Act**"), has, amongst other things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime. For instance, dividend distribution tax ("**DDT**") will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017 and all subsequent changes and amendments thereto.

Further, the Government of India has now enacted the Finance Act, 2024. We cannot predict whether any amendments made pursuant to the Finance Act, 2024 would have an adverse effect on our business, financial condition, future cash flows and results of operations. In addition, unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, cash flows, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting the products offered by us or the sector that we operate in, will be enacted, and the likely nature and impact of the specific terms of any such laws or regulations or whether, if at all. Any such laws or regulations would have an adverse effect on our business.

60. Significant differences exist between Indian Accounting Standards ("Ind AS") and other accounting principles, such as the generally accepted accounting principles in the US ("US GAAP") and International Financial Reporting Standards ("IFRS"), which may be material to investors' assessment of our financial condition.

We have, in this Draft Red Herring Prospectus, included the Restated Financial Information which has been derived from our audited financial statements as on and for the nine months ended December 31, 2023 and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared in accordance with Ind AS and restated by our Company in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, relevant provisions of the SEBI ICDR Regulations, and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the ICAI. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Restated Financial Information, which is restated as per the SEBI ICDR Regulations included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly. In addition, some of our competitors may not present their financial statements in accordance with Ind AS and their financial statements may not be directly comparable to ours, and therefore reliance should accordingly be limited.

RISKS RELATED TO THE OFFER AND THE EQUITY SHARES

61. Subsequent to the listing of the Equity Shares, we may be subject to surveillance measures, such as the Additional Surveillance Measures and the Graded Surveillance Measures by the Stock Exchanges in order to enhance the integrity of the market and safeguard the interest of investors.

Subsequent to the listing of the Equity Shares, we may be subject to Additional Surveillance Measures ("**ASM**") and Graded Surveillance Measures ("**GSM**") by the Stock Exchanges and the Securities and Exchange Board of India. These measures have been introduced to enhance the integrity of the market and safeguard the interest of investors. The criteria for shortlisting any security trading on the Stock Exchanges for ASM is based on objective criteria, which includes market-based parameters such as high low price variation, concentration of client accounts, close to close price variation, market capitalization, average daily trading volume and its change, and average delivery percentage, among others. A scrip is subject to GSM when the share price is not commensurate with the financial health and fundamentals of the company. Specific parameters for GSM include net worth, net fixed assets, PE, market capitalization and price to book value, among others. Factors within and beyond our control may lead to our securities being subject to GSM or ASM. In the event our Equity Shares are subject to such surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in connection with trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active trading market for our Equity Shares.

62. Our Company will not receive any proceeds from the Offer for Sale.

The Offer includes an offer for sale of Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders, and we will not receive any such proceeds from the Offer for Sale. For further details, see "*The Offer*", "*Capital Structure*" and "*Objects of the Offer*" on pages 79, 94 and 114, respectively.

63. The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the Book Running Lead Managers is below the respective issue price.

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company and the Promoter Selling Shareholder, in consultation with the Book Running Lead Managers. Furthermore, the Offer Price of the Equity Shares will be determined by the Company and the Promoter Selling Shareholder, in consultation with the Book Running Lead Managers, through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for the Offer Price*" on page 129 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers may be below their respective issue price. The market price of the Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operation, the performance of our competitors, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations. In addition, the Stock Exchanges may experience significant price and volume fluctuations, which may have an adverse effect on the market price of the Equity Shares We cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

64. An investment in the Equity Shares is subject to general risks related to investments in Indian companies.

Our Company is incorporated in India and a majority of our assets and employees are located in India. Consequently, our business, cash flows, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

65. Investors may be subject to Indian taxes arising out of income arising on the sale of and dividend on the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realized on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, we may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Similarly, any business income realized from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of a resident individuals and HUF.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non -delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020.

Additionally, the Finance Act 2020 does not require DDT to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

Furthermore, the Government of India has announced the Union Budget for Fiscal 2024, pursuant to which the Finance Act, 2024, introduced various amendments to taxation laws in India. Unfavourable changes in or interpretations of existing, business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

66. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions due to which they may have difficulty in asserting their rights as a shareholder.

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

67. The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of major claims or proceedings against us;
- developments relating to our peer companies in our industry;
- new laws and governmental regulations applicable to our industry;
- additions or departures of Key Managerial Personnel and Senior Management;
- speculative trading in the Equity Shares;

- outbreaks of new pandemics or epidemics;
- the public's reaction to our press releases and adverse media reports;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares. The market price of the Equity Shares may decline below the Offer Price and investors may not be able to re-sell Equity Shares at or above the Offer Price resulting in a loss of all or part of the investment.

68. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results. Any of these factors may result in large and sudden changes in the volume and trading price of the Equity Shares. In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted securities class action litigation against that company. If we were involved in a class action suit, it could divert the attention of management, and, if adversely determined, have a material adverse effect on our business, cash flows, results of operations and financial condition.

69. Investors may not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. The Allotment of Equity Shares in the Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid/ Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within three Working Days of the Bid/ Offer Closing Date. There could also be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

70. Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in "*Capital Structure*" on page 94, we cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future. We cannot predict what effect, if any, market sales of our Equity Shares held by our Promoters or other major shareholders or the availability of these Equity Shares for future sale will have on the market price of our

Equity Shares.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting rights on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If our Company elects not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be diluted.

72. Qualified Institutional Buyers and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and Retail Individual Bidders are not permitted to withdraw their Bids after the Bid/Offer Closing Date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within three Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, cash flows, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

SECTION III – INTRODUCTION

THE OFFER

The following table summarises details of the Offer.

Offer of Equity Shares	Up to [●] Equity Shares of face value ₹5 each aggregating up to ₹ [●] million
Of which:	
Fresh Issue(1)	Up to [●] Equity Shares of face value ₹5 each aggregating up to ₹ 3,350 million
Offer for Sale(2)	Up to 4,130,000 Equity Shares of face value ₹5 each aggregating up to ₹ [●] million
which includes	
Employee Reservation Portion(4)(6)(7)	Up to [●] Equity Shares of face value ₹5 each aggregating to up to ₹[●] million
Net Offer	Up to [● Equity Shares of face value ₹5 each aggregating to up to ₹[●] million
The Net Offer consists of:	
A. QIB Portion(3) (4)	Not less than [●] Equity Shares of face value ₹5 each
Of which:	
Anchor Investor Portion	Up to [●] Equity Shares of face value ₹5 each
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value ₹5 each
Of which:	
Available for allocation to Mutual Funds only (5% of the Net QIB Portion)	[●] Equity Shares of face value ₹5 each
Balance for all QIBs including Mutual Funds	[●] Equity Shares of face value ₹5 each
B. Non-Institutional Portion(4)(5)	Not more than [●] Equity Shares of face value ₹5 each
Of which:	
One-third of the Non-Institutional Portion, available for allocation to Bidders with an application size between ₹ 200,000 to ₹ 1,000,000.	[●] Equity Shares of face value ₹5 each
Two-thirds of the Non-Institutional Portion, available for allocation to Bidders with an application size of more than ₹ 1,000,000.	[●] Equity Shares of face value ₹5 each
C. Retail Portion(4)	Not more than [●] Equity Shares of face value ₹5 each
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	24,724,416 Equity Shares of face value ₹5 each
Equity Shares outstanding after the Offer	[●] Equity Shares of face value ₹5 each
Use of Net Proceeds of this Offer	See "*Objects of the Offer*" on page 114 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

*(1) The Offer has been authorised pursuant to the resolution dated June 4, 2024, passed by the Board and the Fresh Issue has been authorised pursuant to the resolution dated June 5, 2024, passed by the Shareholders. Further, our Board has taken on record the consents of the respective Selling Shareholders for participation in the Offer for Sale pursuant to its resolution dated June 28, 2024. Our Company, in consultation with the BRLMs, may consider a further issue of Specified Securities through private placement, preferential allotment, rights issue or any other method as may be permitted under applicable law to any person(s), for an aggregate amount not exceeding ₹ 670 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.*

(2) Each of the Selling Shareholders, severally and not jointly, specifically confirms and undertakes that its portion of the Offered Shares has been held by such Selling Shareholder for a continuous period of at least one year prior to the filing of this Draft Red Herring Prospectus in terms of Regulation 8 of the SEBI ICDR Regulations. For more details, see "Capital Structure" beginning on page 94. Each Selling Shareholder, severally and not jointly, has confirmed and authorised its respective participation in the Offer for Sale as set out below:

S. No.	Selling Shareholder	Number of Equity Shares proposed to be offered in the Offer for Sale	Aggregate amount of Offer for Sale (up to) (in ₹ million)	Date of consent letter
1.	Giriraj Singhania	Up to 1,204,260	[●]	June 28, 2024
2.	Raghvendra Singhania	Up to 1,204,260	[●]	June 28, 2024
3.	Vishal Sharma	Up to 802,760	[●]	June 28, 2024
4.	Mohit Sharma	Up to 211,200	[●]	June 28, 2024
5.	Pankaj Sharma	Up to 12,320	[●]	June 28, 2024
6.	Dhruv Kumar Nagwani	Up to 220,000	[●]	June 28, 2024
7.	Navin Kumar Nagwani	Up to 220,000	[●]	June 28, 2024
8.	Padam Kumar Nagwani	Up to 255,200	[●]	June 28, 2024

(3) *Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids For details, see "Offer Procedure" beginning on page* 516*.*

(4) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. Eligible Employee can also apply under Retail Portion. However, Bids by Eligible Employees in the Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹2,00,000 (net of Employee Discount) in the Employee reservation portion. Under-subscription, if any, in the QIB Portion (excluding the Anchor Investor Portion) will not be allowed to be met with spill-over from other categories or a combination of categories of Bidders. In the event of under-subscription in the Offer, after receiving minimum subscription for 90% of the Fresh Issue and complying with Rule 19(2)(b) of the SCRR, if there remains any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be first made pro rata towards Equity Shares offered by the Selling Shareholders, and thereafter, towards the balance Fresh Issue. For further details, see "Terms of the Offer" beginning on page* 505*.*

(5) *The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹ 1,000,000, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.*

(6) *Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount, if any). Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of Employee Discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any). The Employee Reservation Portion shall not exceed 5.00% of our post-Offer paid-up equity share capital. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. For further details, see "Offer Structure" on page* 511*.*

(7) *Our Company in consultation with the BRLMs, may offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced two Working Days prior to the Bid/Offer Opening Date.*

Allocation to Bidders in all categories, except Anchor Investors, if any, Non-Institutional Bidders, and Retail Individual Bidders, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The Allocation to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. The allocation to each Non-Institutional Bidder shall not be less than the minimum application size, i.e. ₹ 200,000, subject to the availability of Equity Shares in Non-Institutional Investors' category, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For further details, see "*Offer Procedure*" beginning on page 516.

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SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Consolidated Financial Information as of and for the for the nine-month period ended December 31, 2023, and Fiscal Years ended March 31, 2023, March 31, 2022, and March 31, 2021. The summary of financial information presented below should be read in conjunction with the "*Restated Consolidated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 359 and 430 respectively.

Restated Consolidated Statement of Assets and Liabilities

(in ₹ million, unless otherwise stated)

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS				
Non-current assets				
Property, plant and equipment	1,537.19	1,510.11	705.49	712.13
Right of use assets	36.58	36.88	21.53	21.71
Work-in-progress	41.01	-	-	-
Investments	0.60	-	99.22	85.24
Other Financial Assets	100.60	94.55	33.97	34.02
Other non-current assets	32.01	2.96	1.02	2.36
Total non-current assets	**1,747.99**	**1,644.50**	**861.23**	**855.46**
Current assets				
Inventories	984.71	771.46	466.77	329.39
Financial assets				
- Trade receivables	902.28	631.09	433.24	497.01
- Cash and cash equivalents	46.85	16.60	14.57	16.51
- Bank balances other than cash and cash equivalent	0.10	0.10	3.52	3.52
- Loans	-	-	-	1.29
- Other financial assets	30.81	6.00	12.60	17.25
Current Tax Assets (Net)	40.16	-	4.30	3.34
Other current assets	231.27	286.99	104.87	149.95
Total current assets	**2,236.18**	**1,712.24**	**1,039.87**	**1,018.26**
Total assets	**3,984.17**	**3,356.74**	**1,901.10**	**1,873.72**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	44.43	52.29	80.42	75.12
Other equity	2,092.73	1,541.90	565.86	449.65
Total Equity	**2,137.16**	**1,594.19**	**646.28**	**524.77**
Non-Controlling Interest	**-**	**-**	**-**	**-**
Total equity	**2,137.16**	**1,594.19**	**646.28**	**524.77**
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	378.74	536.20	357.55	446.74
Provisions	44.26	26.72	6.83	-
Deferred tax Liabilities (net)	163.14	150.89	31.96	35.64
Total non-current liabilities	**586.14**	**713.81**	**396.34**	**482.38**
Current liabilities				
Financial liabilities				
- Borrowings	717.15	715.98	337.90	332.61
- Trade payables				
A) total outstanding dues of micro enterprises and small enterprises	145.17	44.98	66.77	132.73
B) total outstanding dues of creditors other than micro enterprise and small enterprise	297.58	146.10	377.69	329.15
Other financial liabilities	51.78	37.97	18.76	18.97
Other current liabilities	47.59	97.03	57.13	53.11

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Provisions	1.60	1.30	0.23	-
Current tax liabilities (net)	-	5.38	-	-
Total current liabilities	**1,260.87**	**1,048.74**	**858.48**	**866.57**
Total liabilities	**1,847.01**	**1,762.55**	**1,254.82**	**1,348.95**
Total equity and liabilities	**3,984.17**	**3,356.74**	**1,901.10**	**1,873.72**

Restated Consolidated Statement of Profit and Loss

(in ₹ million, unless otherwise stated)

Particulars	Nine-month period ended December 31, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Income				
Revenue from operations	5,211.83	5,507.08	3,130.05	1,886.48
Other income	3.15	16.35	2.58	2.46
Total income	**5,214.98**	**5,523.43**	**3,132.63**	**1,888.94**
Expenses				
Cost of materials consumed	2,661.89	3,525.40	2,270.98	1,192.05
Changes in inventories of Finished Goods, Stock-in-Trade and Work in-Progress	(212.33)	51.26	-138.69	-27.97
Employee benefits expense	332.31	228.52	134.79	91.26
Finance costs	133.79	104.18	97.44	85.51
Depreciation and amortization expense	119.71	88.63	68.67	66.32
Other expenses	1,403.09	1,135.35	663.16	462.34
Total expenses	**4,438.46**	**5,133.34**	**3,096.35**	**1,869.51**
Restated Profit before tax	**776.52**	**390.09**	**36.28**	**19.43**
Tax expenses				
Current tax	200.10	118.60	6.21	3.78
Deferred tax	14.28	10.66	(9.12)	6.27
Earlier year Adjustments	5.79	0.30	5.18	(0.21)
Total income tax expense	**220.17**	**129.56**	**2.27**	**9.84**
Restated profit for the year	**556.35**	**260.53**	**34.01**	**9.59**
Add: share of profit in associate	**-**	-	6.75	0.68
Restated profit for the year	**556.35**	**260.53**	**40.76**	**10.27**
Restated other comprehensive Income/ (Loss)				
Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plan	(8.05)	(1.49)	0.88	-
Income tax effect	2.03	0.43	(0.26)	-
Total	**(6.02)**	**(1.06)**	**0.62**	**-**
Items that will be reclassified to profit or loss	-	-	-	-
Restated other comprehensive income for the year, net of tax	**(6.02)**	**(1.06)**	**0.62**	**-**
Restated total comprehensive income for the year	**550.33**	**259.47**	**41.38**	**10.27**
Restated earnings per share				
Basic (INR)	49.90	29.43	5.31	1.37
Diluted (INR)	49.90	29.43	5.31	1.37

Restated Consolidated Statement of Cash Flows

(in ₹ million, unless otherwise stated)

Particulars	Nine-month period ended December 31, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities				
Restated profit before tax	776.52	390.09	36.28	19.43
Adjustments for:				
Depreciation and amortization expenses	119.71	88.63	68.67	66.32
Finance cost	133.79	104.18	97.44	85.51
IPO Expenditure transferred to Retained Earnings	(7.34)			
Profit on sale of asset	(0.96)			
Remeasurements of Defined benefit plans	(8.05)			
Interest income	(0.83)	(7.77)	(2.58)	(2.46)
Operating profit before working capital changes	**1,012.84**	**575.13**	**199.81**	**168.80**
Changes in working capital				
Increase/(Decrease) in Trade payables	251.67	(253.38)	(17.42)	202.70
Increase/(Decrease) in provisions	17.83	22.46	7.95	(11.53)
Increase/(Decrease) in other current liabilities	(49.44)	39.90	4.02	22.93
Increase/(Decrease) in other financial liabilities	13. 80	19.21	(0.21)	13.79
(Increase)/Decrease in Inventories	(213.25)	(304.69)	(137.38)	(26.70)
(Increase)/Decrease in Trade receivables	(271.18)	(197.86)	63.78	(286.89)
(Increase)/Decrease in Loans	-			
(Increase)/Decrease in Other financial assets	(30.86)	(35.72)	4.70	(18.17)
(Increase)/Decrease in Other current assets	55.72	(182.12)	45.08	(9.12)
(Increase)/Decrease in Other Non-current assets				
Cash used in operations	**787.13**	**(317.07)**	**170.32**	**55.82**
Income tax paid (including advance tax & TDS)	(251.46)	(61.47)	(7.20)	(6.78)
Net cash flows used in operating activities (A)	**535.67**	**(378.54)**	**163.13**	**49.04**
Cash flow from Investing activities				
Payment for property, plant and equipment and intangible assets	(215.57)	(83.18)	(60.52)	(38.08)
Interest Income	0.83	7.77	2.58	2.46
Investment in bank deposits	-	3.43	-	-
Investment (Financial assets)	(0.60)			
Loans (Financial assets)	-	-	1.29	(0.81)
Net cash flow used in investing activities (B)	**(215.34)**	**(71.98)**	**(56.65)**	**(36.43)**
Cash flow from Financing activities				
(Repayments) / Proceeds from Working Capital Facilities (Net)	33,81	250.44	9.84	(23.69)
(Repayments) / Proceeds of Term Loans	(190.00)	305.79	(24.65)	97.73
Proceeds from issuance of Equity Shares	-	-	80.13	-
Interest paid	(133.79)	(104.18)	(97.44)	(85.51)
Share of reserves in associate	-	-	(7.22)	(0.01)
Repayment of Intercorporate loans	-	0.40	(47.88)	-
Repayment of loan from related parties	(0.10)	0.10	(21.20)	-
Net cash flow from financing activities (C)	**(290.08)**	**452.55**	**(108.42)**	**(11.46)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	30.25	**2.03**	**(1.94)**	**1.15**
Cash and cash equivalents at the beginning of the year	16.60	14.57	16.51	15.36
Cash and cash equivalents at the end of the year	**46.85**	**16.60**	**14.57**	**16.51**
Cash and cash equivalents comprise				
On current accounts				
Balances with banks	39.47	2.98	2.93	4.84

Particulars	Nine-month period ended December 31, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Fixed deposits with maturity of less than 3 months	-	10.80	10.80	10.80
Cash on hand	7.38	2.82	0.84	0.87
Total cash and bank balances at end of the year	**46.85**	**16.60**	**14.57**	**16.51**

GENERAL INFORMATION

Our Company was incorporated in Chhattisgarh, India, as Vardaan Engineering Industries Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated March 9, 2011. Subsequently, pursuant to a shareholder's resolution passed on November 25, 2011, the name our Company was changed to Shivalik Engineering Industries Private Limited and accordingly, a fresh certificate of incorporation dated November 25, 2011 was issued to our Company by the RoC. Thereafter, our Company was converted into public limited company pursuant to shareholder's resolution dated February 17, 2017, consequent to which the name of our Company was changed to Shivalik Engineering Industries Limited, and a fresh certificate on incorporate dated February 28, 2017 was issued by the RoC.

For details of changes in the name and registered office address of our Company, see '*History and Certain Corporate Matters*' on page 319.

Registered and Corporate Office

C-33, 3rd Floor, Ashoka Millenium,
Ring Road No.1, Rajendra Nagar Chowk,
Near Shailendra Nagar, Raipur,
Chhattisgarh - 492001, India

Corporate Identity Number and Registration Number

Corporate Identity Number: U27107CT2011PLC022353

Registration Number: 022353

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, North Western Region, under the administrative control of the Registrar of Companies, Chhattisgarh at Bilaspur situated at the following address:

Registrar of Companies, Chhattisgarh at Bilaspur
1st Floor,
Ashok Pingley Bhawan,
Municipal Corporation,
Nehru Chowk, Bilaspur- 495001
Chhattisgarh

Board of Directors

The table below sets forth the details of the constitution of our Board:

Name	Designation	DIN	Address
Giriraj Singhania	Managing Director	00369479	Vindhya Vasini Kutir, Tatyapara Chowk, Raipur - 492001, Chattisgarh, India.
Raghvendra Singhania	Joint Managing Director	00327732	Vindhya Vasini Kutir, Tatyapara Chowk, Raipur - 492001, Chhattisgarh, India
Vinay Agrawal	Whole-Time Director	06954626	C-2, 602, Vidhan Sabha Road, VIP Karishma Apartment, Ward No. 27, Khamardih, Shankar Nagar, Raipur, Chattisgarh - 492007.
Ajay Pancholi	Independent Director	05168823	B-5301, Raheja Imperia 1, Shankar Rao Naram Path, opposite World Tower BMC Parking Gate, Worli, Lower Parel, Mumbai - 400013
Rajesh Tuteja	Independent Director	08952755	House No. 339, Sector 21, Panchkula, Haryana - 134116
Rina Sharma	Independent Director	08557373	E- 83, Sector 41, Gautam Budh Nagar, Noida – 201303, Uttar Pradesh, India.

For brief profiles of our Directors, please see "*Our Management*" on page 328.

Company Secretary and Compliance Officer for the Offer

Hardeep Choudhary is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Address
C-33, 3rd Floor, Ashoka Millenium,
Ring Road No.1, Rajendra Nagar Chowk,
Near Shailendra Nagar, Raipur,
Chhattisgarh - 492001, India

E-mail: cs@shivalikengineering.com
Tel.: +91 83700 02022

Statutory Auditors of our Company

M/s Rajendra Prasad, Chartered Accountants
O-12, Anupam Nagar,
Raipur, Chhattisgarh – 492001
Tel.: 0771-4035802, 0771-4035803
E-mail: audit.rajendraprasad@gmail.com
ICAI Firm Registration Number: 000203C
Peer Review Number: 015385

Changes in Statutory Auditors

There has been no change in the Statutory Auditors during the three years immediately preceding the date of this Draft Red Herring Prospectus.

Investor Grievances

Investors can contact our Company Secretary and Compliance Officer, the Book Running Lead Managers or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, redressals of complaints, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode.

All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than UPI Bidders using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of UPI Bidders using the UPI Mechanism.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Book Running Lead Managers where the Anchor Investor Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Center
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
E-mail: shivalik.ipo@axiscap.in
Website: www.axiscapital.co.in
Investor Grievance E-mail: complaints@axiscap.in
Contact Person: Harish Patel
SEBI Registration No.: INM000012029

IIFL Securities Limited
24th Floor, One Lodha Place
Senapati Bapat Marg,
Lower Parel (West)
Mumbai 400 013
Maharashtra, India
Tel: + 91 22 4646 4728
E-mail: shivalik.ipo@iiflcap.com
Investor Grievance e-mail: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact person: Yogesh Malpani / Pawan Kumar Jain
SEBI Registration No.: INM000010940

Syndicate Members
[●]

Statement of inter-se allocation of responsibilities among the BRLMs

The responsibilities and coordination by the BRLMs for various activities in this Offer are as follows:

Sr. No.	Activity	Responsibility	Co-ordination
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	All BRLMs	Axis
2.	Drafting and approval of all statutory advertisements	All BRLMs	Axis
3.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in point 2 above, including corporate advertising and brochures and filing of media compliance report with SEBI.	All BRLMs	IIFL
4.	Appointment of Registrar to the Offer, advertising agency, Printer including co-ordination for their agreements	All BRLMs	Axis
5.	Appointment of all other intermediaries including Bankers to the Offer, Share Escrow Agent, Monitoring Agency (including coordination of all agreements)	All BRLMs	IIFL
6.	Preparation of road show presentation and FAQs	All BRLMs	Axis
7.	International institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	All BRLMs	Axis
8.	Domestic institutional marketing of the Offer, which will cover, inter alia: • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules	All BRLMs	IIFL
9.	Conduct non-institutional marketing of the Offer	All BRLMs	Axis
10.	Conduct retail marketing of the Offer, which will cover, inter-alia: • Finalizing media, marketing, public relations strategy and publicity budget • Finalizing collection centres • Finalizing commission structure • Finalizing centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	All BRLMs	IIFL
11.	Coordination with Stock Exchanges for book building software and bidding terminals and mock trading	All BRLMs	IIFL

Sr. No.	Activity	Responsibility	Co-ordination
12.	Managing anchor book related activities including allocation to Anchor Investors, coordination with Stock Exchanges for anchor intimation, Anchor CAN, submission of letters regulators post completion of anchor allocation	All BRLMs	Axis
13.	Managing the book and finalization of pricing in compliance with Company in accordance with SEBI ICDR regulations	All BRLMs	Axis
14.	Post-Offer activities – Post bidding activities including management of escrows accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholders under the Offer for Sale to the Government. Submission of all post Offer reports including the final post Offer report to SEBI.	All BRLMs	IIFL

Registrar to the Offer

Bigshare Services Private Limited
Office No. S6-2, 6th Floor
Pinnacle Business Park,
Next to Ahura Center,
Mahakali Caves Road, Andheri East
Mumbai-400093
Tel: +91 7045600446
E-mail: ipo@bigshareonline.com
Investor grievance e-mail: investor@bigshareonline.com
Website: www.bigshareonline.com
Contact person: Mr. Mukesh Kumar
SEBI Registration Number.: **INR000001385**

Legal Counsel to our Company as to Indian law

IndusLaw

2nd Floor, Block D
The MIRA, Mathura Road
New Delhi 110 065
Tel: +91 11 4782 1000

And

1502B, 15th Floor, Tower – 1C
One World Centre
Senapati Bapat Marg, Lower Parel
Mumbai 400 013,
Maharashtra, India
Tel: +91 22 4920 7200

Bankers to our Company

Axis Bank Limited
Address: "Trishul", Third Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006
Tel: +079-26409322
E-mail: Sabahuddin.baqar@axisbank.com
Website: www.axisbank.com/
CIN: L65110GJ1993PLC020769

ICICI Bank Limited
Address: ICICI Bank Towers, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, 400051
Tel: 022-2498 8484
E-mail: Customer.care@icicibank.com
Website: https://www.icicibank.com/
CIN: L65190GJ1994PLC021012

Bankers to the Offer

Escrow Collection Bank(s)/ Refund Bank(s)/Public Offer Account Bank

[●]

Sponsor Banks

[●]

Designated Intermediaries

Self Certified Syndicate Banks

The banks registered with the SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorizing an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time.

Applications through the UPI Mechanism in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The list is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

SCSBs eligible as Issuer Banks for UPI and mobile applications enabled for UPI Mechanism

In accordance with SEBI RTA Master Circular, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, Retail Individual Investors Bidding using the UPI Mechanism may only apply through the SCSBs and mobile applications using the UPI handles specified on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors and RIIs) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35, which may be and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do? Do Recognised=yes & in tm Id=35 or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers, eligible to accept ASBA forms, including details such as postal address, telephone number, and email address, is provided on the websites of BSE and NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, or such other websites as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number, and e-mail address, are provided on the websites of BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites as updated from time to time.

Credit Rating

As this is an offer of Equity Shares, there is no requirement to obtain credit rating for the Offer.

Grading of the Offer

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Debenture Trustees

As this is an offer of Equity Shares, the appointment of debenture trustees is not required for the Offer.

Monitoring Agency

As the size of the Offer exceeds ₹ 1,000.00 million, our Company will appoint a credit rating agency registered with SEBI as the monitoring agency in compliance with the SEBI ICDR Regulations, prior to filing of the Red Herring Prospectus. For details, see "*Objects of the Offer*" on page 114.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency. Accordingly, no appraising entity is appointed for the Offer.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors to our Company being Rajendra Prasad, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under sections 26 (1) and section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their: (i) examination report, dated on June 28, 2024 Restated Consolidated Financial Information and their report dated June 28, 2024, on the Proforma Consolidated Financial Information; (ii) their report dated June 28, 2024, on the Statement of Special Tax Benefits available to the Company and its shareholders under direct and indirect tax laws in this DRHP and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from the independent Chartered Engineer Mr. Sunil Bhandari, partner, M/S Ahskar & Associates, to include their name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act in respect of their certificate dated June 28, 2024 in connection with the production capacity and capacity utilization at our manufacturing units and in connection with the capital expenditure proposed to be undertaken by our Company for expansion of existing foundry capacity by setting up a new foundry line at Unit 2 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus

Further, our Company has received written consent dated May 29, 2024 from Oriano Clean Energy Private Limited, to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their Detailed Project Report in connection with the object of the Offer relating to funding capital expenditure for setting up of the Solar Plant. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the U.S. Securities Act.

Our Company has received written consent dated June 17, 2024 from the independent legal professional, Mr. Nachiket Mahesh Patil, to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the title opinion dated June 17, 2024 in connection with the objects of the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Filing

A copy of this Draft Red Herring Prospectus has been filed through the SEBI Intermediary Portal at https://sipotal.sebi.gov.in, as specified in regulation 25(8) of the SEBI ICDR Regulations read with SEBI master circular SEBI/HO/CFD/PoD2/P/CIR/2023/0094 dated June 21, 2023, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "*Easing of Operational Procedure – Division of Issues and Listing – CFD*". Further, physical copies of this Draft Red Herring Prospectus may be filed with the Securities and Exchange Board of India at:

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013, will be filed with the RoC and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be filed with the RoC at its office, and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Building Process

"Book building" refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot and Employee Discount (if any) will be decided by our Company in consultation with the BRLMs, and advertised in all editions of the English national daily newspaper the [●], and all editions of the Hindi national daily newspaper [●] (Hindi also being the regional language of Chhattisgarh wherein our Registered Office is located) each with wide, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Offer Price shall be determined by our Company in consultation with the BRLMs, after the Bid/ Offer Closing Date. For details, see "*Offer Procedure*" on page 516.

All Bidders, other than Anchor Investors, shall participate in the Offer mandatorily through the ASBA process by providing the details of their respective ASBA Accounts in which the corresponding Bid Amount will be blocked by the SCSBs and Sponsor Banks, as the case may be. Anchor Investors are not permitted to participate in the Offer through the ASBA process. UPI Bidders may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs or, (b) through the UPI Mechanism. Non-Institutional Investors with an application size of up to ₹ 500,000 shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the Net QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis and allocation to Anchor Investors in the Anchor Investor Portion will be on a discretionary basis.

For further details, see "*Terms of the Offer*", "*Offer Structure*" and "*Offer Procedure*" on pages 505, 511, and 516 respectively.

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Offer. Each Selling Shareholder specifically confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable to such Selling Shareholder, in relation to its respective portion of the Offered Shares. In this regard, our Company and the Selling Shareholders have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Bidders should note the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" on page 516.

Underwriting Agreement

Prior to the filing of the Red Herring Prospectus or Prospectus with the RoC, as applicable, and in accordance with the nature of underwriting which is determined in accordance with Regulation 40(3) of SEBI ICDR Regulations, the Selling Shareholders and our Company intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, each of the BRLMs shall be severally responsible for bringing in the amount devolved in the event the respective Syndicate Member do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before the filing of the Red Herring Prospectus or Prospectus with the RoC, as applicable.)

Name, address, telephone number and email address of the Underwriters	Indicative Number of Equity Shares to be underwritten	Amount underwritten (₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative and will be finalised after determination of the Offer Price and finalisation of the Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchange(s). The Board of Directors/ IPO Committee, at its meeting, held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them, in accordance with the Underwriting Agreement.

In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The Underwriting Agreement has not been entered into as on the date of this Draft Red Herring Prospectus. The Underwriting Agreement shall be entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

[***Remainder of this page intentionally kept blank]***

CAPITAL STRUCTURE

Our Company's share capital, as of the date of this Draft Red Herring Prospectus, is disclosed below

(in ₹, except share data)

	Particulars	Aggregate Value at Face Value	Aggregate Value at Offer Price[(1)]
A.	**AUTHORIZED SHARE CAPITAL**		
	57,277,000 Equity Shares of face value of ₹5 each	286,385,000	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER[(5)]**		
	24,724,416 Equity Shares of face value of ₹5 each	123,622,080	-
C.	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer of up to [●] Equity Shares aggregating up to ₹[●] million	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,350 million [(2)]	[●]	[●]
	Offer for Sale of up to 4,130,000 Equity Shares aggregating up to ₹ [●] million [(3)]	[●]	[●]
	which includes		
	Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹[●] million[(4)]	[●]	[●]
	Net Offer of up to [●] Equity Shares	[●]	[●]
D.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER[(1)]**		
	[●] Equity Shares of face value of ₹[●] each	[●]	[●]
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		520,661,758
	After the Offer[(1)]		[●]

(1) *To be included upon determination of the Offer Price.*

(2) *The Fresh Issue has been authorized by a resolution dated June 4, 2024 passed by our Board and a special resolution dated June 5, 2024 passed by the Shareholders. Each of the Selling Shareholders have confirmed and authorized their participation in the Offer for Sale. Our Board has taken on record the participation of the Selling Shareholders in the Offer for Sale pursuant to a resolution dated June 28, 2024. Our Company, in consultation with the BRLMs may consider a Pre-IPO Placement by our Company for an aggregate amount not exceeding ₹ 670 million. The Fresh Issue size will accordingly be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.*

(3) *Each of the Selling Shareholders, severally and not jointly, confirms that the Equity Shares being offered by them are eligible for being offered for sale pursuant to the Offer in terms of Regulation 8 of the SEBI ICDR Regulations. For details on the authorisations by the Selling Shareholders in relation to the Offer for Sale, see "The Offer" on page* 79.

(4) *Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of employee discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of employee discount, if any). Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of employee discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. For details, see "The Offer" beginning on page* 79.

(5) *Our Company had allotted 645,454 partly paid equity shares on November 10, 2021 and 680,177 partly paid equity shares on December 27, 2021 through rights issue to Camelia Grih Nirman Private Limited. ₹ 4 per share was paid-up at the time of share application. Later on making calls, the call money was not received from Camelia Grih Nirman Private Limited and hence the Company forfeited the above mentioned 13,25,631 partly paid equity shares by passing a resolution at the Board Meeting held on 28 June, 2022. On December 21, 2023, the Board of Directors passed a resolution confirming that the Company shall not re-issue these forfeited partly-paid up shares which were earlier forfeited by the Company and accordingly, such partly-paid equity shares shall cease to exist with effect from the date of the resolution. See also "Financial Information – Restated Consolidated Financial Information – Note 11" on page* 380.

For details in relation to the changes in the authorized share capital of our Company in the last 10 years, see "*History and Certain Corporate Matters—Amendments to the Memorandum of Association in the last 10 years*" on page 321.

Notes to Capital Structure

1. **Share Capital History of our Company**

(a) History of equity share Capital of our Company:

Date of allotment of equity shares/subscription	Details of allottees and number of equity shares allotted/forfeited	Total number of equity shares allotted/forfeited	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for/ nature of allotment/forfeiture	Cumulative number of equity shares
March 9, 2011	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania – 5,000 2. Vishal Sharma – 5,000	10,000	10	10	Cash	Initial subscription to Memorandum of Association(1)	10,000
March 31, 2012	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Shivalik Power and Steel Private Limited – 17,950	17,950	10	300	Cash	Further issue	27,950
March 30, 2013	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania – 25,900 2. Shivalik Power and Steel Private Limited – 1,030 3. Neelkamal Vanijya Private Limited – 201,350 4. Sharda Shree Agriculture and Developers Private Limited – 110,000	338,280	10	195	Cash	Further issue	366,230
July 23, 2013	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania – 27,700 2. Neelkamal Vanijya Private Limited – 75,645	103,345	10	195	Cash	Further issue	469,575

Date of allotment of equity shares/subscription	Details of allottees and number of equity shares allotted/forfeited	Total number of equity shares allotted/forfeited	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for/ nature of allotment/forfeiture	Cumulative number of equity shares
March 30, 2014	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Neelkamal Vanijya Private Limited — 222,550 2. Subhrekha Dealmark Private Limited — 13,300	235,850	10	195	Cash	Further issue	705,425
May 19, 2014	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Sharda Shree Agriculture and Developers Private Limited — 17,950	17,950	10	195	Cash	Rights issue in the ratio of 285 new equity shares for every 11,200 existing equity shares held	723,375
June 26, 2014	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Neelkamal Vanijya Private Limited — 77,310	77,310	10	195	Cash	Rights issue in the ratio of 773 new equity shares for every 7,233 existing equity shares held	800,685
August 5, 2014	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Neelkamal Vanijya Private Limited — 12,300	12,300	10	195	Cash	Rights issue in the ratio of 250 new equity shares for every 16,275 existing equity shares held	812,985
December 12, 2014	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Giriraj Singhania — 108,400	108,400	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 15 existing equity shares held	921,385
December 31, 2014	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Giriraj Singhania — 54,000	54,000	10	195	Cash	Rights issue in the ratio of 1 new equity shares for every 17 existing equity shares held	975,385
February 1, 2015	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares**	59,100	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 33	1,034,485

Date of allotment of equity shares/subscription	Details of allottees and number of equity shares allotted/forfeited	Total number of equity shares allotted/forfeited	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for/ nature of allotment/forfeiture	Cumulative number of equity shares
	1. Giriraj Singhania 59,100					existing equity shares held	
February 26, 2015	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania 94,800	94,800	10	195	Cash	Rights issue in the ratio of 5 new equity shares for every 54 existing equity shares held	1,129,285
March 31, 2015	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania 49,000 2. Samarth Investment Co. 34,300	83,300	10	195	Cash	Rights issue in the ratio of 4 new equity shares for every 54 existing equity shares held	1,212,585
July 5, 2015	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Samarth Investment Co. 6,200	6,200	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 390 existing equity shares held	1,218,785
October 5, 2015	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Samarth Investment Co. 10,200	10,200	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 238 existing equity shares held	1,228,985
November 30, 2015	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania 12,800	12,800	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 192 existing equity shares held	1,241,785
February 5, 2016	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania 10,200	10,200	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 242 existing equity shares held	1,251,985
February 28, 2017	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania 2,234,500	6,259,925	10	-	-	Bonus issue in the ratio of 5 equity shares for every 1 share held(2)	7,511,910

Date of allotment of equity shares/subscription	Details of allottees and number of equity shares allotted/forfeited	Total number of equity shares allotted/forfeited	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for/ nature of allotment/forfeiture	Cumulative number of equity shares
	2. Vishal Sharma 25,000 3. Shivalik Power and Steel Private Limited 94,900 4. Neelkamal Vanijya Private Limited 2,395,775 5. Subhrekha Dealmark Private Limited 66,500 6. Sharda Shree Agriculture and Developers Private Limited 639,750 7. Samarth Investment Co. 803,500						
November 10, 2021	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Camelia Griha Nirman Private Limited 645,454	645,454	10	275[3]	Cash	Rights issue of partly paid shares in the ratio of 1 new equity share for every 5 existing equity shares held	8,157,364
December 27, 2021	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Camelia Griha Nirman Private Limited 6,80,177	680,177	10	275[4]	Cash	Rights issue of partly paid shares in the ratio of 1 new equity share for every 1 existing equity share held	8,837,541
June 28, 2022	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Camelia Griha Nirman Private Limited (645,454)	(645,454)	10	NA[3]	NA	Forfeiture of Equity Shares due to non-payment of calls[3]	8,192,087
June 28, 2022	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares** 1. Camelia Griha Nirman Private Limited (680,177)	(680,177)	10	NA[4]	NA	Forfeiture of Equity Shares due to non-payment of calls[4]	7,511,910
November 30, 2023	**S. No.** / **Name of allottee/shareholder** / **Number of equity shares**	(3,068,609)	10	-	-	Cancellation of Equity Shares pursuant to approval	4,443,301

Date of allotment of equity shares/subscription	Details of allottees and number of equity shares allotted/forfeited	Total number of equity shares allotted/forfeited	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason for/ nature of allotment/forfeiture	Cumulative number of equity shares
	1. Neelkamal Vanijya Private Limited (2,874,930) 2. Shivalik Power and Steel Private Limited (193,679)					of Composite Scheme[5]	
January 6, 2024	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania 3,683,570 2. Vishal Sharma 371,380 3. Sharda Shree Agriculture and Developers Private Limited 243,320 4. Giriraj Singhania (HUF) 728,426 5. Mohit Sharma 105,600 6. Pankaj Sharma 6,160 7. Raghvendra Singhania (HUF) 101,230 8. Rajni Nagwani 35,200 9. Dhruv Kumar Nagwani 110,000 10. Navin Kumar Nagwani 110,000 11. Padam Kumar Nagwani 127,600 12. Aditi Singhania 2,227 13. Devraj Singhania 2,227 14. Shilpa Singhania 1,275,251 15. Raghvendra Singhania 1,016,716	7,918,907	10	-	Other than cash	Allotment of Equity Shares pursuant to the Composite Scheme[5]	12,362,208
June 5, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each						

(1) *Our Company was incorporated on March 9, 2011. For further details, see "History and Certain Corporate Matters—Brief History of our Company" on page* 319.

(2) *The bonus issue was in the ratio of five equity shares for every one equity share held by the Shareholders, authorized by a resolution passed by the Shareholders dated February 17, 2017 with the record date as January 2, 2017, in the manner set out above by capitalization of the securities premium account of our Company or any other permitted reserve/surplus of our Company.*

(3) *Our Company had allotted 645,454 Equity Shares to Camelia Griha Nirman Private Limited at an issue price of ₹275 on November 10, 2021, whereby ₹55 was payable along with share application money, ₹150 payable on first call and ₹70 payable on second call, and whereby Camelia Griha Nirman Private Limited had paid the amount payable along with share application money, i.e. ₹55 at the time of such allotment. However, such shares were forfeited pursuant to a resolution passed by the Board of Directors on June 28, 2022 due to failure of the allottee in paying the balance on such Equity Shares when called upon.*

(4) *Our Company had allotted 680,177 Equity Shares to Camelia Griha Nirman Private Limited at an issue price of ₹275 on December 27, 2021, whereby ₹55 was payable along with share application money, ₹150*

payable on first call and ₹70 payable on second call, and whereby Camelia Griha Nirman Private Limited had paid the amount payable along with share application money, i.e. ₹55 at the time of such allotment. However, such shares were forfeited pursuant to a resolution passed by the Board of Directors on June 28, 2022 due to failure of the allottee in paying the balance on such Equity Shares when called upon.

(5) *For further details on the Composite Scheme, see "History and Certain Corporate Matters—Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the Last 10 Years" on page* 324.

(b) History of Preference Share Capital of our Company:

Our Company does not have any preference shares as of the date of filing of this Draft Red Herring Prospectus.

The issue of the Equity Shares by the Company has been in compliance with the applicable provisions of Companies Act, 1956 and Companies Act, 2013.

2. **Equity shares issued in the preceding one year below the Offer Price**

Except as disclosed below, our Company has not issued any equity shares at a price which may be lower than the Offer Price during the period of one year preceding the date of this Draft Red Herring Prospectus:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Reason for allotment	Allottees			
					S. No.	**Name of allottee/shareholder**	**Number of equity shares**	**Whether allottees are part of the Promoter Group**
January 6, 2024	7,918,907[(2)]	10	-	Allotment of Equity Shares pursuant to the Composite Scheme[(1)]	1.	Giriraj Singhania	3,683,570	Yes
					2.	Vishal Sharma	371,380	No
					3.	Sharda Shree Agriculture and Developers Private Limited	243,320	Yes
					4.	Giriraj Singhania (HUF)	728,426	Yes
					5.	Mohit Sharma	105,600	No
					6.	Pankaj Sharma	6,160	No
					7.	Raghvendra Singhania (HUF)	101,230	Yes
					8.	Rajni Nagwani	35,200	No
					9.	Dhruv Kumar Nagwani	110,000	No
					10.	Navin Kumar Nagwani	110,000	No
					11.	Padam Kumar Nagwani	127,600	No
					12.	Aditi Singhania	2,227	Yes
					13.	Devraj Singhania	2,227	Yes
					14.	Shilpa Singhania	1,275,251	Yes
					15.	Raghvendra Singhania	1,016,716	Yes

(1) *For further details on the Composite Scheme, see "History and Certain Corporate Matters—Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the Last 10 Years" on page 324.*

(2) *Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each.*

3. **Issue of Equity Shares for consideration other than cash or by way of bonus issue**

Except as stated below, our Company has not issued any shares in the past for consideration other than cash or by way of bonus issue, as of the date of this Draft Red Herring Prospectus:

Date of allotment	Allottees and number of equity shares allotted[(3)]			Face value (₹)	Issue price per equity share (₹)	Reason for allotment	Benefits accrued to our Company
February 28, 2017	**S. No**	**Name of allottee/shareholder**	**Number of equity**	10	-	Bonus issue in	NA

Date of allotment	Allottees and number of equity shares allotted[(3)]	Face value (₹)	Issue price per equity share (₹)	Reason for allotment	Benefits accrued to our Company
	shares 1. Giriraj Singhania 2,234,500 2. Vishal Sharma 25,000 3. Shivalik Power and Steel Private Limited 94,900 4. Neelkamal Vanijya Private Limited 2,395,775 5. Subhrekha Dealmark Private Limited 66,500 6. Sharda Shree Agriculture & Developers Private Limited 639,750 7. Samarth Investment Co. 803,500 **Total** **6,259,925**			the ratio of 5 equity shares for every 1 share held[(1)]	
January 6, 2024	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania 3,683,570 2. Vishal Sharma 371,380 3. Sharda Shree Agriculture and Developers Private Limited 243,320 4. Giriraj Singhania (HUF) 728,426 5. Mohit Sharma 105,600 6. Pankaj Sharma 6,160 7. Raghvendra Singhania (HUF) 101,230 8. Rajni Nagwani 35,200 9. Dhruv Kumar Nagwani 110,000 10. Navin Kumar Nagwani 110,000 11. Padam Kumar Nagwani 127,600 12. Aditi Singhania 2,227 13. Devraj Singhania 2,227 14. Shilpa Singhania 1,275,251 15. Raghvendra Singhania 1,016,716 **Total** **7,918,907**	10	-	Allotment of Equity Shares pursuant to the Composite Scheme[(2)]	Consideration for transfer and vesting of the entire undertakings of the Transferor Companies and Demerged Undertaking in our Company

(1) *The bonus issue was in the ratio of five equity shares for every one equity share held by the Shareholders, authorized by a shareholder's resolution passed on February 17, 2017 with the record date as January 2, 2017 by capitalization of the securities premium account of our Company or any other permitted reserve/surplus of our Company.*

(2) *For further details on the Composite Scheme, see "History and Certain Corporate Matters—Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the Last 10 Years" on page 324.*

(3) *Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each*

4. **Issue of Equity Shares out of revaluation reserves**

Our Company has not issued any shares out of revaluation reserves since its incorporation.

5. **Issue of Equity Shares pursuant to any scheme of arrangement**

Our Company has not issued any shares in the past in terms of a scheme of arrangement approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of the Companies Act, except as disclosed below**:**

Date of allotment of equity shares	Details of allotees and number of equity shares allotted	Total number of equity shares allotted	Face value (₹)	Issue Price per equity share (₹)	Nature of consideration	Reason for/ nature of allotment
January 6, 2024	**S. No. / Name of allottee/shareholder / Number of equity shares** 1. Giriraj Singhania – 3,683,570 2. Vishal Sharma – 371,380 3. Sharda Shree Agriculture and Developers Private Limited – 243,320 4. Giriraj Singhania (HUF) – 728,426 5. Mohit Sharma – 105,600 6. Pankaj Sharma – 6,160 7. Raghvendra Singhania (HUF) – 101,230 8. Rajni Nagwani – 35,200 9. Dhruv Kumar Nagwani – 110,000 10. Navin Kumar Nagwani – 110,000 11. Padam Kumar Nagwani – 127,600 12. Aditi Singhania – 2,227 13. Devraj Singhania – 2,227 14. Shilpa Singhania – 1,275,251 15. Raghvendra Singhania – 1,016,716	7,918,907	10	-	Other than cash	Allotment pursuant to Composite Scheme[(1)]

[(1)] *For further details on the Composite Scheme, see "History and Certain Corporate Matters—Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the last 10 Years" on page* 324.

6. **Details of Build-up, Contribution and Lock-in of Promoters' Shareholding and Lock-in of other Equity Shares**

As of the date of this Draft Red Herring Prospectus, the Promoters hold 12,061,642 Equity Shares, constituting 48.78% of the issued, subscribed and paid-up share capital of our Company.

The details regarding the build-up of our Promoters' shareholding is set forth below:

(a) *Capital Build-up of our Promoters' Shareholding in our Company*

Date of allotment/ transfer	Number of Equity Shares	Face value (₹)	Issue/ transfer price per equity share (₹)	Nature of consideration	Nature of acquisition/ allotment/ transfer	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)
Giriraj Singhania							
March 9, 2011	5,000	10	10	Cash	Allotment pursuant to initial subscription to Memorandum of Association		
March 30, 2013	25,900	10	195	Cash	Further issue		
July 23, 2013	27,700	10	195	Cash	Further issue		
December 12, 2014	108,400	10	195	Cash	Rights issue in the ratio of 2 new equity shares for		

Date of allotment/ transfer	Number of Equity Shares	Face value (₹)	Issue/ transfer price per equity share (₹)	Nature of consideration	Nature of acquisition/ allotment/ transfer	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)
					every 15 existing equity shares held		
December 31, 2014	54,000	10	195	Cash	Rights issue in the ratio of 1 new equity shares for every 17 existing equity shares held		
February 1, 2015	59,100	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 33 existing equity shares held		
February 26, 2015	94,800	10	195	Cash	Rights issue in the ratio of 5 new equity shares for every 54 existing equity shares held		
March 31, 2015	49,000	10	195	Cash	Rights issue in the ratio of 4 new equity shares for every 54 existing equity shares held		
November 30, 2015	12,800	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 192 existing equity shares held		
February 5, 2016	10,200	10	195	Cash	Rights issue in the ratio of 2 new equity shares for every 242 existing equity shares held		
February 28, 2017	2,234,500	10	-	Other than cash	Bonus issue in the ratio of 5 equity shares for every 1 share held[1]		
January 6, 2024	3,683,570	10	-	Other than cash	Allotment of Equity Shares pursuant to the Composite Scheme[2]		
May 28, 2024	(370,866)	10	-	Other than cash	Transfer from Giriraj Singhania to Vinay Agrawal by way of a gift		
May 28, 2024	(1,100,000)	10	-	Other than cash	Transfer from Giriraj Singhania to Varsha Singhania by way of a gift		
May 28, 2024	(1,857,817)	10	-	Other than cash	Transfer from Giriraj Singhania to Raghvendra Singhania by way of a gift		
June 5, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 3,036,287 equity shares of face value of ₹10 each, held by Giriraj Singhania were sub-divided into 6,072,574 Equity Shares of face value of ₹5 each						
June 27, 2024	240,000	5	-	Other than cash	Transfer from Shilpa Singhania		

Date of allotment/ transfer	Number of Equity Shares	Face value (₹)	Issue/ transfer price per equity share (₹)	Nature of consideration	Nature of acquisition/ allotment/ transfer	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)
					to Giriraj Singhania by way of a gift		
SUB TOTAL (A)	**6,312,574**					**25.53%**	[●]
Raghvendra Singhania							
February 25, 2022	1	10	-	Other than cash	Transfer from M R Singhania (HUF) by way of a gift		
January 6, 2024	1,016,716	10	-	Other than cash	Allotment pursuant to Composite Scheme(2)		
May 28, 2024	1,857,817	10	-	Other than cash	Transfer from Giriraj Singhania to Raghvendra Singhania by way of a gift		
June 5, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 2,874,534 equity shares of face value of ₹10 each, held by Raghvendra Singhania were sub-divided into 5,749,068 Equity Shares of face value of ₹5 each						
SUB TOTAL (B)	**5,749,068**					**23.25**	**[●]**
TOTAL (A) + (B)	**12,061,642**					**48.78**	**[●]**

(1) *The bonus issue was in the ratio of five Equity Shares for every one Equity Share held by the Shareholders, authorized by a shareholder's resolution passed on February 17, 2017 with the record date as January 2, 2017 by capitalization of the securities premium account of our Company or any other permitted reserve/surplus of our Company.*

(2) *For further details on the Composite Scheme, see "History and Certain Corporate Matters—Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the last 10 Years" on page 324.*

i. All the Equity Shares held by the Promoters were fully paid-up on the respective dates of acquisition/allotment of such Equity Shares.

ii. As of the date of this Draft Red Herring Prospectus, none of the Equity Shares held by the Promoters are pledged.

(b) *Details of Promoters' Contribution and lock-in*

Pursuant to Regulations 14 and 16(1)(a) of the SEBI ICDR Regulations, an aggregate of at least 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as the minimum Promoters' contribution and, in view of the proposed objects of the Fresh Issue, is required to be locked-in for a period of three years from the date of Allotment ("**Promoters' Contribution**"). Our Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital of our Company shall be locked in for a period of one year from the date of Allotment.

The details of the Equity Shares held by our Promoters, which shall be locked-in for minimum Promoters' contribution for a period of three years, from the date of Allotment as Promoters' Contribution are set out below:(1)

Name of the Promoter	Number of Equity Shares locked-in	Date up to which Equity Shares are subject to lock-in	Date of Acquisition of Equity Shares and when made fully paid-up	Nature of transaction	Face value (₹)	Issue/Acquisition price per Equity Share (₹)	Pre-Offer Equity Share capital (%)	Post-Offer Equity Share capital (%)
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

(1) *To be completed prior to filing of the Prospectus with the RoC.*

The Promoters have given their consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as the Promoters' Contribution and have agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' contribution from the date of filing the Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations. The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as "promoter" under the SEBI ICDR Regulations.

(c) Our Company undertakes that the Equity Shares that are being locked-in will not be ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoters, see "*Capital Structure—Details of Build-up, Contribution and Lock-in of Promoters' Shareholding and Lock-in of other Equity Shares—Capital Build-up of our Promoters' Shareholding in our Company*" on page 103.

In this connection, we confirm the following:

(i) The Equity Shares offered towards minimum Promoters' contribution have not been acquired during the three immediately preceding years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets, or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of our Company or from a bonus issue against Equity Shares, which are otherwise ineligible for computation of Promoters' contribution;

(ii) The Equity Shares offered towards minimum Promoters' contribution have not been acquired by our Promoters during the year immediately preceding the date of this Draft Red Herring Prospectus at a price lower than the Offer Price, except for Equity Shares acquired pursuant to the Composite Scheme;

(iii) The Equity Shares forming part of the Promoters' contribution are not subject to any pledge; and

(iv) All Equity Shares held by our Promoters are in dematerialized form as of the date of this Draft Red Herring Prospectus.

Further, our Company has not been formed by conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm or limited liability partnership.

(d) *Details of Equity Shares locked-in for six months*

In addition to the Equity Shares proposed to be locked-in as part of the minimum Promoters' contribution and the Promoter's shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital of our Company which shall be locked in for a period of one year from the date of Allotment, as stated above, as prescribed under the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company (including any unsubscribed portion of the Offered Shares) will be locked-in for a period of six months from the date of Allotment of Equity Shares in the Offer including any unsubscribed portion of the Offer for Sale, in accordance with Regulations 16(1)(b) and 17 of the SEBI ICDR Regulations except the following: (i) the Equity Shares that are held by any VCFs, AIFs (category I or category II) or FVCIs subject to the conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least six months from the date of purchase by the VCFs, AIF (category I or category II) or FVCI; and (ii) the Equity Shares transferred pursuant to the Offer for Sale.

(e) *Lock-in of the Equity Shares to be Allotted, if any, to the Anchor Investors*

50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment, and the remaining 50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(f) *Other requirements in respect of lock-in*

Pursuant to Regulation 20 of the SEBI ICDR Regulations, details of locked-in Equity Shares will be recorded by relevant depositories.

Pursuant to Regulation 21 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters may be pledged only with scheduled commercial banks or public financial institutions or a systemically important NBFC or a housing finance company as collateral security for loans granted by such scheduled commercial bank or public financial institution or systemically important NBFC or housing company, provided that specified conditions under the SEBI ICDR Regulations are complied with. However, the relevant lock-in period shall continue pursuant to the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

Pursuant to Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters, which are locked-in in accordance with Regulation 16 of the SEBI ICDR Regulations, may be transferred to and among our Promoters and any member of the Promoter Group, or to a new promoter of our Company and the Equity Shares held by any persons other than our Promoters, which are locked-in in accordance with Regulation 17 of the SEBI ICDR Regulations, may be transferred to and among such other persons holding specified securities that are locked in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

7. **Shareholding Pattern of our Company**

The table below presents the shareholding of our Company as of the date of this Draft Red Herring Prospectus.

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	Number of Fully Paid-up Equity Shares Held (IV)	Number of Partly Paid-up Equity Shares Held (V)	Number of Shares Underlying Depository Receipts (VI)	Total Number of Equity Shares Held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of Total number of Equity Shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in Each Class of Securities (IX)				Number of Shares Underlying Outstanding Convertible Securities (including Warrants) (X)	Shareholding, as a % Assuming Full Conversion of Convertible Securities (as a Percentage of Diluted Share Capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked-in shares (XII)		Number of Shares Pledged or Otherwise Encumbered* (XIII)		Number of Equity Shares held in Dematerialized Form (XIV)
								No of Voting Rights			Total as a % of (A+B+ C)			Number (a)	As a % of total shares held (b)	Number (a)	As a % of total share s held (b)	
								Class (Equity)	Class, e.g. others	Total								
(A)	**Promoter and Promoter Group**	10	22,190,804	-	-	22,190,804	89.75%	22,190,804	-	22,190,804	89.75%	-	89.75%		-		-	22,190,804
(B)	**Public**	7	2,533,612	-	-	2,533,612	10.25%	2,533,612	-	2,533,612	10.25%	-	10.25%		-		-	2,533,612
(C)	**Non Promoter-Non Public**	-	-	-	-	-		-	-	-	-	-	-		-		-	-
(C1)	**Shares underlying DRs**	-	-	-	-	-		-	-	-	-	-	-		-		-	-
(C2)	**Shares held by Employee Trusts**	-	-	-	-	-		-	-	-	-	-	-		-		-	-
	Total	**17**	**24,724,416**	**-**	**-**	**24,724,416**	**100%**	**24,724,416**	**-**	**24,724,416**	**100.00%**	**-**	**100.00%**		**-**		**-**	**24,724,416**

8. **Details of the Shareholding of the Promoters and members of the Promoter Group**

None of our Promoters and members of the Promoter Group hold any Equity Shares in our Company as of the date of filing of this Draft Red Herring Prospectus other than as disclosed below:

Name of the Shareholder	**Pre-Offer**		**Post-Offer[(1)]**	
	Number of Equity Shares held	**Percentage of the pre-Offer paid-up Equity Share capital (%)**	**Number of Equity Shares held**	**Percentage of the post-Offer paid-up Equity Share capital (%)**
Promoters				
Giriraj Singhania	6,312,574	25.53	[●]	[●]
Raghvendra Singhania	5,749,068	23.25	[●]	[●]
Total (A)	**12,061,642**	**48.78**	[●]	[●]
Other members of the Promoter Group				
Sharda Shree Agriculture & Developers Private Limited	2,022,040	8.18	[●]	[●]
Samarth Investment Co.[(2)]	1,928,400	7.80	[●]	[●]
Giriraj Singhania (HUF)	1,456,852	5.89		
Raghvendra Singhania (HUF))	202,460	0.82	[●]	[●]
Aditi Singhania	4,454	0.02	[●]	[●]
Devraj Singhania	4,454	0.02	[●]	[●]
Shilpa Singhania	2,310,502	9.35	[●]	[●]
Varsha Singhania	2,200,000	8.90	[●]	[●]
Total (B)	**10,129,162**	**40.97**	[●]	[●]
Total (A + B)	**22,190,804**	**89.75**	[●]	[●]

(1) *To be computed prior to filing of the Prospectus with the RoC.*

(2) *Samarth Investment Co. ("**Samarth**") holds Equity Shares (the "**Samarth Shares**") of the Company. At the time of their dematerialisation, the Samarth Shares (in demat form) were credited to the account of Pranay Agrawal (a partner of Samarth at the time of dematerialisation) and were erroneously attributed to the PAN of Pranay Agrawal and not the PAN of Samarth. By a letter dated June 24, 2024, Pranay Agrawal has confirmed that the Samarth Shares were held in his account (and corporate actions on the Samarth Shares were received thereon from time to time) solely on behalf of Samarth. Pranay Agrawal is not a partner of Samarth since March 31, 2024 and as on the date of this Draft Red Herring Prospectus. In this regard, each of Raghvendra Singhania, in his capacity as one of the current partners of Samarth and Pranay Agrawal, in both his individual capacity and as the erstwhile partner of Samarth, have notified the relevant depository participant and the Company through their respective letters, each dated June 24, 2024, requesting the Samarth Shares to be correctly attributed to the PAN of Samarth and, accordingly, credited to the demat account of Samarth.*

9. **Capital Build-up of the Selling Shareholders' Shareholding in our Company**

In addition to the build up of the shareholding of our Promoters provided in *"Capital Structure- Capital Build-up of our Promoters' Shareholding in our Company"*, set forth below are the details regarding the build-up of the shareholding of the Selling Shareholders:

Date of allotment/ transfer	**Number of Equity Shares**	**Face value (₹)**	**Issue/ transfer price per equity share (₹)**	**Nature of considera tion**	**Nature of acquisition/ allotment/ transfer**	**Percentage of pre-Offer Equity Share capital (%)**	**Percentage of post-Offer Equity Share capital (%)**
Vishal Sharma							
March 09, 2011	5,000	10	10	Cash	Subscription to MOA		
February 28, 2017	25,000	10	-	Cash	Bonus Issue		
January 06, 2024	371,380	10	22.38	Other than Cash	Issued pursuant to the Composite Scheme		
June 05, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 401,380 equity shares of face value of ₹10 each, held by Vishal Sharma were sub-divided into 802,760 Equity Shares of face value of ₹5 each						
Total	**802,760**					**3.25**	

Date of allotment/ transfer	Number of Equity Shares	Face value (₹)	Issue/ transfer price per equity share (₹)	Nature of considera tion	Nature of acquisition/ allotment/ transfer	Percentage of pre-Offer Equity Share capital (%)	Percentage of post-Offer Equity Share capital (%)
Mohit Sharma							
January 06, 2024	105,600	10	22.36	Other than Cash	Issued pursuant to the Composite Scheme		
June 05, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 105,600 equity shares of face value of ₹10 each, held by Mohit Sharma were sub-divided into 211,200 Equity Shares of face value of ₹5 each						
Total					**211,200**	**0.85**	
Pankaj Sharma							
January 06, 2024	6,160	10	22.36	Other than Cash	Issued pursuant to the Composite Scheme		
June 05, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 6,160 equity shares of face value of ₹10 each, held by Pankaj Sharma were sub-divided into 12,320 Equity Shares of face value of ₹5 each.						
Total					**12,320**	**0.05**	
Dhruv Kumar Nagwani							
January 06, 2024	110,000	10	22.36	Other than Cash	Issued pursuant to the Composite Scheme		
June 05, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 110,000 equity shares of face value of ₹10 each, held by Dhruv Kumar Nagwani were sub-divided into 220,000 Equity Shares of face value of ₹5 each.						
Total					**220,000**	**0.89**	
Navin Kumar Nagwani							
January 06, 2024	110,000	10	22.36	Other than Cash	Issued pursuant to the Composite Scheme		
March 19, 2024	35,200	10	-	Other than Cash	Acquired pursuant to Transmission from Rajni Nagwani		
June 05, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 145,200 equity shares of face value of ₹10 each, held by Navin Kumar Nagwani were sub-divided into 290,400 Equity Shares of face value of ₹5 each.						
Total					**290,400**	**1.17**	
Padam Kumar Nagwani							
January 06, 2024	127,600	10	22.36	Other than Cash	Issued pursuant to the Composite Scheme		
June 05, 2024	Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each. Consequently, 127,600 equity shares of face value of ₹10 each, held by Padam Kumar Nagwani were sub-divided into 255,200 Equity Shares of face value of ₹5 each.						
Total					**255,200**	**1.03**	

10. **Details of the Shareholding of the Directors, Key Managerial Personnel and Senior Management as of the date of filing of this Draft Red Herring Prospectus**

None of our Directors, our Key Managerial Personnel and Senior Management hold any Equity Shares in our Company as of the date of filing of this Draft Red Herring Prospectus other than as disclosed below.

Name	Number of Pre-Offer Equity Shares	Percentage of Pre-Offer Capital (%)
Directors and Key Managerial Personnel		

Name	Number of Pre-Offer Equity Shares	Percentage of Pre-Offer Capital (%)
Giriraj Singhania	6,312,574	25.53%
Raghvendra Singhania	5,749,068	23.25%
Vinay Agrawal	741,732	3.00%

11. **Details of the Shareholding of the major Shareholders**

(a) Set out below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of Equity Shares*	Percentage of Pre-Offer Equity Share Capital (%)
1.	Giriraj Singhania	6,312,574	25.53%
2.	Raghvendra Singhania	5,749,068	23.25%
3.	Giriraj Singhania (HUF)	1,456,852	5.89%
4.	Varsha Singhania	2,200,000	8.90%
5.	Shilpa Singhania	23,10,502	9.35%
6.	Samarth Investment Co.	1,928,400	7.80%
7.	Sharda Shree Agriculture & Developers Private Limited	2,022,040	8.18%
8.	Vishal Sharma	802,760	3.25%
9.	Navin Kumar Nagwani	290,400	1.17%
10.	Padam Kumar Nagwani	255,200	1.03%
11.	Vinay Agrawal	741,732	3.00%
Total		**24,069,528**	**97.35%**

* *Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each.*

(b) Set out below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of 10 days prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of Equity Shares*	Percentage of Pre-Offer Equity Share Capital (%)
1.	Giriraj Singhania	6,312,574	25.53%
2.	Raghvendra Singhania	5,749,068	23.25%
3.	Giriraj Singhania (HUF)	1,456,852	5.89%
4.	Varsha Singhania	2,200,000	8.90%
5.	Shilpa Singhania	23,10,502	9.35%
6.	Samarth Investment Co.	1,928,400	7.80%
7.	Sharda Shree Agriculture & Developers Private Limited	2,022,040	8.18%
8.	Vishal Sharma	802,760	3.25%
9.	Navin Kumar Nagwani	290,400	1.17%
10.	Padam Kumar Nagwani	255,200	1.03%
11.	Vinay Agrawal	741,732	3.00%
Total		**24,069,528**	**97.35%**

* *Pursuant to resolutions passed by our Board dated June 4, 2024 and by the Shareholders dated June 5, 2024, our Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each.*

(c) Set out below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of one year prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of equity shares	Percentage of Paid-up Equity Share Capital (%)
1.	Giriraj Singhania	2,681,400	35.70
2.	Neelkamal Vanijya Private Limited	2,874,930	38.27
3.	Samarth Investment Co.	964,200	12.84
4.	Sharda Shree Agriculture & Developers Private Limited	767,700	10.22
5.	Shivalik Power and Steel Private Limited	193,679	2.58
Total		**7,481,909**	**99.60**

* *Based on beneficiary position account statement dated June 30, 2023, and consequently does not account for the sub-division of shares.*

(d) Set out below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of two years, prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of equity shares	Percentage of Paid-up Equity Share Capital (%)
1.	Neelkamal Vanijya Private Limited(1)	2,874,930	32.53
2.	Giriraj Singhania	2,681,400	30.34
3.	Camelia Griha Nirman Private Limited(2)	1,325,631	15.00
4.	Samarth Investment Co.	964,200	10.91
5.	Sharda Shree Agriculture and Developers Private Limited	767,700	8.69
6.	Shivalik Power And Steel Private Limited(3)	193,679	2.19
Total		**8,807,540**	**99.66**

* *Based on beneficiary position account statement dated June 30, 2022, and consequently does not account for the sub-division of shares.*

(1) *Includes 2,597,935 Equity Shares pledged with Punjab National Bank.*

(2) *Such shares were forfeited pursuant to a resolution passed by the Board of Directors on June 28, 2022 and as at June 30, 2022 corporate action was ongoing for the same.*

(3) *Includes 94,900 Equity Shares pledged with Punjab National Bank.*

12. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangements for purchase of Equity Shares to be allotted pursuant to the Offer.

13. As of the date of this Draft Red Herring Prospectus, none of the BRLMs or their respective associates, as defined in the SEBI Merchant Bankers Regulations, hold any Equity Shares in our Company.

14. None of our Promoters or Shareholders are directly/indirectly related to the BRLMs and any associates of the BRLMs.

15. Our Company has not made any public issue since its incorporation and has not made any rights issue of any kind or class of securities since its incorporation, other than as disclosed in "*Capital Structure—Share Capital History of our Company*" on page 95.

16. Our Company does not have any partly paid-up Equity Shares as of the date of this Draft Red Herring Prospectus and all Equity Shares Allotted in the Offer will be fully paid-up at the time of Allotment.

17. Except for the allotment of Equity Shares pursuant to the Pre-IPO Placement, there will not be any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be, other than in connection with the Offer.

18. There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

19. Except as disclosed in "*Capital Structure – Capital build-up of Promoters' shareholding in our Company*" on page 103, our Promoters, any member of our Promoter Group, our Directors, or any of their relatives have not purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

20. Our Company presently does not intend or propose and is not under negotiations or considerations to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to the issuance of any Equity Shares under the Offer.

21. As of the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options, debentures, loans or other instruments convertible into Equity Shares.

22. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and members of our Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

23. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Directors, our Promoter, members of our Promoter Group or Group Companies, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

24. As of the date of filing of this Draft Red Herring Prospectus, the total number of holders of the Equity Shares is 17.

25. **Employee Stock Option Scheme**

As of the date of this Draft Red Herring Prospectus, our Company does not have an employee stock option plan.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue of up to [●] Equity Shares of face value of ₹ 5 each, aggregating up to ₹ 3,350 million, by our Company, and an Offer for Sale of up to 4,130,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. For further details, please see the section entitled "*The Offer*" on page 79.

Offer for Sale

Each Selling Shareholder will be entitled to the proceeds from the sale of their respective Offered Shares in the Offer for Sale, net of their share of the Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. For further details of the Offer for Sale, see "*The Offer*" beginning on page 79.

Fresh Issue

Our Company proposes to utilize the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Funding capital expenditure for setting up of solar power plant at Mouza Village Katalbod, Chhatisgarh **(**"**Solar Plant**");

2. Expansion of existing manufacturing units, i.e., expansion of existing foundry capacity by setting up a new foundry line at Unit 2. **(**"**New Foundry Line**")

3. General corporate purposes (collectively with the Solar Plant and the New Foundry Line the "**Objects**").

In addition to the above Objects, we expect to receive the benefits of listing of the Equity Shares on the Stock Exchanges, which include, *inter alia*, enhancement of our Company's visibility and brand image, and creation of a public market for our Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects set out in our Memorandum of Association enable us to undertake: (i) our existing business activities and other activities set out therein; and (ii) the activities proposed to be funded from the Net Proceeds.

Net Proceeds

The details of the Net Proceeds of the Fresh Issue are set out below:

Particulars	**Estimated Amount** *(in ₹ million)*
Gross proceeds of the Fresh Issue	3,350.00
(Less) Offer-related expenses in relation to the Fresh Issue(1)(2)	[●]
Net Proceeds	[●]

(1) For details with respect to sharing of fees and expenses related to the Offer amongst our Company and the Selling Shareholders, see "Objects of the Offer—Offer Expenses" on page 125 below.

(2) To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

Utilization of Net Proceeds

Our Company proposes to utilize the Net Proceeds towards the following objects:

(in ₹ million)

S. No.	**Particulars**	**Estimated Amount(1)** *(in ₹ million)*
1.	Funding capital expenditure for setting up of the Solar Plant	1,792.40
2.	Expansion of existing manufacturing units, i.e., expansion of existing foundry capacity by setting up a new foundry line	500.00
3.	General corporate purposes(1)	[●]
Net Proceeds		[●]

(1) To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds, in accordance with Regulation 7(3) of the SEBI ICDR Regulations.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds, as set out in the table below:

Particulars	Total estimated cost(1)(2)	Amount deployed as on date of the DRHP(3)(4)	Estimated utilization from Net Proceeds	Estimated schedule of deployment of Net Proceeds in	
				Financial Year 2025	Financial Year 2026
Funding capital expenditure for setting up of the Solar Plant	1,926.87(3)	134.47	1,792.40	851.50	940.90
Expansion of existing units, i.e., expansion of existing foundry capacity by setting up a new foundry line at Unit 2	500.00	-	500.00	150.00	350.00
General corporate purposes(4)	[●]	[●]	[●]	[●]	[●]
Net Proceeds			[●]	[●]	[●]

(1) *Applicable taxes, to the extent required, have been included in the estimated cost.*
(2) *Total estimated cost based on the Detailed Project Report.*
(3) *Includes the cost of the land on which the Solar Plant is proposed to be set up, that has already been financed from our Company's internal accruals.*
(4) *As certified by our Statutory Auditors pursuant to their certificate dated June 28, 2024.*
(5) *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds, in accordance with Regulation 7(3) of the SEBI ICDR Regulations.*

If any of the portion Net Proceeds is not utilized (in full or in part) for the Objects of the Offer during the period stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) competitive landscape or our Board's analysis of any other economic, business and commercial considerations, as well as general factors affecting our results of operations and financial condition, the remaining Net Proceeds shall be utilized (in full or in part) in subsequent periods as may be determined by our Company, in accordance with applicable laws. The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which are subject to change. Additionally, we have also relied on the Detailed Project Report in relation to the cost assessment for setting up the Solar Plant. Further, the deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. We may have to reduce, revise or extend our funding requirements and deployment from time to time on account of various factors, such as change in costs, including due to inflation or increase in the rate of taxation, revision in quotations at the time of actual expenditure, change in financial and market conditions, conditions, our management's analysis of economic trends and our business requirements, fund requirements in the operations of our Company, competition, general factors affecting our results of operations, financial condition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and revising the funding requirement for a particular Object or changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. Our historical expenditure may not be reflective of our future expenditure plans. For further details, see "*Risk Factors – Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval*" on page 64.

Subject to applicable law, in the event of any increase in the actual utilization of funds earmarked for the purposes set out above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements. Further, if the actual utilization towards any of the stated objects is lower than the proposed deployment, the balance remaining may be utilized towards future growth opportunities, and/or towards funding any other purpose, and/or general corporate purposes, subject to applicable laws to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations and in compliance with the objectives as set out under "*Objects of the Offer—Details of the Objects—General corporate purposes*" below and will be consistent with the requirements of our business. The estimated schedule of deployment of Net Proceeds is indicative and our management may vary the amount to be utilized in a particular Financial Year at its discretion.

Means of finance

The fund requirements for the Objects detailed above are proposed to be met from the Net Proceeds and our internal accruals. Accordingly, we confirm that there is no requirement to make other firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals, as prescribed under the SEBI ICDR Regulations.

Details of the Objects

Our Board at its meeting held on June 28, 2024 approved the proposed objects of the Offer and the respective amounts proposed to be utilized from the Net Proceeds for each object.

1. ***Setting up the Solar Plant***

We are a leading casting manufacturer in India (*Source: CRISIL Report*). We are also one of the largest foundries and machine shops in India and produce a wide range of casting products with a production capacity of more than 8000 MT per month (*Source: CRISIL Report*).

For the purpose of our manufacturing business, we consume a substantial amount of power and fuel for our business operations. Adequate and cost-effective supply of power, fuel and water is critical to our manufacturing process. As of December 31, 2023, the Company depended entirely on the power grid set up by the state electricity board for the supply of electricity, with average electricity consumption for the last three fiscal years and nine-month period ended December 31, 2023, amounting to 51,08,455 units per month with an average cost per unit of ₹ 5.85. In Fiscal 2021, 2022 and 2023, and as of December 31, 2023, our power and fuel costs were ₹ 226.87 million, ₹ 360.37 million, ₹ 401.78 million and ₹ 369.16 million, for each respective period which accounted for 9.43%, 9.06%, 6.55% and 8.32% of our revenue from operations, respectively in such periods.

The Solar Plant is being set by the Company with the objective of reducing our power and fuel costs, reducing the carbon footprint of the Company and optimising resources. Our Company proposes to utilise a portion of the Net Proceeds, amounting to ₹ 1,792.40 million, for setting up of a 43.75 MWp solar power plant at Mouza Village Katalbod, P.H.No.18, R.I.C. Babamohtara, Tahsil Bemetara District Bemetara, Chhattisgarh. The Solar Plant is expected to be completed by August 31, 2025. Undertaking the above activities is in line with our business strategies of having continued focus on reducing our operating costs and carbon footprint. For further details of our strategies, see "*Our Business—Our Strategies*" on page 295.

Our Board in its meeting dated June 28, 2024 took note that an aggregate amount of ₹ 1,792.40 million is proposed to be utilized to set up the Solar Plant.

Oriano Clean Energy Private Limited has been appointed as EPC contractor for setting up of the Solar Plant pursuant to their consent dated May 29, 2024. The Detailed Project Report issued by Oriano Clean Energy Private Limited, is based on historical cost estimates basis their experience in implementing similar projects in the past.
Estimated Cost

The total estimated cost for setting up the Solar Plant is ₹ 1,926.82 million, which comprises of: (i) the acquisition of land, which has been completed through costs incurred by our Company from our internal accruals; and (ii) setting up of the Solar Plant, which includes building and civil work, plant & machinery and electrical installation.

The details of the estimated costs are set out below:

S. No.	Particulars	Total estimated costs(1)(2)	Amount deployed as of May 31, 2024 from our Company's internal accruals	Amount proposed to be funded from the Net Proceeds
		(in ₹ million)		
1.	Land(3)	134.47	134.47	-
2.	Building and Civil Work(1)(2)	98.30	-	98.30
3.	Plant and Machinery(1)(2)	1,423.60	-	1,423.60
4.	Electrical Installations(1)(2)	270.50	-	270.50
	Total	1,926.87(3)	134.47	1,792.40

(1) *Based on the Detailed Project Report.*

(2) *Applicable taxes have been included in the estimated cost.*
(3) *The cost of the land on which the Solar Plant is proposed to be set up, that has already been financed from our Company's internal accruals.*

A. *Land*

The title to the lands in India is often fragmented and the land may, in many cases, have multiple owners. The land on which we propose to establish the Solar Plant will be set up on land that has already been acquired by our Company from individual owners through sale deeds entered into with individual owners using our internal accruals. Consequently, no component of the Net Proceeds shall be incurred towards purchase of land. The total cost of the land amounts to ₹ 134.47 million (including conversion and stamp duty costs), and the total land required to set up the Solar Plant is 48.35 hectares.

Our Company has also obtained title search report dated June 17, 2024, ("***Title Search Report")*** from Nachiket Mahesh Patil, independent legal professional, that states that the land on which the Solar Plant will be set up is free of encumbrances and our Company has a clear and marketable title over such land. As per the Title Search Report, no approval for the conversion of land is required to be obtained by the Company from the Government of Chhattisgarh, for change in the use of the land on which we propose to establish the Solar Plant from agricultural to non-agricultural/industrial/commercial, for the purposes of setting up of captive solar power plant, and the Company can commence development on the same.

B. Building and civil work

The building and civil work costs for the proposed Solar plant includes costs towards, among others, construction of a module mounting structure, roads, fencing and drainage. The total estimated cost for building and civil work, including applicable taxes, based on the Detailed Project Report, is ₹ 98.30 million, which is to be funded from the Net Proceeds.

C. Plant and Machinery

The plant and machinery costs for the proposed Solar Plant include costs towards, among others, procurement/installation of AC and DC capacity plants, inverters, string combiner box, panels, weather monitoring system and firefighting detection system. The total estimated cost for plant and machinery, including applicable taxes, based on the Detailed Project Report, is ₹1,423.60 million, which is to be funded from Net Proceeds.

D. *Electrical Installations*

The electrical installations costs for the proposed Solar Plant include costs towards, among others, installation of switchyard, plant metering, transformers, cables, transmission lines, lightning arrestor, and illumination in the control room and transformer yard. The total estimated cost for electrical installations, including applicable taxes, based on the Detailed Project Report, is ₹ 270.50 million, which is to be funded from Net Proceeds.

Approvals

A list of material regulatory approvals that will be required in connection with setting up the Solar Plant, are set out below:(1)

S. No.	Approval	Authority	Status
1.	Connectivity	Chhattisgarh State Power Transmission Company Limited	Applied
2.	Transmission line connectivity	Chhattisgarh State Power Transmission Company Limited	Pending Application(2)
3.	Certificate by the concerned and competent revenue / registration authority for acquisition / vesting of land in the name of solar project developer	Department of Registration and Stamp	Received

S. No.	Approval	Authority	Status
4.	Approval for water from the concerned authority (if applicable) required for the project	Chhattisgarh Water Resources Department	Pending Application[(3)]
5.	Approval from Chhattisgarh Pollution Control Board	Chhattisgarh Pollution Control Board	Pending Application[(3)]
6.	Approval from Directorate of State Fire Prevention Services	Directorate of State Fire Prevention Services	Pending Application[(3)]
7.	BOCW Registration, paying of cess charge and BOCW Approval	Building and Other Construction Workers Board	Pending[(3)]
8.	Factory License	Inspector of Factories	Pending Application[(3)]

(1) *Based on the Detailed Project Report*

(2) *Application for the transmission line connectivity can only be applied for post receipt of the connectivity approval from Chhattisgarh State Power Transmission Company Limited*

(3) *To be applied for at the appropriate stages of the project (i.e., prior to commissioning, prior to commencement of work or, during execution), as required.*

Other Approvals

S. No.	Approval	Authority	Status[(1)]
1.	Plant substation and PV Plant	Chief Electrical Inspector	Pending Application
2.	SLDC approval for data transmission	RTU and MOM	Pending Application
3.	CLRA Registration and License	Labour Department, Chhattisgarh	Pending Application
4.	Construction Power (D.G.) Approval	Chief Electrical Inspector	Pending Application

(1) *To be applied for at the appropriate stages of the project, as required.*

Our Company will undertake the relevant steps to apply to the authorities for the relevant approvals in accordance with applicable law.

Schedule of implementation

Set out below are details of the deployment of the Net Proceeds towards the capital expenditure for setting up of the Solar Plant described above.[(1)]

S. No.	Particulars	Estimated date of commencement	Estimated date of completion
1.	Acquisition of land	-	May 31, 2024
2.	Initiation and Development	September 1, 2024	December 31, 2024
3.	Method of Implementing the Project	October 1, 2024	December 31, 2024
4.	Planning and Engineering	November 1, 2024	August 31, 2025
5.	Procurement and Construction	December 1, 2024	June 30, 2025
6.	Installation and Commissioning	January 1, 2025	August 31, 2025

(1) *Based on the Detailed Project Report.*

(2) *Estimated dates of commencement and completion for each stage are indicative, and could vary and overlap.*

For details in relation to possible risks associated with not meeting the expected schedule of implementation for the Solar Plant, please refer to the section entitled "*Risk Factors – There is no assurance that the Objects of the Offer will be achieved within the timeframe expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the Objects of the Offer have not been appraised by any bank or financial institution*." on page 62.

2. ***Expansion of existing manufacturing units, i.e., expansion of existing foundry capacity by setting up a new foundry line at Unit 2***

As of the date of this Draft Red Herring Prospectus, our Company has 3 manufacturing Units, and one machining Unit. Our combined capacity utilization was 60.56% (not annualised) in the nine-months period ended December 31, 2023, pursuant to the chartered engineer certificate dated June 28, 2024.

We propose to expand the installed capacity of Unit 2 located in Bhilai, Chhattisgarh by setting up a flaskless horizontal line with a specific moulding box size of 700 X 600 X 160-260 mm ***"New Foundry Line"*** and incorporating cool drum technology into the New Foundry Line utilizing the Net Proceeds. This addition of a New Foundry Line is expected to increase the existing installed capacity of Unit 2 from 30,000 to 48,000 metric tonnes per annum. Such expansion is in furtherance of our strategy to expand our existing product portfolio and output capabilities by expanding our manufacturing capacity. The total installed capacity of the Company would accordingly increase from 83,800 metric tonnes per annum to 101,800 metric tonnes per annum. We believe our expansion plans and strategy will allow us to meet the anticipated increase in the demand for our products in the future, enable us to supply growing markets more efficiently and drive profitability. The setting up of New Foundry Line is expected to be completed by March, 2026. For further details, see *"Our Business—Our Strategies"* on page 295.

Estimated cost

The total estimated cost of investing in the proposed technology and machinery to set up the New Foundry Line utilising the Net Proceeds aggregates to ₹ 500 million. The capital requirements, the deployment of funds and the intended use of the Net Proceeds, are based on our current business plan, management estimates, current and valid quotations from suppliers and other commercial and technical factors. Our Board in its meeting dated June 28, 2024 took note that an aggregate amount of ₹ 500 million of the Net Proceeds is to be utilized for expansion of existing installed capacity of our Company, by setting up the New Foundry Line.

Set out below is a list of the equipment proposed to be acquired by our Company and the details of the quotations obtained.[(1)]

S. No.	Particulars	Quantity	Total estimated costs *(in ₹ million)*[(2)]	Amount proposed to be funded from the Net Proceeds *(in ₹ million)*	Quotations received from	Dates of quotations	Validity of quotations
			Melting				
1.	Melting furnace (Tritrack) 1 Ton - Capacity 1000 KW/1000 Hz Vip-I Tri Trak Li [IGBT Based] Furnace System - including a power system, three shell furnace and Optimizer plus	1	20.06	20.06	Inductotherm India Private Limited	May 29, 2024	3 months
2.	Electromechanical Vibratory Furnace Charger Type OAC 3100/900 ASU23W	3	5.49	5.49	Elecktromag Joest Vibration Private Limited	14-05-2024	30-09-2024
3.	FG Lifting Magnet Circular Dia 1100mm Aluminium	2	3.07	3.07	Elektromag Devices Private Lmiited	10-05-2024	30-09-2024
4.	5 Ton Box Girder Crane. Span– 12.5 Mtr.	3	7.70	7.70	Gearcon	30-04-2024	5 months

S. No.	Particulars	Quantity	Total estimated costs (*in ₹ million*)[(2)]	Amount proposed to be funded from the Net Proceeds (*in ₹ million*)	Quotations received from	Dates of quotations	Validity of quotations
5.	A. 1200kg capacity - Pouring Teapot ladle - X, Y, Z & A Axis Carriage Assembly - Ladle Assembly with refractory - Refractory lining molds for 1200 Kg Ladle B. One (1) Electric operated "A" axis for tilt mechanism. C. One (1) Operator control consol D. One (1) Set of "X & Y" electric drives. E. One (1) Electric operated "Z" axis for height adjustment. F. One (1) "X" axis long travel arrangement along the molding line. G. One (1) Laser Positioning sensor for Auto positioning. H. One (1) Set interconnecting cables from drives to control I. One (1) 1000Kg Spare ladle without refractory J. One (1) Optical Pyrometer for temperature recording K. One (1) Synchronized Pouring system arrangement L. Two (2) set of hard copies of drawings and instruction manuals	1	11.92	11.92	Inductotherm India Private Limited	29-05-2024	3 months
6.	Cooling tower	1	1.15	1.15	Paharpur Cooling Tower	15-05-2024	3 months from order date.
7.	Furnace cooling and water pump (Low-pressure centrifugal pump Etanorm)	9	0.79	0.79	Global Associates	30-05-2024	120 days (Up to 08.09.2024).
8.	Water tank, 15000Itr	2	0.65	0.65	Sintex BAPL Ltd (Welspun Group)	06-05-2024	30-09-24
9.	Induction Furnace Transformer	1	4.86	4.86	Mehipower Transformer	May 4, 2024	90 days from the date of offer
10.	Bus- duct (8 Mtr)	1	0.66	0.66	R.K. Infraa	May 10, 2024	Till September 2024.
11.	Treatment laddle 1500Kg	2	1.13	1.13	Baroda Machinery	01-05-2024	5 months

S. No.	Particulars	Quantity	Total estimated costs (*in ₹ million*)[(2)]	Amount proposed to be funded from the Net Proceeds (*in ₹ million*)	Quotations received from	Dates of quotations	Validity of quotations
12.	Spectrometer	2	13.10	13.10	Metal Power	March 13, 2024	90 days from the date of offer
13.	1. Meltcheck-2.3 Inch 2. VST Make Meltcheck Interface Unit With Firmware For One Spectrometer. Unit 3. 7/36, 4 Core Shielded Pvc Cable Gray Colour 4. USB To Serial Cable 5. Hooter	1	0.59	0.59	V-Smart	May 6, 2024	90 days.
14.	Temperature Stick	3	0.33	0.33	V-Smart	May 6, 2024	90 days
15.	Astral Chempro Make Industral Grade Pipe & Feeting	1	4.10	4.10	Grayatri Industries	May 9, 2024	90 days
16.	Crane Scale 5 ton	2	0.37	0.37	Essae Teraoka Private Limited	May 3, 2024	90 days
17.	Fume Extraction System	1	5.39	5.39	Neo Airtech	October 19, 2023	Till September 24, 2024
	Moulding						
18.	Moulding line- Molding Machine, CIM module, Core Setter, Pattern Changer, Mold handling (AMH) Moulding Line- Molding Machine, AMH, Cooling Line Moulding Line- Molding Machine, AMH, Cooling Line	1	100.05	100.05	Disa India	May 29, 2024	3 months from the date of the quotation
19.	Rail tracks with supports,for Pouring and Cooling Line	1	1.98	1.98	Dutta Enterprises	May 15, 2024	4 months
20.	Mold Weights, Jacket, Pallet Car	255	20.06	20.06	Disa India	May 29, 2024	3 months from the date of the quotation
	Sand Plant						
21.	Sand plant Equipment- Prep. Sand, RS, Ploy. Screen, SSU, Panel etc.	1	43.42	43.42	Disa India	May 29, 2024	3 months from the date of the quotation
22.	Sand Plant Brought Out- Elec. Cable, Sensor, Idler Roller, Conveyor Belt,	1	15.88	15.88	Disa India	May 29, 2024	3 months from the date of the quotation
23.	Cooling Drum- Water Dosing System, Elec.Panel, Critical parts, CIM 2.11	1	19.70	19.70	Disa India	May 29, 2024	3 months from the

S. No.	Particulars	Quantity	Total estimated costs (*in ₹ million*)[(2)]	Amount proposed to be funded from the Net Proceeds (*in ₹ million*)	Quotations received from	Dates of quotations	Validity of quotations
	Cooling Drum- Water Dosing System, Elec.Panel, Critical parts, vibro						date of the quotation
24.	Cooling Drum Brought Out- Vibrofeeder, Elec. Cable, Cable Tray, Filter and Ducting	1	10.62	10.62	Disa India	May 29, 2024	3 months from the date of the quotation
25.	Sand Mixer-Monitizer, Norigate,	1	20.17	20.17	Disa India	May 29, 2024	3 months from the date of the quotation
26.	Sand Mixter Brought Out- Pump, water pipe line, Air Receiver	1	0.59	0.59	Disa India	May 29, 2024	3 months from the date of the quotation
27.	SMC- Standalone	1	6.97	6.97	Disa India	May 29, 2024	3 months from the date of the quotation
28.	Dust Extraction System- Sand Plant Equipment	1	7.15	7.15	Disa India	May 29, 2024	3 months from the date of the quotation
29.	DES for Disa Cool Drum with Heater Bank, DES Monitizer, etc.	1	10.29	10.29	Disa India	May 29, 2024	3 months from the date of the quotation
30.	Fabricated Sand system	1	27.57	27.57	S.M. Engineer	May 16, 2024	3-4 months
31.	Chain Electric Hoist With Fix Suspension - 10 Nos Chain Electric Hoist With Fix Suspension - 2 Nos	10 2	1.99	1.99	Sanjeevani Enterprises	May 03, 2024	6 Months
32.	Pneumatic conveyor, 2MT/hour	1	1.30	1.30	Techflow Enterprises Private Limited	May 30, 2024	5 months
	Fettling						
33.	Online shot blasting machine	1	16.98	16.98	Disa India	May 29, 2024	3 months from the date of the quotation
34.	Cooling Drum -Monitizer, Norigate,	1	1.18	1.18	Disa India	May 29, 2024	3 months from the date of the quotation
35.	Online Shot Blasting Brought Out- Elec. Cable, Cable trey,	1	0.47	0.47	Disa India	May 29, 2024	3 months from the date of the quotation
36.	Hanger Type Shot blasting Machine 1 ton	1	8.61	8.61	Gostol TST India Private Limited	May 27, 2024	November 27, 2024
37.	Appron metal conveyor and Chute	1	3.84	3.84	Sri Vivegha Engineering	May 13, 2024	90 days

S. No.	Particulars	Quantity	Total estimated costs (*in ₹ million*)[(2)]	Amount proposed to be funded from the Net Proceeds (*in ₹ million*)	Quotations received from	Dates of quotations	Validity of quotations
					Private Limited		
38.	Swing Frame Grinder	8	0.55	0.55	Neel Kamal Consultants and Engineers	May 1, 2024	3 months (Aug. 1, 2024).
39.	Pedestel grinder	6	1.01	1.01	Prem Brother Int. Private Limited	May 3, 2024	4 months from May 3, 2024
40.	D-Getting Machine 1. Knockut 2000® Feeder Breaker, St-075-Fb30 (0201-5171) 2. Knockut 2000® Feeder Breaker-Fb45 (0201-2708) 3. Spring Balancer 30-45kgs (0203-0141h) 4. Spring Balancer 45-60 Kgs (0203-0142h) 5. Oil Cooling(Air)&Filtration System (0201-6444b) 6. Birail System -Brt 6016 (0201-2254)	2 2 2 2 2 1	2.89	2.89	Sri Vivegha Engineering Private Limited	May 13, 2024	90 days
	Core Shop						
41.	Fabrication of Steel	100	5.90	5.90	Dutta Enterprises	May 10, 2024	4 months
42.	Compax Fully Automatic Universal Parted Amine Cold Box Core Production Unit - COMPACOR – 25(U) SPL	1	3.85	3.85	Compax Industrial Systems Private Limited	May 8, 2024	Till September 2024
43.	Compax Fully Automatic Vertical Parted Cold Box Core Shooter - Model: Compacor – 10(V)	1	1.89	1.89	Compax Industrial Systems Private Limited	May 7, 2024	Till September 2024
44.	Core drying oven	1	4.36	4.36	Alfatech Engineers	May 7, 2024	90 days
	Utility						
45.	3T Diesel Forklift, DVX30 KAT BC HVT2125 – Solid Tyres	2	2.08	2.08	Kion India Private Limited	May 30, 2024	90 days.
46.	KAESER rotary screw compressor	2	6.52	6.52	Ascentech Engineers	May 30, 2024	90 days.
47.	Refrigeration Air dryer	2	1.10	1.10	Ascentech Engineers	May 30, 2024	90 days.
48.	Pallet Storage System	1	3.85	3.85	Nilkamal	April 4,2024	120 days
49.	Reach Truck	1	2.52	2.52	Nilkamal	April 5,2024	120 days
50.	Overhead Conveyor I – Beam 458 for "Casting Painting"	1	2.56	2.56	PBPS Consultant	March 20, 2024	4 months from the date of the offer.
51.	1. Chemical pp tank (10 Tank 10MM ,CED Tank	12	3.42	3.42	Star Powder Coating	February 25, 2024	7 months

S. No.	Particulars	Quantity	Total estimated costs (*in ₹ million*)(2)	Amount proposed to be funded from the Net Proceeds (*in ₹ million*)	Quotations received from	Dates of quotations	Validity of quotations
	12MM thickness) material PPH - 12 Nos. 2. Cooling System (Magnetic Pump 1HP RPM 2800) circulation pump 5 Nos 3. Rectifiers - Air cooled Thyristor based rectifiers with Automatic regulators, digital type 250 ammeter & 300 voltmeter 4. Paint Filter Unit with bag filter, and pump, back wash tank and pipe fitting.(ultra filter model 4kg/cm 2 5. Anodes bus bar mounting SS system & Anode cell, and anode Tank with fittings, rotameter and accessories 6. Pumps for circulation with stand 7. Oven (size 5x6x08)with 2 trolly 8. Transporter (motor with gearbox) with panel 9. Piping for the tanks and plants (Internal Tank).(UPVC Astral) 10. Field piping from tank to pumps, drain line (UPVC ASTRAL) 11. Pre-Filter (PVC Material) 12. Erection Charges 13. Electric material (wire, motor starter, mcb,)	5 1 1 4 5 1 1 12 1 4 - 1					
52.	Civil Work	1	30.67	30.67	Meenakshi Enterprises	June 2, 2024	September 30, 2024
53.	Miscellaneous expenses(3)	-	26.65	26.65	NA	NA	NA
Total							**500.00**

(1) *Based on the certificate dated June 28, 2024 issued by the Chartered Engineer.*

(2) *The estimated costs provided include applicable GST.*

(3) *Miscellaneous expenses include payment of freight, transit, clearing and forwarding costs, transportation costs, packaging costs, insurance costs, labour and taxes as applicable.*

All quotations received from the above suppliers are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with any of the above suppliers which have provided quotations and there can be no assurance that the abovementioned suppliers would be engaged to eventually supply the machinery or that the abovementioned machinery would be purchased at the specified costs. Also see, "*Risk Factors- We have not placed orders for any machinery to be purchased for expansion of our existing foundry capacity from the Net Proceeds*" The quantity of machinery to be purchased is based on the present estimates of our Company's management. No second-hand or used equipment is proposed to be purchased out of the Net Proceeds. If there is any increase in the costs of equipment, plant and machinery, such additional costs shall be funded by our Company from its internal accruals. Our Promoters, Directors, Key Managerial Personnel and Senior Management do not have any interest in the proposed purchase of machinery and equipment, or in the entities from whom we have obtained quotations in relation to such activities

3. ***General corporate purposes***

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹[●] million towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilize Net Proceeds include, but are not limited to, funding growth opportunities, strategic initiatives, strengthening marketing capabilities, meeting our long term and short-term working capital requirements, interest payments and other debt servicing costs, payment of salaries and allowances, rent, administration, insurance, repairs and maintenance, payment of taxes and duties and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with applicable laws, incurred by our Company in the ordinary course of business, as may be applicable. The quantum of utilization of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of our Board, shall have flexibility in utilizing surplus amounts, if any. In addition to the above, our Company may utilize the balance Net Proceeds towards any other expenditure considered expedient and as approved periodically by our Board or a duly appointed committee thereof, subject to compliance with necessary provisions of the Companies Act or other applicable law.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The Offer related expenses primarily include fees payable to the BRLMs and legal counsel, fees payable to the Statutory Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs and CDPs, SCSBs' fees, Sponsor Banks' fees, the Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Except for (i) listing fees and expenses for any corporate advertisements consistent with past practice of our Company (not including expenses relating to marketing and advertisements undertaken in connection with the Offer), which shall be borne solely by our Company; and (ii) the applicable tax payable on transfer of Offered Shares which shall be borne by the respective Selling Shareholders, our Company and the Selling Shareholders shall share the costs and expenses (including all applicable taxes) directly attributable to the Offer (including fees and expenses of the BRLMs, legal counsel and other intermediaries, advertising and marketing expenses, printing, underwriting commission, procurement commission (if any), brokerage and selling commission and payment of fees and charges to various regulators in relation to the Offer) in proportion to the number of Equity Shares issued and/or transferred by each of the Company and the Selling Shareholders in the Offer, respectively, except as may be prescribed by the SEBI or any other regulatory authority. Our Company shall advance the cost and expenses of the Offer and our Company will be reimbursed, severally and not jointly, by each of the Selling Shareholders for their respective proportion of such costs and expenses upon successful completion of the Offer. Such payments, expenses and taxes, to be borne by the Selling Shareholders will be deducted from the proceeds from the sale of Offered Shares, in accordance with applicable law, in proportion to its respective Offered Shares.

The estimated Offer related expenses are set out below:

Activity	Estimated expenses(1)(2)	As a percentage of the total estimated Offer expenses(1)	As a percentage of the total Offer size(1)
	(in ₹ million)	*(%)*	*(%)*
BRLMs' fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Selling commission/processing fee for SCSBs, Sponsor Banks and fee payable to the Sponsor Banks for Bids made by RIBs(3)(4)(5)(6)	[●]	[●]	[●]

Activity	Estimated expenses(1)(2)	As a percentage of the total estimated Offer expenses(1)	As a percentage of the total Offer size(1)
	(in ₹ million)	*(%)*	*(%)*
Brokerage and selling commission and bidding/uploading charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs(7)(8)	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to other parties, including but not limited to Statutory Auditors, industry expert and the Chartered Engineer	[●]	[●]	[●]
Others			
(i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees	[●]	[●]	[●]
(ii) Printing and stationery expenses	[●]	[●]	[●]
(iii) Advertising and marketing expenses	[●]	[●]	[●]
(iv) Fees payable to legal counsels	[●]	[●]	[●]
(v) Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price
(2) Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.
(3) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows:

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*
(4) No processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them.

Brokerage, selling commission and processing/uploading charges on the portion for RIBs (using the UPI mechanism), Eligible Employee Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their sub-Syndicate Members) would be as follows:

*Portion for Retail Individual Bidders**	*₹[●] per valid application (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹[●] per valid application (plus applicable taxes)*
*Portion for Eligible Employees**	*₹[●] per valid applcation (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*
(5) The Processing fees for applications made by UPI Bidders would be as follows:

Members of the Syndicate / RTAs / CDPs	*₹[●] per valid application (plus applicable taxes)*
Sponsor Bank(s)	*₹ [●] per valid Bid cum Application Form* (plus applicable taxes)* *The Sponsor Bank(s) shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

**For each valid application*

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

Uploading Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the applications made by RIBs and Eligible Employee Bidders using 3-in-1 accounts/Syndicate ASBA mechanism and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking or using 3-in-1 accounts/Syndicate ASBA mechanism, would be as follows: [●], per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.
(6) Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

Portion for Retail Individual Bidders	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*
(7) Bidding charges of ₹ [●] (plus applicable taxes) shall be paid per valid Bid cum Application Form collected by the Syndicate, RTAs and CDPs (excluding applications made by UPI Bidders). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured and bid by them.

(8) Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors, Eligible Employee Bidders, and, Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes).

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number/ series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member. The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.

In addition to the selling commission referred above, any additional amount(s) to be paid by our Company shall be as mutually agreed amongst the Book Running Lead Manager, their respective Syndicate Members, and our Company before the opening of the Offer.

Interim use of the Net Proceeds

Our Company, in accordance with applicable law, policies established by our Board from time to time and in order to attain the Objects set out above, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described in this section, our Company may only invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board. In accordance with Section 27 of the Companies Act, our Company confirms that, other than as specified in this section for the purposes of the Objects, it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity securities or any equity linked securities.

Appraising entity

None of the Objects for which the Net Proceeds will be utilized have been appraised by any agency, including any bank or finance institutions.

Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as of the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Monitoring of utilization of funds

Our Company will appoint a credit rating agency as the monitoring agency to monitor utilization of Gross Proceeds from the Fresh Issue prior to filing of the Red Herring Prospectus with the RoC, in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Company undertakes to place the Gross Proceeds in a separate bank account which shall be monitored by the Monitoring Agency for utilization of the Gross Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee in accordance with the timelines prescribed under applicable law. Our Company will disclose the utilization of the Gross Proceeds, including interim use, under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Gross Proceeds that have not been utilized, if any, of such currently unutilized Gross Proceeds.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds, which shall discuss, monitor and approve the use of the Net Proceeds along with our Board. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Red Herring Prospectus and the Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement prepared on an annual basis for utilization of the Net Proceeds shall be certified by the Statutory Auditors.

Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Fresh Issue from the Objects; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the Objects. This information will also be published on our website. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee. We will disclose the utilisation of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilised clearly specifying the purpose for which such Net Proceeds have been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and the SEBI ICDR Regulations, our Company shall not vary the Objects, without our Company being authorized to do so by its Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (**"Notice"**) shall specify the prescribed details and be published in accordance with the Companies Act. The Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where our Registered Office is situated. Pursuant to the Companies Act, the Promoters, as of the time of such proposed variation, will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the Objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the provisions of the Companies Act and the SEBI ICDR Regulations.

Other confirmations

Except to the extent of any proceeds received pursuant to the sale of Equity Shares proposed to be sold by the Selling Shareholders in the Offer for Sale, none of our Promoters, members of the Promoter Group, Directors, KMPs, Senior Management or Group Companies will receive any portion of the Offer Proceeds and there are no material existing or anticipated transactions in relation to utilization of the Offer Proceeds with our Promoters, members of the Promoter Group, Directors, KMPs, Senior Management or Group Companies.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 5 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to the sections "*Our Business*", "*Risk Factors*", "*Financial Information – Restated Financial Information*" and "*Management Discussion and Analysis"* on pages 284, 35, 359 and 430 respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- Well-established player in a safety critical industry with high entry barriers
- Diverse customer base with sustained, long-standing relationships
- Offering precision engineering solutions with a comprehensive product portfolio
- Integrated manufacturing capabilities which offer scale, flexibility and locational advantage with certified management systems
- Design capabilities with an emphasis on customer specifications as per quality standards
- Experienced promoters and management team

Quantitative factors

Some of the information presented in this section relating to our Company is derived from the Restated Consolidated Financial Information. For details, see "*Financial Information – Restated Financial Information*" beginning on page
Some of the quantitative factors, which may form the basis for computing the Offer Price, are as follows:

1. *Basic and Diluted Earnings Per Share ("EPS")*

Financial Year/ Period ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial Year ended March 31, 2023	29.43	29.43	3
Financial Year ended March 31, 2022	5.31	5.31	2
Financial Year ended March 31, 2021	1.37	1.37	1
Weighted Average	16.71	16.71	
Nine-months period ended December 31, 2023*	49.90	49.90	

* *Not annualised*

Notes

i) Basic EPS = Net Profit / (Loss) after tax, as restated, for the year/period divided by weighted average number of equity shares outstanding during the year/period.

ii) Diluted EPS = Net Profit / (Loss) after tax, as restated, for the year divided by weighted average number of diluted equity shares and potential additional equity shares outstanding during the year/period.

iii) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/period divided by Total of weights

iv) Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with the notified Indian Accounting Standard 33 'Earnings per share'.

v) The figures disclosed above are based on the Restated Consolidated Financial Information of the Company.

vi) Pursuant to a resolution of Board of Directors dated June 4, 2024 and the Shareholders resolution dated June 5, 2024, our Company has approved sub-division of equity shares having face value of ₹ 10 each into Equity Shares having face value of ₹5 each. The above earnings per share has not been adjusted for sub-division of equity shares

2. *Price Earning ("P/E") Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share*

Particulars	P/E ratio at the lower end of the Price Band (number of times)*	P/E ratio at the higher end of the Price Band (number of times)*
Based on Basic EPS for the financial year ended March 31, 2023	[●]	[●]
Based on Diluted EPS for the financial year ended March 31, 2023	[●]	[●]

**Will be populated in the Prospectus.*

3. *Industry Peer Group P/E ratio*

Based on the peer group information (excluding our Company) given below in this section, The highest, lowest and average P/E ratio is as follows:

Particulars	Industry Peer P/E	Name of the company
Highest	55.28	Bharat Forge Limited
Lowest	15.54	CIE Automotive India Ltd
Average	28.24	

Notes:

(1) The industry high and low has been considered from the industry peer set provided later in this chapter. The highest, lowest and average P/E has been considered as same number since we have only one industry peer. For further details, see "Basis for Offer Price – 6. Comparison of Accounting Ratios with Listed Industry Peers" beginning on page 130.

4. *Weighted Average Return on Net Worth ("RoNW")*

As derived from the Restated Consolidated Financial Information of our Company:

Financial Year/ Period ended	RoNW, (%)	Weights
Financial Year ended March 31, 2023	23.26	3
Financial Year ended March 31, 2022	6.96	2
Financial Year ended March 31, 2021	1.98	1
Weighted Average(1)	14.28	
Nine-months period ended December 31, 2023*	29.82	

* *Not annualised*

Notes:

(1) Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year or period /Total of weights.

(2) Return on Net Worth (%) = Net Profit / (Loss) after tax, as restated / average Restated Net worth (Average Equity).

(3) Net worth has been computed as a sum of paid up share capital and other equity.

5. *Net Asset Value ("NAV") per Equity Share*

Financial Year/ Period ended	(₹)(2)(3)
As on March 31, 2023	180.06
As of December 31, 2023	191.68
As of December 31, 2023 (Post Scheme)(4)	172.88
After the Offer	
At the Floor Price	[●]
At the Cap Price	[●]
At the Offer Price(1)	[●]

(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

(2) Net worth derived from Restated Consolidated Financial Information as at the end of the year/ period divided by number of equity shares outstanding during the year/period

(3) Net worth has been computed as a sum of paid up share capital and other equity.

(4) Post December 31, 2023, pursuant to the Composite Scheme,, the Company has allotted 7,918,907 Equity Shares on January 6, 2024

(5) Pursuant to a resolution of Board of Directors dated June 4, 2024 and the Shareholders resolution dated June 5, 2024, our Company has approved sub-division of equity shares having face value of ₹ 10 each into Equity Shares having face value of ₹5 each. The above NAV per share has not been adjusted for sub-division of equity shares

6. *Comparison of Accounting Ratios with Listed Industry Peers*

Following is the comparison with our peer companies listed in India and in the same line of business as our Company:

Name of Company	Face Value per Share (₹)	Closing price on March 28, 2024 (₹)	Revenue from Operations (in ₹ million)	EPS (₹)		NAV	P/E	RoNW (%)
				Basic	Diluted	(₹ per share)		
Shivalik Engineering Industries Limited	5	NA#	5,507.08	29.43	29.43	180.06	NA#	23.26
Listed Peers								

Name of Company	Face Value per Share (₹)	Closing price on March 28, 2024 (₹)	Revenue from Operations (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	RoNW (%)
				Basic	Diluted			
Bharat Forge Limited	2	1,129.45	156,820.71	20.43	20.43	154.00	55.28	12.69
Endurance Technologies Limited	10	1,829.95	102,408.71	48.38	48.38	353.86	37.82	13.67
CIE Automotive India Limited	10	461.05	92,803.49	29.66	29.66	157.84	15.54	13.32
Craftsman Automation Limited	5	4,321.75	44,517.30	144.29	144.29	829.06	29.95	19.26
Ramkrishna Forgings Limited	2	691.05	39,548.26	20.27	20.09	148.48	34.40	12.72
Automotive Axles Limited	10	1,759.45	22,291.74	109.95	109.95	579.63	16.00	18.97
GNA Axles Limited	10	380.85	15,062.62	23.28	23.28	186.69	16.36	12.47
Nelcast Limited	2	128.40	12,669.43	6.25	6.25	59.68	20.54	10.48

Notes:

(1) Financial information for Company is derived from the Restated Consolidated Financial Information for the year ended March 31, 2023.

(2) For listed peers:

(a) All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual reports/annual results as available of the respective company for the year ended March 31, 2024 submitted to stock exchanges except for CIE Automotive Limited where financial information is on a consolidated basis and is sourced from the annual reports/annual results as available for the year ended December 31, 2023

(b) P/E Ratio has been computed based on the closing market price of equity shares on BSE on March 28, 2024 (being last trading day for FY 2023-24), divided by the Diluted EPS.

(c) Return on Net Worth (RoNW) (%) = Net Profit / (Loss) after tax/ Net worth (Total Equity) at the end of the year.

(d) Net asset value per share (in ₹) represents net asset value per equity. It is calculated as net worth as of the end of the relevant year divided by the number of equity share outstanding at the end of the respective year. Net worth has been computed as a sum of paid up share capital and other equity.

#To be included in respect of our Company in the Prospectus based on the Issue Price.

7. *Key Performance Indicators*

The KPIs disclosed below have been used historically by our Company to understand and analyze our business performance, which in result, help us in analyzing the growth of business verticals in comparison to our peers. All the KPIs disclosed below have been approved by a resolution of our Audit Committee dated June 28, 2024. The Audit Committee has confirmed and taken on record that (a) no KPIs have been shared by our Company with any investors in the three years prior to filing of this Draft Red Herring Prospectus, and (b) verified details of the aforementioned KPIs have been included in this section. The KPIs disclosed below have been certified by Rajendra Prasad, Chartered Accountants, pursuant to certificate dated June 28, 2024 and same has been included in "*Material Contracts and Documents for Inspection – Material Documents*" on page 544. For details of our other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 284 and 430, respectively.

Our Company confirms to disclose all the KPIs disclosed in this section, on a periodic basis, at least once in a year (or for any lesser period as determined by our Company), for a duration that is at least the later of (i) one year after the listing date or period specified by SEBI; or (ii) till the utilization of the Net Proceeds. Any change in these KPIs, during the aforementioned period, will be explained by our Company. The ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations. The list of our KPIs along with brief explanation of the relevance of the KPI for our business operations are set forth below. We have also described and defined the KPIs, as applicable, in "*Definitions and Abbreviations*" beginning on page 5.

The list of our KPIs along with brief explanation of the relevance of the KPI for our business operations are set forth below:

Sr. No.	KPI	Explanation for KPIs
1.	**Revenue from Operations**	Revenue from operations represents the scale of our business as well as provides information regarding our overall financial performance
2.	**Growth in Revenue from Operations %**	Revenue Growth (%) represents year-on-year growth of our business operations in terms of revenue generated by the Company.
3.	**Operating EBITDA**	Operating EBITDA provides information regarding the operational efficiency of our business. It facilitates evaluation of year-on-year operating performance of our business and excludes other income.

Sr. No.	KPI	Explanation for KPIs
4.	**Operating EBITDA Margin %**	Operating EBITDA Margin (%) is an indicator of the operational profitability of our business and assists in tracking the margin profile of our business, our historical performance, and provides financial benchmarking against peers.
5.	**Net Profit for the year**	PAT represents the profit/ loss that the Company makes for the financial year or during a given period. It provides information regarding the overall profitability of the business
6.	**PAT Margin %**	PAT Margin (%) is an indicator of the overall profitability of the business and provides the financial benchmarking against peers as well as to compare against the historical performance of the business
7.	**Return on Equity %#**	Return on Equity represents how efficiently the Company generate profits from the shareholders' funds.
8.	**Return on Capital Employed %#**	Return on Capital Employed represents how efficiently the Company generates earnings before interest & tax from the capital employed.
9.	**Debt/Total Net Worth#**	Debt to Equity Ratio is a measure of the extent to which the Company can cover the debt and represents the debt position in comparison to the equity position. It helps evaluate the financial leverage

#Not annualised for December 31, 2023

Notes:

1). The above financial information has been extracted or derived from the Restated Consolidated Financial Information.

2). Revenue Growth (%) is calculated as Revenue from operations for the current period / year minus Revenue from operations for the previous period/ year as a % of Revenue from operations for the previous period/year.

3). Operating EBITDA is calculated as restated profit before exceptional items and tax minus Other Income plus Finance Costs, Depreciation and amortisation expense.

4). Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by Revenue from operations.

5). PAT Margin (%) is calculated as restated profit (after tax) for the period / year as a % of Total Income.

6). Return on Equity has been calculated as restated profit after tax before other comprehensive income divided by average total equity.

7). Return on Capital Employed has been calculated as restated profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less less current liabilities.

8). Calculated as Debt divided by Total Equity.

Details of KPIs as at/for the nine month period ended December 31, 2023 and as at/for financial years ended March 31, 2023, March 31, 2022, and March 31, 2021:

The table below sets out some of our financial and other metrics as at and for the nine months ended December 31, 2022 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, based on our Pro Forma Consolidated Financial Information:

Particulars*	Nine months ended December 31, 2023	Fiscal		
		2023	2022	2021
Revenue from Operations (₹ *in million*)	5,211.83	6,662.14	4,043.94	2,426.89
Growth in Revenue from Operations (%) # (1)	4.31	64.74	66.63	NA
Operating EBITDA (₹ *in million*) (2)	1,026.87	864.78	391.72	303.06
Operating EBITDA Margin (%) # (3)	19.70%	12.98%	9.69%	12.49%
Net Profit for the year (₹ *in million*)	556.35	369.68	63.74	13.42
PAT Margin (%) # (4)	10.67%	5.55%	1.58%	0.55%
Return on Equity (%) # (5)	29.82%	26.21%	5.55%	1.25%
Return on Capital Employed (%) # (6)	33.43%	31.72%	12.23%	8.98%
Debt/Total Net Worth # (7)	0.51	0.79	1.26	1.47

 # Not annualized for December 31, 2023

**The above financial information has been extracted or derived from the Restated Consolidated Financial Information.*

Notes:

(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*

(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*

(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*

(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*

(5) *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*

(6) *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*

(7) *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

The table below sets out some of our financial and other metrics as at and for the nine months ended December 31, 2023 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, based on our Restated Consolidated Financial Information:

Particulars*	Nine months ended December 31, 2023*	Fiscal		
		2023*	2022	2021
Revenue from Operations (₹ *in million*)	5,211.83	5,507.08	3,130.05	1,886.48
Growth in Revenue from Operations (%) # (1)	26.18	75.94	65.92	NA
Operating EBITDA (₹ *in million*) (2)	1,026.87	566.55	199.81	168.80
Operating EBITDA Margin (%) # (3)	19.70%	10.29%	6.38%	8.95%
Net Profit for the year (₹ *in million*)	556.35	260.53	40.76	10.27
PAT Margin (%) # (4)	10.67%	4.73%	1.30%	0.54%
Return on Equity (%) # (5)	29.82%	23.26%	6.96%	1.98%
Return on Capital Employed (%) # (6)	33.43%	21.42%	12.83%	10.42%
Debt/Total Net Worth # (7)	0.51	0.79	1.08	1.49

 # Not annualized for December 31, 2023.
**The above financial information has been extracted or derived from the Restated Consolidated Financial Information.*

Notes:
(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
(5) *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*
(6) *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
(7) *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

Impact of the Composite Scheme on the KPIs of our Company

Particulars	Pre Scheme - FY 2021-22	Post Scheme - FY 2022-23	% Change
Revenue from Operations (₹ *in million*)	3,130.05	6,662.14	112.84%
Growth in Revenue from Operations (%) # (1)	NA	112.84%	-
Operating EBITDA (₹ *in million*) (2)	199.81	864.78	332.80%
Operating EBITDA Margin (%) # (3)	6.38	12.98	-
Net Profit for the year (₹ *in million*)	40.76	369.68	806.97%
PAT Margin (%) # (4)	1.30	5.55	-
Return on Equity (%) # (5)	6.96	26.21	-
Return on Capital Employed (%) # (6)	12.83	31.72	-
Debt/Total Net Worth # (7)	1.08	0.79	-

**The above financial information has been extracted or derived from the Restated Consolidated Financial Information.*

Notes:
(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
(5) *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*
(6) *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
(7) *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

Except by way of the Composite Scheme, as disclosed above, our Company has not made any additions or dispositions to its business during the nine-month period ended December 31, 2023 and the financial years ended March 31, 2021, 2022 and 2023. For further details of the Composite Scheme, please see *"History and Certain Corporate Matters—Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the Last 10 Years" on page 324.*

Description on the historic use of the KPIs by us to analyze, track or monitor our operational and/or financial performance

In evaluating our business, we consider and use certain KPIs, as stated above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Consolidated Financial Information. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS. Investors are encouraged to review the Ind AS financial measures and to not rely on any single financial or operational metric to evaluate our business.

8. Comparison of KPIs with listed industry peers:

While our listed peers (mentioned below), operate in the same industry and may have similar offerings or end use applications, our business may be different in terms of business models, product verticals serviced, focus areas or geographical presence. Set forth below is a comparison of the KPIs of our Company vis-à-vis its listed peers as of and for the six-month period ended September 30, 2023 (except KPI data for the Company as of and for the nine-month period ended December 31, 2023) and as of and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021:

As at and for the six-month period ended September 30, 2023 (except KPI data for Company)									
Company	**Operating income** (3)	**Growth in revenue from Operations** (4)	**Operating EBITDA** (5)	**PAT** (7)	**EBITDA margin** (6)	**PAT margin** (8)	**ROCE** (10)	**ROE** (9)	**Debt to Equity** (11)
	(Rs Millions)				***(%)***				***Times***
Automotive Axles Limited	11,163.21	-3.92%	1,246.90	829.13	11.17%	7.43%	13.63%	10.68%	0.01
Bharat Forge Limited	76,514.00	18.53%	12,198.00	4,286.00	15.94%	5.60%	6.07%	6.25%	1.01
Craftsman Automation Limited	22,166.90	39.30%	4,521.60	1,690.20	20.40%	7.62%	10.10%	11.66%	0.90
Endurance Technologies Limited	49,949.88	13.47%	6,395.81	4,795.80	12.80%	9.60%	8.10%	10.65%	0.14
Nelcast Limited	6,511.15	3.03%	511.01	238.15	7.85%	3.66%	5.71%	4.96%	0.59
Ramkrishna Forgings Limited	18,738.27	17.37%	3,975.70	1,607.00	21.22%	8.58%	103.59%	11.21%	0.99
GNA Axles Limited	7,782.41	-1.67%	1,143.10	604.10	14.69%	7.76%	9.08%	8.11%	0.26
CIE Automotive India Limited	47,605.43	8.78%	7,510.78	5,807.90	15.78%	12.20%	8.90%	10.85%	0.14
Shivalik Engineering Industries	5,211.83	26.18%	1,026.87	556.35	19.70%	10.67%	33.43%	29.82%	0.51

Limited (9M FY24)									

Not Annualized

** Computation of the KPIs for listed peers is based on publicly available information as of and for the six-month period ended September 30, 2023, and as a result not comparable with the computation of KPIs of our Company as of and for the nine-month period ended December 31, 2023.*

Notes:

1. *The financial statements for Bharat Forge Limited, Craftsman Automation Limited, Endurance Technologies, Ramkrishna Forgings, GNA Axles, and CIE Automotive are consolidated.*
2. *CIE Automotive financial statements are Calendar Year (CY). For ex: CIE Automotive India Limited financials are for six-month period ended June 30, 2023 in the above table*
3. *Operating income: Revenue from Operations*
4. *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
5. *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
6. *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
7. *PAT: Profit After Tax*
8. *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
9. *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*
10. *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
11. *Calculated as total non-current borrowings plus current borrowings divided by total equity*.

As at and for the Financial Year ended March 31, 2023									
Company	**Operating income (3)**	**Growth in revenue from Operations (4)**	**Operating EBITDA (5)**	**PAT (7)**	**EBITDA margin (6)**	**PAT margin (8)**	**ROCE (10)**	**ROE (9)**	**Debt to Equity (11)**
	(Rs Millions)				***(%)***				***Times***
Automotive Axles Ltd	23,237.00	55.89%	2,574.50	1,620.30	11.17%	7.43%	28.01%	23.48%	0.01
Bharat Forge Limited	1,29,102.59	23.41%	17,675.24	5,083.88	13.69%	3.94%	7.92%	7.66%	1.02
Craftsman Automation Limited	31,826.00	43.55%	6,840.90	2,483.90	21.49%	7.80%	16.90%	19.77%	0.84
Endurance Technologies Limited	88,040.50	16.62%	10,362.70	4,795.80	11.77%	5.45%	13.55%	11.51%	0.11
Nelcast Ltd	12,639.70	36.30%	793.63	297.40	6.28%	2.35%	8.73%	6.54%	0.65
Ramkrishna Forgings Ltd	31,928.95	37.61%	6,923.23	2,481.13	21.68%	7.77%	17.60%	20.67%	0.99
GNA Axles	15,829.34	24.59%	2,326.86	1,302.08	14.70%	8.23%	20.22%	19.88%	0.28
CIE Automotive India Limited	87,530.00	29.38%	12,700.30	-1,361.70	14.51%	-1.56%	16.76%	-2.65%	0.18
Shivalik Engineering Industries Limited	5,507.08	75.94%	566.56	260.53	10.29%	4.73%	21.42%	23.26%	0.79

Notes:

1. *The financial statements for Bharat Forge Limited, Craftsman Automation Limited, Endurance Technologies Limited, Ramkrishna Forgings Limited, GNA Axles Limited, and CIE Automotive India Limited are consolidated.*
2. *CIE Automotive India Limited financial statements are Calendar Year (CY). For ex: CIE Automotive India Limited financials are for CY 2023 in above table*
3. *Operating income: Revenue from Operations*
4. *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*

5. *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
6. *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
7. *PAT: Profit After Tax*
8. *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
9. *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*
10. *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
11. *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

As at and for the Financial Year ended March 31, 2022									
Company	**Operating income (3)**	**Growth in revenue from Operations (4)**	**Operating EBITDA (5)**	**PAT (7)**	**EBITDA margin (6)**	**PAT margin (8)**	**ROCE (10)**	**ROE (9)**	**Debt to Equity (11)**
	(Rs Millions)				***(%)***				***Times***
Automotive Axles Limited	14,906.20	64.61%	1,346.80	743.60	9.04%	4.99%	15.72%	10.68%	0.02
Bharat Forge Limited	1,04,610.78	65.10%	20,159.35	10,770.61	19.27%	10.30%	11.09%	17.97%	0.86
Craftsman Automation Limited	22,170.20	42.12%	5,345.40	1,630.90	24.11%	7.36%	16.47%	15.49%	0.63
Endurance Technologies Limited	75,491.40	15.31%	9,646.40	4,607.10	12.78%	6.10%	14.85%	12.31%	0.10
Nelcast Limited	9,273.40	50.79%	580.86	142.20	6.26%	1.53%	5.87%	3.26%	0.63
Ramkrishna Forgings Limited	23,202.47	80.01%	5,169.92	1,980.27	22.28%	8.53%	12.54%	20.20%	1.48
GNA Axles Limited	12,704.74	42.82%	1,809.44	887.60	14.24%	6.99%	16.13%	15.95%	0.37
CIE Automotive India Limited	67,651.00	16.28%	9,751.00	3,929.00	14.41%	5.81%	10.29%	7.78%	0.25
Shivalik Engineering Industries Limited	3,130.05	65.92%	199.81	40.76	6.38%	1.30%	12.83%	6.96%	1.08

Notes:

1. *The financial statements for Bharat Forge Limited, Craftsman Automation Limited, Endurance Technologies Limited, Ramkrishna Forgings Limited, GNA Axles Limited, and CIE Automotive Limited are consolidated.*
2. *CIE Automotive India Limited financial statements are Calendar Year (CY). For ex: CIE Automotive India Limited financials are for CY 2022 in above table*
3. *Operating income: Revenue from Operations*
4. *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
5. *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
6. *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
7. *PAT: Profit After Tax*
8. *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
9. *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*
10. *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
11. *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

As at and for the Financial Year ended March 31, 2021

Company	Operating income (3)	Growth in revenue from Operations (4)	Operating EBITDA (5)	PAT (7)	EBITDA margin (6)	PAT margin (8)	ROCE (10)	ROE (9)	Debt to Equity (11)
	(Rs Millions)				*(%)*				*Times*
Automotive Axles Limited	9,055.70	-4.87%	620.60	227.30	6.85%	2.51%	5.65%	4.19%	0.03
Bharat Forge Limited	63,362.61	-21.35%	8,617.38	-1,269.66	13.60%	-2.00%	3.66%	-2.39%	0.92
Craftsman Automation Limited	15,599.50	4.52%	4,384.10	973.60	28.10%	6.24%	13.93%	11.51%	0.74
Endurance Technologies Limited	65,470.20	-5.36%	10,402.20	5,197.10	15.89%	7.94%	16.69%	15.83%	0.17
Nelcast Limited	6,149.70	8.51%	463.92	90.40	7.54%	1.47%	4.31%	2.13%	0.50
Ramkrishna Forgings Limited	12,889.32	5.96%	2,227.06	206.68	17.28%	1.60%	5.08%	2.35%	1.39
GNA Axles Limited	8,895.93	-2.14%	1,438.09	706.24	16.17%	7.94%	14.63%	14.65%	0.38
CIE Automotive India Limited	58,181.00	-23.10%	3,220.00	1,064.00	5.53%	1.83%	3.66%	2.23%	0.34
Shivalik Engineering Industries Limited	1,886.48	NA	168.80	10.27	8.95%	0.54%	10.42%	1.98%	1.49

Notes:

1. *The financial statements for Bharat Forge Limited, Craftsman Automation Limited, Endurance Technologies Limited, Ramkrishna Forgings Limited, GNA Axles Limited, and CIE Automotive are consolidated.*
2. *CIE Automotive financial statements are Calendar Year (CY). For ex: CIE Automotive Limited financials are for CY 2021 in above table*
3. *Operating income: Revenue from Operations*
4. *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
5. *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
6. *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
7. *PAT: Profit After Tax*
8. *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
9. *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*
10. *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
11. *Calculated as total non-current borrowings plus current borrowings divided by total equity*.

We have traced the above financial information from the annual reports of the listed peers for the nine-month period ended December 31, 2023 and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 or the calendar year (as applicable and available on the websites of the relevant listed peers). In computing the ratios of the listed peers which are presented in the tables above, we have considered the same formulae as were considered for the calculation of such ratios of our Company. We have not performed any audit procedures for the verification of the financial information of the listed peers set out above.

9. *Weighted average cost of acquisition ("WACA"), floor price and cap price*

(a) **Price per share of the Company (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under any ESOP plans and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal**

to or more than 5% of the fully diluted paid-up share capital of the Company in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuances")

Name of Allotee	Date of Allotment	Nature of Allotment	Nature of Specified Security	Issue Price per Specified Security (in ₹)	Transaction as a % of the fully diluted paid up capital of our Company*	Number of Specified Securities allotted*
Giriraj Singhania	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	14.90%	36,83,570
Raghvendra Singhania	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	4.11%	10,16,716
Giriraj Singhania (HUF)	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	2.95%	7,28,426
Aditi Singhania	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.01%	2,227
Shilpa Singhania	January 6, 2024	Issued pursuant to Composite Scheme of Arrangement	Equity Shares	-	5.16%	12,75,251
Devraj Singhania	January 6, 2024	Issued pursuant the Composite Scheme	Equity Shares	-	0.01%	2,227
Raghvendra Singhania (HUF)	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.41%	1,01,230
Sharda Shree Agriculture and Developers Private Limited	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.98%	2,43,320
Vishal Sharma	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	1.50%	3,71,380
Mohit Sharma	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.43%	1,05,600
Pankaj Sharma	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.02%	6,160
Dhruv Kumar Nagwani	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.44%	1,10,000
Navin Kumar Nagwani	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.44%	1,10,000
Padam Kumar Nagwani	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.52%	1,27,600

Name of Allotee	Date of Allotment	Nature of Allotment	Nature of Specified Security	Issue Price per Specified Security (in ₹)	Transaction as a % of the fully diluted paid up capital of our Company*	Number of Specified Securities allotted*
Rajni Nagwani[#]	January 6, 2024	Issued pursuant to the Composite Scheme	Equity Shares	-	0.14%	35,200

[#] Subsequently transmitted to legal heir Mr. Navin Nagwani
Pursuant to resolutions passed by the Board dated June 4, 2024 and by the Shareholders dated June 5, 2023, the Company has sub divided 12,362,208 equity shares of face value of ₹10 each to 24,724,416 Equity Shares of face value of ₹5 each.

(b) **Price per share of the Company (as adjusted for corporate actions, including bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) where Promoters or members of the Promoter Group or Selling Shareholders or other shareholders with rights to nominate directors are a party to the transaction during the 18 months preceding the date of filing of the Draft Red Herring Prospectus, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Secondary Transactions")**

Name of Acquirer	Name of the Transferee	Date of Transaction	Nature of Consideration	Nature of Specified Security	Face Value	Number of Specified Securities acquired*	Total Consideration (in ₹ million)	Price per security (in ₹)
Giriraj Singhania	Varsha Singhania	May 28, 2024	NA	Equity Shares	10	11,00,000	NA	NA
Giriraj Singhania	Raghvendra Singhania	May 28, 2024	NA	Equity Shares	10	18,57,817	NA	NA
Giriraj Singhania	Vinay Agrawal	May 28, 2024	NA	Equity Shares	10	3,70,866	NA	NA
Shilpa Singhania	Giriraj Singhania	June 27, 2024	NA	Equity Shares	5	2,40,000	NA	NA

For further details in relation to the share capital history of our Company, see "*Capital Structure*" on page 94.

10. The Floor Price is [●] times and the Cap Price is [●] times the weighted average cost of acquisition based on the primary/ secondary transactions disclosed above, at which the Equity Shares were issued by our Company, or acquired or sold by the shareholders with rights to nominate directors are disclosed below:

Past Transactions	Weighted average cost of acquisition of Specified Securities	Floor Price^	Cap Price^
	(₹.)	₹[●]	₹[●]
Issuance of Equity Shares or convertible securities during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up Equity Share capital of our Company (calculated based on the pre-issue capital before such transactions and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NA	[●] times	[●] times
secondary sale/ acquisitions of Equity Shares or any convertible securities, where the Promoter, members of the Promoter Group, Selling Shareholders, or Shareholders having the right to nominate Directors on our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of our Company (calculated based on the pre-Offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NA	[●] times	[●] times

^*To be updated at Prospectus stage*

11. *Justification for Basis for Offer price*

Detailed explanation for Offer Price/Cap Price being [●] times of WACA of past five primary issuances /secondary transactions of Equity Shares (as disclosed above) along with our Company's KPIs and financial ratios for the nine-month period ended December 31, 2023, and Fiscals 2023, 2022 and 2021, and in view of the external factors which may have influenced the pricing of the issue, if any.

[●]*

* *to be computed upon finalization of Price Band.*

12. *The Offer Price is [●] times of the face value of the Equity Shares.*

The Offer Price of ₹ [●] has been determined by our Company in consultation with the BRLMs, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Financial Information – Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 35, 284, 359 and 430, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" beginning on page 35 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

CERTIFICATE ON STATEMENT OF TAX BENEFITS

Date: June 28, 2024

The Board of Directors
Shivalik Engineering Industries Limited
C-33, 3rd Floor
Ashoka Millenium, Ring Road No.1
Rajendra Nagar Chowk
Raipur, 492 001
Chhattisgarh, India

Dear Sir/ Madam,

Re: Proposed initial public offering of equity shares (the "Equity Shares") of Shivalik Engineering Industries Limited (the "Company", and such initial public offering, the "Offer")

We, M/s Rajendra Prasad, Chartered Accountants, the statutory auditors of the company, have been informed that the Company proposes to file the Draft Red Herring Prospectus with respect to the Offer (the "**DRHP**") with the Securities and Exchange Board of India (the "**SEBI**"), and the stock exchanges where the Equity Shares are proposed to be listed (the "**Stock Exchanges**") in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**").

We have received a request from the Company to verify and certify the possible special tax benefits available to the Company and the shareholders of the Company, in connection with possible special tax benefits under direct and indirect tax. laws, including under the Income Tax Act, 1961, as amended, Income Tax Rules, 1962, amendments made by Finance Act, 2024 (hereinafter referred to as 'Income Tax Laws"), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, as amended, the rules and regulations there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders, in the enclosed statement at the Annexure.

Several of these stated tax benefits/consequences are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company or its shareholders to derive the stated tax benefits is dependent on fulfilling such conditions.

A statement of possible special tax benefits available to the Company and its shareholders is required as per Schedule VI (Part A) (9)(L) of the SEBI ICDR Regulations. While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, and its shareholders the same would include those benefits as enumerated in the Statement. The benefits discussed in the enclosed annexure are not exhaustive. The Annexure is for your information and for inclusion in the DRHP, as amended or supplemented thereto or any other written material in connection with the proposed Offer and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. Neither are we suggesting nor advising the investor to invest money based on this statement.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.
We also consent to the references to us as "Experts" under Section 26 of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the DRHP of the Company or in any other documents in connection with the Offer.

We conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ("ICAI"), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects; the aforesaid Guidance Note requires that we comply with the ethical requirements of the Code of Ethics' issued by the ICAI, as revised from time to time. Further, we have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, as revised from time to time. We have also complied with the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time").

Opinion

We confirm that the information herein is true, correct, complete, and accurate, not misleading and does not contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

We undertake to inform you promptly, in writing of any changes to the above information until the allotment of Equity shares/Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer. In the absence of any such communication from us, the above information should be considered as updated information until the allotment of Equity shares/Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.

This certificate can be relied on by the Company, BRLMs, their affiliates and the legal counsels in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Offer.

Restriction on Use

The above certificate is subject to the condition that we do not accept any responsibility for any reports or matters (including any information sent to Book Running Lead Managers) or letter included in the DRHP. Neither we nor our affiliates shall be liable to any investor or Book Running Lead Managers or any other party in respect of the proposed offering. Further the company agrees to indemnify us and our affiliates and hold harmless from all third party (including investors and BRLMs) claims, damages, liabilities and costs arising consequent to our giving consent.

Nothing in the preceding paragraph shall be construed to (i) limit our responsibility for or liability in respect of, the report and the tax statement we have issued, covered by our consent above and are included in the DRHP or (ii) limit our liability to any person which (a) cannot by lawfully limited or excluded under applicable laws or regulations or guidelines issued by applicable regulatory authorities or (b) has been assumed by us contractually in connection with the proposed initial public offer of the Issuer.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents

Yours faithfully,

For and on behalf of M/s Rajendra Prasad, Chartered Accountants
Firm Registration Number: 000203C

Name: Praveen Kumar Goyal
Designation: Partner
Membership No. 426500
UDIN: 24426500BKGUNN6093
Place: Raipur

ANNEXURE A

POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY UNDER DIRECT TAX LAWS

A) TO THE COMPANY

1. Lower corporate tax rate on income of Domestic Companies – Section 115BAA of the Income Tax Act, 1961 ("the IT Act")

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfilment of certain conditions. The option to apply this tax rate is available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised through filing of Form 10IC on the Income tax portal shall apply to subsequent assessment years. The concessional tax rate of 22% is subject to the company not availing any of the following deductions under the provisions of the IT Act:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1) (iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/3ABA: Tea coffee rubber development expenses/site restoration expenses
- Section 35(1)/35(2AA)/35(2AB): Expenditure on scientific research.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development.
- Chapter VI-A except for the provisions of section 80JJAA.

The total income of a company availing the concessional rate of 25.168% (i.e., 22% along with surcharge of 10% and health and education Cess of 4%) is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the Income Tax Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the Income Tax Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

Note: The Company has filed its IT Returns for FY 2022-23 under normal tax regime as provided under section 139(1) of the Income Tax Act, 1961, however, as represented by the Management, the Company will opt for concessional tax rate benefit from FY 2023-24 relevant to the AY 2024-25 as mentioned in the Section 115BAA for which declaration in form 10IC will be filed with the income tax authority.

2. Deductions in respect of employment of new employees – Section 80JJAA of the Income Tax Act, 1961 ("the IT Act")

As per section 80JJAA of the IT Act, where a company is subject to tax audit under section 44AB of the IT Act and derives income from business, it shall be allowed to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.

The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act.

The company is presently not claiming deduction under section 80JJAA of the IT Act. However, this deduction could be claimed in the future subject to fulfilment of the conditions discussed above.

3. Deductions in respect of specified expenditure

(a) In accordance with and subject to the fulfilment of conditions as laid out under section 35D of the IT Act, the company may be entitled to amortize preliminary expenditure, being specified expenditure incurred in connection with the issue for public subscription or such other expenditure as prescribed under section 35D of the IT Act, subject to the limit specified therein (viz maximum 5% of the cost of the project or 5% of the capital employed in the business of the company).

The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed, or the new unit commences production or operation.

Note: With effect from 01 April 2024, the company shall be required to furnish a statement in form 3AF containing the particulars of expenditures specified u/s 35D of the Act one month before the due date of furnishing of return of income u/s 139(1) of the Act.

(b) In accordance with and subject to the fulfilment of conditions as laid out under section 35DD of the IT Act, the company may be entitled to amortize expenditure in case of amalgamation / demerger, incurred wholly and exclusively for the purpose of amalgamation or demerger of an undertaking. The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the amalgamation or demerger takes place.

B) <u>TO THE SHAREHOLDERS</u>

1. Dividend Income

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in the case of domestic corporate shareholder, benefit of deduction under section 80M of the IT Act would be available on fulfilling the conditions.

In case of the shareholders who are individuals, Hindu Undivided Family, Association of person, Body of Individuals whether incorporated or not and every artificial juridical person, the surcharge would be restricted to 15% irrespective of the amount of dividend.

2. Tax on Capital Gains

As per section 112A of the IT Act, Long Term Capital Gains (‘LTCG’) arising from the transfer of equity shares on which Securities Transaction Tax (‘STT’) is paid at the time of acquisition and sale, shall be taxed at the rate of 10% (without indexation) (plus applicable surcharge and cess) of such capital gains. This is subject to fulfilment of prescribed additional conditions as per Notification No. 60/2018/F.No 370142/9/2017 dated 1 October 2018. It is worthwhile to note that tax u/s 112A of the IT Act shall only be levied where such aggregate capital gains exceed INR 1,00,000/- in a year.

Further, the Finance Act 2022 restricts surcharge to 15% in respect of LTCG arising from any capital asset.

As per section 111A of the IT Act, Short-Term Capital Gains (‘STCG’) arising from the transfer of equity shares on which STT has been paid at the time of sale shall be taxed at the rate of 15% (plus applicable surcharge and cess).

Notes:

1. These special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Income tax regulations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences aid the changing tax

laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. The Statement has been prepared on the basis that the Company is in the process of getting shares of the company listed on a recognized stock exchange in India and the Company will be issuing shares.

4. The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:

   i. the Company or its shareholders will continue to obtain these benefits in future;
   ii. the conditions prescribed for availing the benefits have been/ would be met with; and
   iii. the revenue authorities/courts will concur with the view expressed herein.

5. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

6. The above Statement of Possible Special Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS UNDER INDIRECT TAX LAWS

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications and schemes), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications and schemes), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications and schemes), Goods and Services Tax (Compensation to States) Act, 2017 (read with Goods and Services Tax (Compensation to States) circulars, notifications and schemes), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications and schemes), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications and schemes), as amended by Finance Act 2024 (collectively referred as "Indirect Tax Regulations") read with Rules, Circulars, Notifications and Schemes.

A) TO THE COMPANY

1. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)

i. Remission of duties and taxes on Exported Products (RoDTEP)

Remission of duties and taxes on Exported Products (RoDTEP) scheme has replaced Merchandise Export from India Scheme (MEIS). Under the scheme, rebate of duty and taxes which is not refunded under any other Scheme will be given in the form of duty credit/electronic scrip. The scheme was notified from 1 January 2022 with the intention to boost exports. The rate of duty of remission for the products under RoDTEP scheme has been notified by the Government of India and it ranges from 0.5 percent to 4 percent.

ii. Export Promotion Capital Goods (EPCG)

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty. The benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization. EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty In lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions.

2. Benefits under the Central Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated supplies.

There are two mechanisms for claiming refund of accumulated ITC against export. Either person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

B) TO THE SHAREHOLDERS

Shareholders of the Company are not eligible to special indirect tax benefits under the provisions of the the Central Goods and Services Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications).

Notes:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing equity shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

   i. The Company or its shareholders will continue to obtain these benefits in future;
   ii. The conditions prescribed for availing the benefits have been/ would be met with; and
   iii. The revenue authorities / courts will concur with the view expressed herein.

5. The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time.

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Macroeconomic Overview of Global and Indian economy

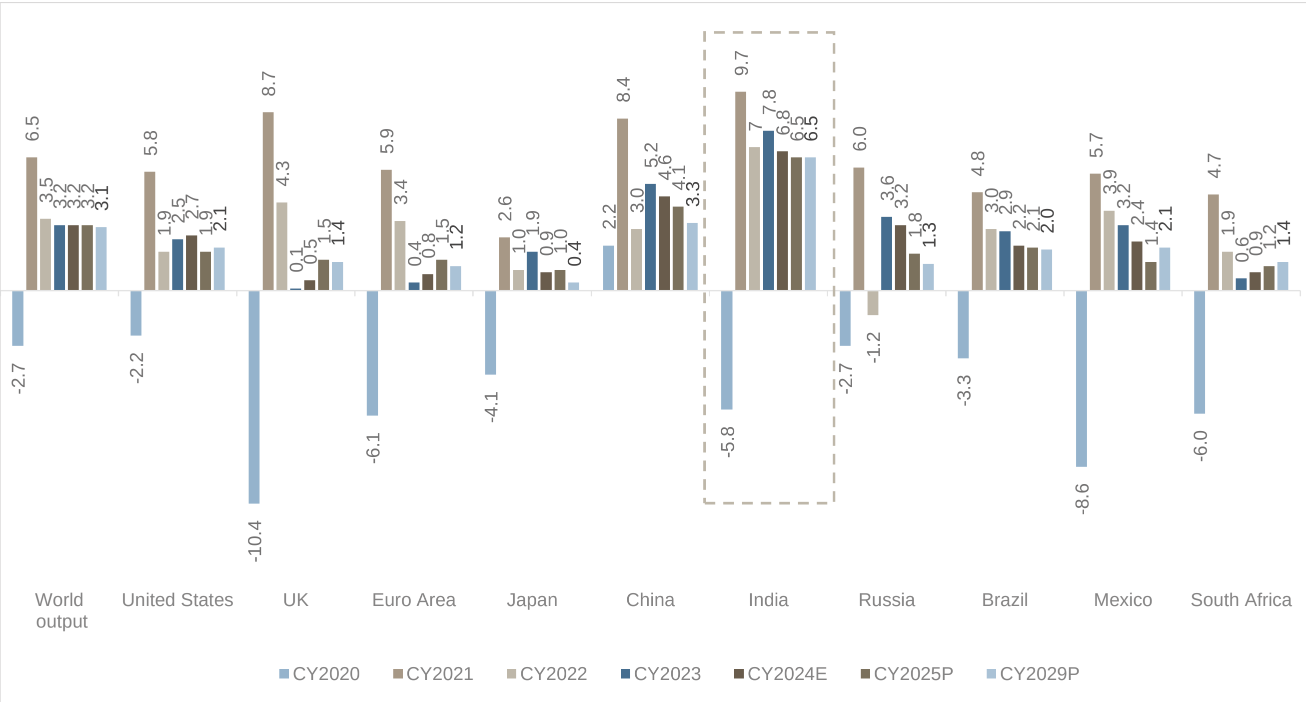
Overview of the Global Economy

Review and outlook of global GDP

The global economy continues to recover from challenges heaped by the Covid-19 pandemic, geopolitical uncertainties in Europe and the Middle East, and considerable tightening of global monetary conditions to address elevated inflation. In fact, a return to the pre-pandemic growth rate was challenging, particularly in the case of emerging and developing economies, owing to the convergence of factors such as long-term fallout of the pandemic and increasing geoeconomic fragmentation. Other issues include elevated central bank policy rates in several large emerging and developed economies to control inflation and withdrawal of fiscal support amid high debt levels, and extreme weather events.

Despite these challenges, the India economy saw strong growth momentum, with a major push fueled by investments and sectors such as information technology, services, agriculture and manufacturing.

Nominal GDP growth of key economies



CY – calendar year

Note: Euro area comprises 19 member countries of the EU

Source: International Monetary Fund (IMF; World Economic Outlook – April 2024 update), CRISIL MI&A Consulting

As per the International Monetary Fund's (IMF) World Economic Outlook:

- The global GDP growth is estimated at 3.2% in the CY2024 with the forecast 0.1% higher than the previous estimates due to the upgrades for China, the United States (US), large emerging markets and developing economies. The forecast for CY2024 is however, below the historical (CY2000-2019) annual average of 3.8% with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support by major economies amid high debt weighing on economic activity and low underlying productivity growth.

- In the case of advanced economies which include the US, Japan and Euro area, growth is projected to rise from 1.6% in CY2023 to 1.7% in CY2024. A marginal upward revision of 0.2% for CY2024 compared with previous estimates of 1.5% is due to stronger growth momentum in the US that is partly offset by weaker growth in the Euro area.

- The growth rate in emerging market and developing economies which include China, India, Russia, Brazil, Mexico, and South Africa is expected to remain at 4.2% in CY2024, with a moderation in emerging and developing Asian countries such as India and China's growth offset mainly by rising growth for economies in Middle East, Central Asia and Sub Saharan Africa. Emerging and developing economies are expected to experience stable growth through 2024 and 2025 albeit with some regional differences.

Real gross domestic product (GDP) growth rate of the US was revised down from 2.5% in CY2023 to 2.1% in CY2024. There was an upward revision of 0.6% for CY2024 from the previous estimates, largely due to stronger than expected growth outcome for 2023.

Growth for the Euro area is projected to recover from its low rate of an estimated 0.4% in CY2023 which was due to high exposure to the war in Ukraine, to 0.8% in CY2024. Stronger household consumption due to the decrease in energy prices and drop in inflation is supporting real income growth and is expected to drive the recovery. Growth is revised downward from the previous estimates, largely on account of carryover from the weaker than expected outcome for CY2023.

Among other advance economies, growth in the United Kingdom is projected to rise modestly from an estimated 0.1% in CY2023 to 0.5% in CY2024, due to the lagged negative effect of high energy prices. Output in Japan is projected to slow from an estimated 1.9% in CY2023 to 0.9% in CY2024. This is due to fading of the one-off factors that supported growth in 2023, including surge in inbound tourism, depreciation of the Yen, pent up demand, and a recovery in business investment following earlier delays in implementing projects.

Growth in emerging and developing countries of Asia is expected to decline from an estimated 5.6% in CY2023 to 5.2% in CY2024. Growth in China is projected at 4.6% in CY2024 due to carryover from stronger than expected growth of 5.2% in CY2023 and increased government spending on capacity building against natural disasters. India is the fifth largest economy and among the fastest growing major economies. Growth in India is projected to remain strong at 6.8% in CY2024 and 6.5% for CY2025 with the strong growth led by continuing strength in domestic demand and a rising working age population.

Economic activity in major developed countries was also resilient, with economic momentum continuing in the US and the Euro area avoiding a contraction in the fourth quarter of CY2023. Growth picked up in the fourth quarter of CY2023 in China as well. However, the slowdown in the UK economy accelerated in the fourth quarter of 2023, with a recession now being recorded. Japan's economy too slowed down in the fourth quarter of CY2023. Meanwhile, the global headline inflation is expected to fall from an average of 6.8% in CY2023 to 5.9% in CY2024 mainly due to expected decline in inflation in advanced economies by 2% in CY 2024.The fall in global inflation in CY2024 reflects a broad-based decline in global core inflation (all item except food and energy). This dynamic differs from that in 2023, when global core inflation fell marginally on an annual average basis and headline inflation declined mainly on account of lower fuel and food price inflation. In CY2024, core inflation is expected to fall by 1.2% after contracting by 0.2% in CY2023. As in case of headline inflation, the fall in core inflation is faster for advanced economies. Diminished inflation reflects the fading of relative price shocks, notably in energy prices. In near term, inflation expectations have fallen in major economies with long term expectations remaining anchored.

GDP growth (quarter-on-quarter seasonally adjusted annualized, %)

	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023	Q3-2203	Q4-2023
US	(0.6)	2.7	2.6	2.2	2.1	4.9	3.2
UK	0.1	(0.1)	0.1	0.2	0.0	(0.1)	(0.3)
Euro area	0.8	0.5	0.0	0.0	0.1	(0.1)	0.0
Japan	4.8	(0.7)	1.8	4.0	4.2	(3.2)	0.4
China	0.4	3.9	2.9	4.5	6.3	4.9	5.2
India	9.1	5.2	4.0	12.8	6.2	4.3	6.2

Source: Statistical Bureau, respective countries

Review and outlook of inflation in key economies

Meanwhile, inflation has declined faster than expected. Global headline inflation in the fourth quarter of 2023 was estimated at ~0.3% lower on-quarter on a seasonally adjusted basis vs the previous IMF estimate. Cooling inflation reflects the fading of price shocks, notably energy prices. In fact, in the near term, inflation expectations have fallen in major economies and long-term expectations are anchored.

However, there is regional divergence on inflation in the US. Hence, S&P Global Ratings, in its February 21,2024 release, did not expect the US Federal Reserve (Fed) to cut rates before June 2024. Also, while inflation in the euro area eased further in February, it remained above the European Central Bank's (ECB) target. And though inflation in Japan continued to ease as well, that also still trended above the Bank of Japan's target. In contrast, inflation in China rose in February after four months of deflation, led by increase in non-food prices.

Consumer price inflation (on-year, %)

	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2204	Feb-2024	Mar-2024	Apr-2024
US	3.2	3.7	3.7	3.2	3.1	3.4	3.1	3.2	3.5	3.4
UK	6.8	6.7	6.7	4.6	3.9	4.0	4.0	3.4	3.2	2.3
Euro zone	5.3	5.2	4.3	2.9	2.4	2.9	2.8	2.6	2.4	2.4
Japan	3.3	3.2	3.0	3.3	2.8	2.6	2.2	2.8	2.6	2.5
China	(0.3)	0.1	0.0	(0.2)	(0.5)	(0.3)	(0.8)	0.7	0.1	0.3
India	7.4	6.8	5.0	4.8	5.5	5.6	5.1	5.1	4.9	4.8

Source: Statistical Bureau, respective countries

US inflation inches up while unemployment decreases

According to a Bureau of Economic Analysis (BEA), US GDP grew at 3.4% in the fourth quarter of CY2023, lower than 4.9% in the previous quarter. Consumer expenditure grew 0.7% month-on-month in December 2023, up from 0.4% in the previous month.

The US labour market remained robust, adding 303,000 non-farm payroll jobs in March 2024, which was up from 270,000 in February 2024 and above the average monthly gain of 231,000 in the previous twelve months. However, the unemployment rate rose to 3.8% in March 2024 compared to 3.9% in the February 2024.

US inflation grew to 3.5% in March 2024 from 3.2% in the previous month, driven by resurgence in energy price inflation. The energy inflation rose to 2.1% in March 2024 compared to a 1.9% fall in February 2024. However, food inflation remained steady in March 2024 at 2.2%. Core inflation eased to 3.8% in March 2024.
Goods and services trade deficit widened to USD 68.9 billion (seasonally adjusted) in February 2024, compared with USD 64.2 billion in January 2024, as exports rose 1.8% month-on-month versus imports growth of 0.8% in February 2024.

Given the resilience of economic activity and the uneven disinflation process, S&P Global Ratings does not expect a rate cut before the Federal Reserve’s June 2024 meeting.

Economic activity revives in the Euro area, inflation eases

Euro area’s GDP held steady at 0.0% growth on-quarter (seasonally adjusted) in the fourth quarter of 2023, against a 0.1% contraction in the previous quarter. Fourth quarter performance was mixed, with Italy (0.2%) and Spain (0.6% provisional) growing quarter-on-quarter while Germany (-0.3% estimated) contracted and French growth remained at 0.0%.

The HCOB Eurozone Composite Purchasing Managers' (PMI) Output Index, which is a weighted average of the HCOB Manufacturing PMI Output Index and HCOB Services PMI Business Activity Index, rose to ten months high of 50.3 in March 2024 from 49.2 in February 2024.The March reading indicates the Euro area economy has expanded for the first time since May 2023.

According to the flash estimate from Eurostat, inflation in the Euro area eased to 2.4% in March 2024 from 2.6% in February 2024, driven by moderation across most categories. Inflation eased significantly in the food related category (2.6% versus 3.9% in February 2024) while energy prices continued to decline as well (-1.8% versus -3.7% in February 2024). 'Core' inflation, except food and energy, eased further (2.9% from 3.1% in February). Inflation in non-energy industrial goods eased (1.1% versus 1.6% in February 2024) while services inflation remained steady at 4.0%.

The European Central Bank held the policy rates steady at its March meeting for the fourth consecutive time, as inflation remains above its target despite some easing.

Euro area merchandise exports increased 0.3% y-o-y in February 2024, while import fell 8.4%. This led to a trade surplus of EUR 23.6 billion in February 2024 compared with EUR 3.6 billion in February 2023.

UK manufacturing begins to expand; inflation eases

S&P Global UK Manufacturing Purchasing Managers' Index (PMI) increased to 50.3 in March from 47.5 in February. The March reading marks an expansion in manufacturing activity for the first time since July 2022. S&P Global UK Services PMI Business Activity Index decreased to 53.1 from 53.8. While this was above the neutral 50.0 threshold, it signalled the slowest pace of business activity expansion since November 2023.

The UK's real GDP contracted 0.3% in the fourth quarter of CY2023, a sharper fall compared to the 0.1% contraction recorded in the third quarter. From an output perspective, all three major sectors contracted. Output in the construction sector contracted the most (1.3%), followed by the production sector (1.0%) and the services sector (0.2%). A decline in a manufacturing output was the main driver of the contraction in the production sector, while a contraction in wholesale and retail trade was primarily responsible for declining output in the services sector.

Inflation eased to 3.2% in March 2024 from 3.4% in February 2024, on the back of lower service and goods inflation. The latter was driven by significant reduction in food and non-alcoholic beverages inflation from 5% in February 2024 to 4% in March 2024. Housing and household services, and motor fuels exerted the highest upward pressure on the annual inflation rate, whereas food contributed to the largest downward pressure. Core inflation eased to 4.2% in March 2024 from 4.5% in February 2024. At its meeting that ended January 31, the Bank of England held its policy rate steady at 5.25%.

Goods and services trade deficit narrowed to GBP 2.3 billion (seasonally adjusted) in February 2024 from GBP 2.2 billion in January 2024.

Inflation slows down in Japan

The Japanese economy contracted by an annualized rate of 0.4% in the fourth quarter of CY2023 due to weaker private consumption amid high domestic inflation.
The au Jibun Bank Japan Manufacturing Purchasing Manager Index (PMI) rose to 48.2 in March from 47.2 February, marked the tenth straight month of contraction in manufacturing activity. The contraction was, however, at its lowest in four months. Conversely, services activity continued expand in February, as indicated by the au Jibun Bank Japan Services Business Activity Index, through the index rising to 54.1 in March 2024 from 52.9 in February 2024.

Japan's core inflation slowed in March due to mild rises in food prices above the Central Bank's 2% target. It rose by 2.9% in March 2024, after increasing by 3.2% in February 2024. It was the first time since November 2022 that the index fell below 3%. Core consumer price index rose to 2.6% in March from 2.8% in February 2024.
During its March meeting, the Bank of Japan ended the negative interest rate and yield curve control policy in place since 2016, stating that it will maintain the key short-term interest rate between 0-0.1%. The Bank's decision was based on healthy wage growth in the economy (corporates have been revising up wage growth rates) and the fact that despite easing, inflation remains above the 2% target.

Japan trade deficit decreased to JPY 377.8 billion in February 2024, compared with a deficit of JPY 928.9 billion in February 2023, as exports grew 7.8% year-on-year, while imports increased at a softer 0.5%. The first rise in 11 months, to JPY 8628.57 billion, as domestic demand started to recover. In 2023, Japan logged a trade shortfall of JPY 9.29 trillion, the third successive year of gap.

Manufacturing picks up pace in China

The Chinese economy grew by 5.3% in the first quarter of CY2024, slightly up from 5.2% in the fourth quarter of CY2023. Manufacturing activity began to expand in March 2024. The official National Bureau of Statistics (NBS) Manufacturing Purchasing Managers' Index stood at 50.8 in March compared with 49.1 in February. On the other hand, non-manufacturing activity continued to expand. The NBS Non-Manufacturing Business Index picked up to 53.0 in March 2024 from 51.4 in February 2024.

Inflation decreased to 0.1% in March 2024 from 0.7% in February 2024. Inflation declined in food and tobacco (-1.4% vs -0.1%), with non-food items inflation easing (0.7% versus 1.1%). 'Core' inflation, except food and energy, inched up as well (0.6% versus 1.2%). The People's Bank of China kept its one-year Loan prime rate unchanged at 3.45% in March 2024 however, it has been attempting to increase liquidity in the system and aid recovery.

China’s total trade surplus widened to USD 39.7 billion in February 2024 from USD 16.8 billion in February 2023 as export increased 5.6% while imports declined by 8.2%.

Additionally:

China’s total trade surplus stood at $125 billion in the first 2 months of 2024 compared with $116.9 billion during the same period of 2023. China exports have benefited from the recovery in the global tech cycle.

China exports rose 7.1% growth on the basis of combined figures of January and February vs the same period of 2023. Growth was led by robust exports to some of China’s emerging market trade partners, such as Africa, Latin America, India and Russia

China’s export to Russia increased 12.5% on-year in the first 2 months of 2024, but this was on a low base. Russia became China’s 10th largest trading partner in 2023, with record $240 billion worth of goods shipped between the two countries.

In fact, strong demand from emerging markets supported China’s trade surge at the beginning of 2024. Shipments to Africa, Latin America and India rose 21.0%, 20.6% and 12.8%, respectively.

Strong export growth to India reflects strong domestic economy. Export to Africa and Latin America indicates growing trade ties between China and these emerging economies, amid a broad global geopolitical shift

China’s shipments to the US also increased, up 5% from a year earlier. However, its export to other traditional trading partners, such as the EU, Japan and Australia, declined.

China’s imports picked up during the first two months of this year in volume terms as well – imports rose 3.5% on-year; the figures have been combined to smooth out the impact of the Lunar New Year holiday

India to post fastest growth among large economies

India’s growth trajectory continued throughout fiscal 2024 wherein India’s GDP expanded at 7.8% in the first quarter, 7.6% in the second quarter and 8.4% in the third quarter. Core sector growth in February 2024 was the fastest in three months and manufacturing activity at five months high. Economic growth was encouraged by investment and manufacturing activity.

Consumer price index (CPI) inflation eased to five months low of 4.9% in March from 5.1% in February 2024. However, core inflation tapered to 3.2% in March 2024 from 3.3% in February 2024. Fuel inflation also tapered in March 2024 due to cut down in domestic fuel prices such as petrol and diesel. High food inflation at 8.5% in March 2024 due to higher cereals inflation, erratic vegetable inflation and elevated pulses inflation is a cause of concern given the Indian Meteorological Department's (IMD) prediction of higher-than-normal temperatures between April and June.

The Reserve Bank of India’s (RBI) Monetary Policy Committee (MPC) voted to keep the policy rates unchanged with a 5-1 majority. The repo rate remained at 6.50% in April 2024. The MPC noted encouraging signs for food inflation easing on the back of an expected bumper rabi output in the current season and a normal monsoon. However, it will remain vigilant about unpredictable weather events, the frequency of which has increased in recent years. The MPC kept its consumer price index (CPI) inflation forecast unchanged at 4.5% for this fiscal.

The International Monetary Fund in its latest report indicated that India's gross investments as a percentage of GDP is expected to rise to 31.9% in fiscal 2025 from 31.7% in fiscal 2024. The National Statistical Office (NSO) reported that manufacturing output rose by 5% in February 2024 which is slightly lower as compared to 5.9% in February 2023. Industrial production expanded by 5.7% in February 2024. Mining production surged by 8% while power output grew by 5.7% in February 2024. India's merchandise trade deficit widened to USD 18.71 billion in February 2024 from USD 17.49 billion in January 2024, as imports surpassed exports in value terms against the backdrop of the Red Sea conflict.

The Indian economy is expected to grow at a higher than estimated 7.6% in fiscal 2024, with GDP growth in the third quarter of the fiscal at 8.4% on the back of lower base, tax collections and healthy growth in the manufacturing sector and construction activities. Data released by the NSO in February 2024 revealed that the economy is expected to grow by 7.6% in fiscal 2024 as against the previous estimate of 7.3%.

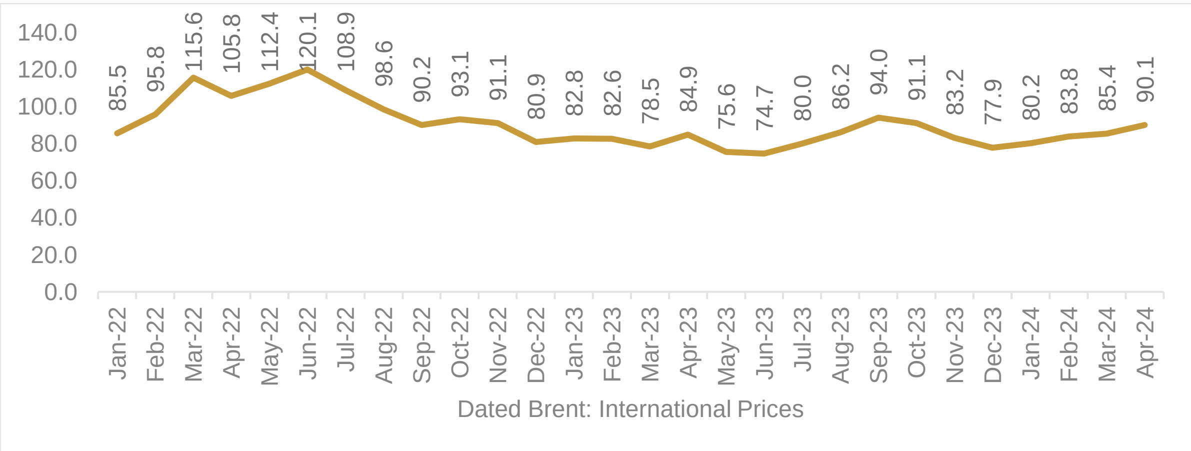
India's merchandise trade deficit widened to USD 18.71 billion in February 2024, from USD 17.49 billion in the previous month, as imports outstripped exports in value terms against the backdrop of the Red Sea conflict.
As per CRISIL MI&A, India's economy is expected to grow at 6.8% in fiscal 2025 up from 6.5% projected earlier. This will be driven by expected easing of domestic financial conditions, disinflation leading to increasing purchasing power of consumers and growth in private capital expenditure.

Energy prices increase significantly, driven by a sharp increase in oil prices

Energy prices witnessed a 2% growth in March 2024 as compared to February 2024. This was due to the growth in Brent crude prices to an average USD 85.4 per barrel in March 2024, which grew from USD 83.8 per barrel in February 2024. Brent crude oil prices increased 5.5% on-month, a significant increase from the 1.9% rise in March. The prices averaged $90.1/barrel in April, sharply up from $85.4/barrel on average in March on geopolitical uncertainty. That said, they remained below the September 2023 level of $94.0/barrel. Australian coal prices increased 2.7% to $135/metric tonne from $131.5/metric tonne.The hike in crude oil prices was fueled by ongoing tensions in the Middle East, drone attacks against Russian refineries and expectation of extended production cuts by Russia. Additionally, this price surge was also due to continued tightening of the global oil supply, largely attributed to the sustained oil production cuts implemented by Organization of Petroleum Exporting Countries (OPEC). A drop in US crude stocks indicates strong demand from the biggest oil consumer in the world along with the robust demand from China, which also supported hike in crude oil prices.

CRISIL MI&A expects crude oil prices to increase on a month-on-month basis with an expected average ranging between USD 88-93/barrel. There are multiple factors that will influence the oil market dynamics. Continuation of Middle eastern tension will keep prices elevated. A stable macroeconomic situation resulting in stable demand will further keep crude prices elevated in the month of April 2024.

Brent Crude prices ($/barrel)



Sources: CRISIL MI&A Consulting

On 3rd March 2024, multiple members of the OPEC and its allies OPEC+ announced extension of production cuts until end of Q2 2024, further tightening supply. The current oil prices have already factored decision of the OPEC+ and is unlikely to significantly impact oil prices. However, any further escalation in the Red Sea crisis will be key monitorable affecting crude oil prices in April-2024.

Global trade stabilizes

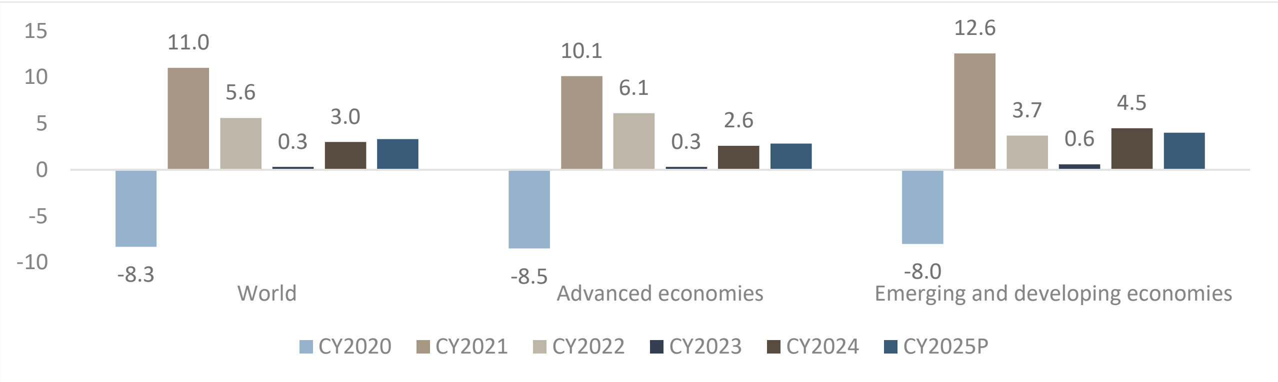
The value of global merchandise trade has continuously declined since mid-2022. The decline in 2023 was primarily because of lower demand in developed countries and subdued trade in East Asia and Latin America. Lower commodity prices further contributed to lowering the value of international trade during the year.

In contrast, trade in services has sustained growth throughout most of the period. Among services, tourism and travel related services rebounded strongly.

In volume terms, trade was modest through 2023. The slightly positive trend in the volume suggests resilient global demand for imported products. A weak US dollar also supported global trade volume in 2023.

However, on-quarter merchandise as well as services trade have stabilised. In 2024, global trade is projected to grow 3.3% on account of overall moderating global inflation and sustained growth of economies. That said, persistent geopolitical uncertainties and rising shipping costs, and high levels of debt weighing on economic activity in many countries may negatively impact further improvement in global trade.

IMF world trade growth projection



Advanced economies – US, Japan, Euro area; emerging market and developing economies – China, India, Russia, Brazil, Mexico, South Africa

Note: Average annual % change of export and import trade in goods and services has been considered

Source: IMF (World Economic Outlook – April 2024 update), CRISIL MI&A

Key events and their impact on global trade

Uncertainty in the Middle East

In the past few months, global trade has been affected by geopolitical uncertainty in the Middle East, leading to an increase in delivery times, and, thereby, disrupting supply chains. Also, a severe drought in the region of the Panama Canal has forced authorities to impose restrictions that have substantially reduced daily ship crossings, slowing down maritime trade through this key conduit, which typically accounts for 5% of global maritime trade. In the first two months of 2024, trade through the Suez Canal fell 50% from a year earlier and trade through the Panama Canal fell 32%.

Commodity price spikes amid geopolitical and weather shocks

The geopolitical uncertainty in the Middle East region, which accounts for ~35% of the world's crude oil exports and 14% of natural gas exports, could affect a wider region in case of further uncertainty. Geopolitical uncertainties in Europe are also leading to fresh supply shocks, with food, energy and transportation costs spiking. In fact, container freight cost increased sharply between October 2023 and January 2024. Geoeconomic fragmentation could also constrain cross-border flow of commodities, causing additional price volatility. Extreme weather shocks, including floods and droughts, may lead to an increase in food prices as well, putting risk to global disinflation.

Tighter monetary policies

A slower-than-expected decline in core inflation in major economies, owing to persistent labour market tightness and supply chain disruptions, could impact interest rates and asset prices, thereby increasing financial stability risks, tighten global financial conditions, and strengthen the US dollar, with adverse consequence for trade and growth.

Key global central banks raised rates in quick succession in 2023, as several advanced economies confronted elevated inflation.

In the current cycle, the Fed and the Bank of England have each raised rates by 525 bps, while the European Central Bank has raised rates by 450 bps. In the past few months, however, these central banks have held interest rates steady as inflation moves closer to the targets. To be sure, the Fed has indicated that it will cut rates by a cumulative 75 bps in 2024.

Growth faltering in China

With a substantial share of several economies' exports absorbed by China, a weaker-than-expected economic recovery in China would have significant cross-border implications, especially for commodity exporters. Fixed investment has already weakened, indicating weakness in external demand. Unintended fiscal tightening in response to local government financing constraints is also possible, which will reduce household consumption as well. Risks to the outlook also include ongoing weakness in the Chinese real estate market, which could pose a larger-than-expected drag on growth and potentially lead to financial stability risks.

India-US trade

The US had communicated in August 2021 to India that it was not interested in a free trade agreement (FTA). India was pulled out of the US's Generalised System of Preferences that granted some tariff relief to its exports in 2019.

The government will now have to work on market access issues on both sides, lowering of non-tariff barriers, entering into mutual recognition pacts and adopting common quality standards, which could help Indian exports in the interim. There is even the possibility of providing domestic access to US agricultural products or easing import duties on automobiles, etc.

That said, the strong momentum in the India-US trade in goods and services has continued, with trade likely to have surpassed $200 billion in 2023 despite the challenging global trade environment. This is almost doubled the level in 2014, showcasing the benefits to both countries, highlighted in the latest India-United States Trade Policy Forum in January 2024.

Beyond trade, India and the US have strong ties in various policy areas. The countries regularly collaborate on initiatives such as the Indo-Pacific Economic Framework for Prosperity (IPEF). The two nations have also resolved seven disputes at the World Trade Organization (WTO), underlining deepening cooperation.

Trade deficit narrows

The global economy is set to broadly expand at a steady pace in 2024. As per the IMF's World Economic Outlook January 2024 projection, the global economy will grow 3.3% in 2024 and 3.6% for 2025.

In 2023, major economies saw a downturn in merchandise trade, with Russia the notable exception, which saw imports rise 6%. However, this increase could be because of currency fluctuation on a very low base of 2022. In fact, Russian exports sharply declined during the year, largely tied to the energy markets. On the other hand, Brazil and the EU eked out growth.

On-quarter data, though, indicates a return to growth in some major economies, including China and India. Overall, a comparison of annual and quarterly trajectories suggest significant improvement in trends for several economies; however, at an overall level, the data still pointed to a negative for 2023.

The decline in global trade was more pronounced for developing countries. In 2023, imports and exports of developing countries declined 5% and 7%, respectively. Conversely, imports in developed countries decreased ~4% and in exports, 3%. On-quarter figures, though, indicated a positive trend for developing countries, while trade of developed countries remained stable.

Region-wise, South-South trade (developing countries, excluding East Asia) posted stronger-than-average on-year decline during much of 2023, with a reversal in the fourth quarter. In fact, on-quarter as well, trade in the fourth quarter rose ~3%.

Trade in most regions declined on-year in 2023, though. The exception was a significant increase in intra-regional trade for the African region. Also, the region comprising Russia and Central Asian economies registered sharp decrease in exports, but strong increase in imports. Trade in East Asian exhibited notable weakness as well, as was the case with intra-regional trade. Trade also was weak in Latin America during the last quarter and in the region comprising Russia and the Central Asian economies.

Conversely, trade grew for Africa and East Asia.

WTO negotiation: India secures multilateral victory

By January 2023, a total of 61 WTO members that were participating in the Joint Statement Initiative on Service Domestic Regulation had submitted requests for certification of their updated General Agreement on Trade in Services (GATS).

India, along with South Africa, has achieved a breakthrough in WTO negotiations on domestic service regulations. After objections to certification requests for updated GATS, India withdrew objections following consultations. India emphasised adherence to multilateral processes, ensuring non-discrimination principles.

India’s key objective was reiterated during meeting and outlined in the revised certification requests of the WTO member involved. Working Party on Domestic Regulations agreed on the course of action for those WTO members aiming to include regulations on domestic matters in their GATS schedules as additional commitments. This outcome addressing a topic mandated by multiple parties within multilateral forum, reaffirmed India’s commitment to preserving the multilateral nature of WTO.

Regional Comprehensive Economic Partnership

The Regional Comprehensive Economic Partnership (RCEP) is a multilateral FTA between Australia, China, Japan, New Zealand, South Korea and member states of the Association of Southeast Asian Nations (ASEAN, comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam). The 15 countries account for ~30% of the world’s population and nearly 30% of global GDP.

To be sure, RCEP is the world’s largest FTA by members’ GDP.

RCEP countries have agreed to progressively abolish 90% of all tariffs on goods between participating members. The agreement also simplifies customs procedures and rules of origin laws between countries. Rules of origin restrictions generally tend to constrain the development of regional supply chains, which means the new provision will reduce the potential regulatory friction for firms and countries in terms of trade.

On November 2019, India decided to opt out of RCEP. India has a trade deficit with 11 out of the 15 RCEP countries and the content of the RCEP deal did not provide protection for the Indian economy. India’s reservations were related to tariff commitments, investments, electronic commerce, rules of origin and auto trigger mechanisms. Further, given the economic slowdown then, the Indian government faced tremendous pressure from different sections of the industry and political organisations to not join the RCEP. Various ministries such as agriculture, steel, chemical and MSME had also opposed the deal.

Joining the RCEP would have made India a part of the rule-making body of what was supposed to be the largest trade agreement in the world. The RCEP was also expected to push India to pursue much needed domestic reforms to make the manufacturing sector more competitive. India already had bilateral FTAs with ASEAN, South Korea, Japan and negotiations were underway with Australia and New Zealand. Also, the inclusion in the RCEP of China, with whom India had a trade deficit $54.7 billion in 2018 – that accounted for half of the country's total trade deficit – was a cause of concern for India.

Overview of the Indian economy

Review of GDP growth over fiscals 2019-2024 and Outlook for fiscals 2024-2029

India ranks as the world's 5th largest economy and is the fastest growing among major economies. The Indian economy logged 4.3% CAGR between fiscals 2019 and 2024. This was a sharp deceleration from a robust 6.7% CAGR between fiscals 2017 and 2019, which was driven by rising consumer aspiration, rapid urbanisation, the government's focus on infrastructure investment and growth of the domestic manufacturing sector. Economic growth was supported by benign crude oil prices, soft interest rates and low current account deficit. The Indian government also undertook key reforms and initiatives, such as implementation of the Goods and Services Tax (GST), Insolvency and Bankruptcy Code, Make in India, financial inclusion initiatives, and gradual opening of sectors such as retail, e-commerce, defence, railways, and insurance for foreign direct investments (FDIs).

A large part of the lower growth between fiscals 2018 and 2023 was because of the economy contracting 5.8% in fiscal 2021 owing to the fallout of Covid-19. The pandemic's impact was more pronounced on contact-sensitive services and social distancing norms-affected services such as entertainment, travel, and tourism, with many industries in the manufacturing sector also facing issues with shortage of raw materials/components as lockdown in various parts of the world upended supply chains.

Over the period, India's economic growth was led by services, followed by the industrial sector, while in part impacted by demonetisation, the non-banking financial company (NBFC) crisis, slower global economic growth, and the pandemic.

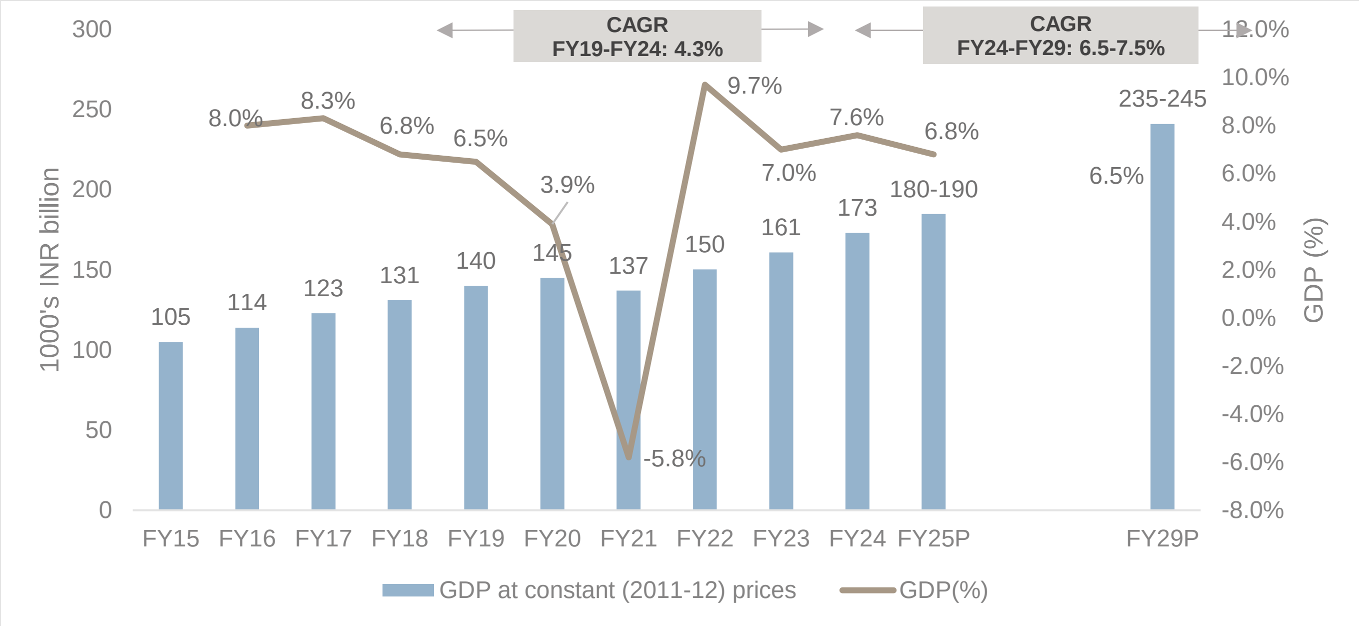
As lockdowns were gradually lifted, economic activity revived in the second half of fiscal 2021. After a steep contraction in the first half, owing to rising number of Covid-19 cases, GDP moved into positive territory towards the end of fiscal 2021. Subsequently, in fiscal 2022, India's real GDP grew 9.7% from the low base of fiscal 2021. India's gross domestic product (GDP) exceeded expectations during first three quarters of fiscal 2024. According to the National Statistics Office's (NSO) second advance estimates (SAE), real GDP growth accelerated to 8.4% year-on-year in the third quarter of fiscal 2024 from 8.1% in the second quarter. Growth of the past two quarters were revised up (second quarter was revised to 8.1% from 7.6%, and first quarter to 8.2% from 7.8%)

NSO now pegs GDP growth at 7.6% in fiscal 2024 compared with 7.3% as per the first advance estimates. Based on this second advance estimate, growth in the fourth quarter of this fiscal is estimated to slow to 5.9%. Additionally, the estimate for fiscal 2023 was revised to 7.0%, while for fiscal 2022 it was revised to 9.7%. Growth surpassed forecasts in the second quarter of fiscal 2024, driven by strong government spending and a sharp rise in manufacturing and construction growth. Globally, growth in major economies such as the US and China beat estimates, contributing to better export earnings for India.

After a strong GDP estimate in the past three fiscals, CRISIL MI&A expects GDP growth to moderate to 6.8% in fiscal 2025. Fiscal consolidation will reduce the fiscal impulse to growth. Rising borrowing costs and increased regulatory measures could weigh on demand. Exports could be impacted due to uneven growth in key trade partners and any escalation of the Red Sea crisis. On the other hand, another spell of normal monsoon and easing inflation could revive rural demand.

Reducing the fiscal 2024 deficit will reduce the government's direct support for economic growth, but investing in high-quality spending could still boost investment and rural incomes. CRISIL MI&A anticipates a return to normal levels of indirect tax impact on GDP. However, uneven economic growth in major trade partners like the US and EU, along with escalating tensions in the Red Sea, may hinder exports.

India's GDP growth trend and outlook



Note: P – projected

Source: National Statistical Office (NSO), International Monetary Fund (IMF), CRISIL MI&A Consulting estimates

In the third quarter of fiscal 24, fixed investments posted year-on-year growth of 10.6% while private consumption (3.5%), despite a modest uptick, remained sluggish. The drag from net exports eased in the third quarter. From the supply side, growth was highest for manufacturing (11.6%), followed by construction (9.5%) and services (7.0%), while growth in agriculture contracted in the third quarter (-0.8%).

Similarly, growth in the fiscal year 2024 till Q3 has been driven by fixed investments (10.2% growth), while private consumption at 3.0% trailed overall GDP growth. On the supply side, industry grew the most (9%), followed by services (7.5%), while agriculture (0.7%) lagged.

Near-term review and outlook on GDP

India transition to the world's fifth largest economy and fastest growing among major economies has been on the back of services, industry and agriculture sectors firing.

Services sector key growth driver

In fiscal 2020, the services sector accounted for 55.3% share of India's GDP vs 52.4% in fiscal 2015. However, in fiscal 2021, its share had dipped to 53.6%, owing to the onset of the pandemic, with marginal improvement in fiscal 2022 following gradual normalisation of market operations.

The industrial sector, which logged a 7.1% CAGR between fiscals 2015 and 2019, was the second-largest contributor, at ~31% share of GDP. As was the case with services, the contribution of industrial declined in GDP declined in fiscal 2021 as well, with slowdown in economic growth. Before the slowdown in overall economic activity in the fiscal, India's industrial sector output growth was supported by the government's Make in India initiative, rising domestic consumption and implementation of GST. The initiatives improved India's position on the World Bank's Ease of Doing Business index to 63 in fiscal 2019 from 142 in fiscal 2014.

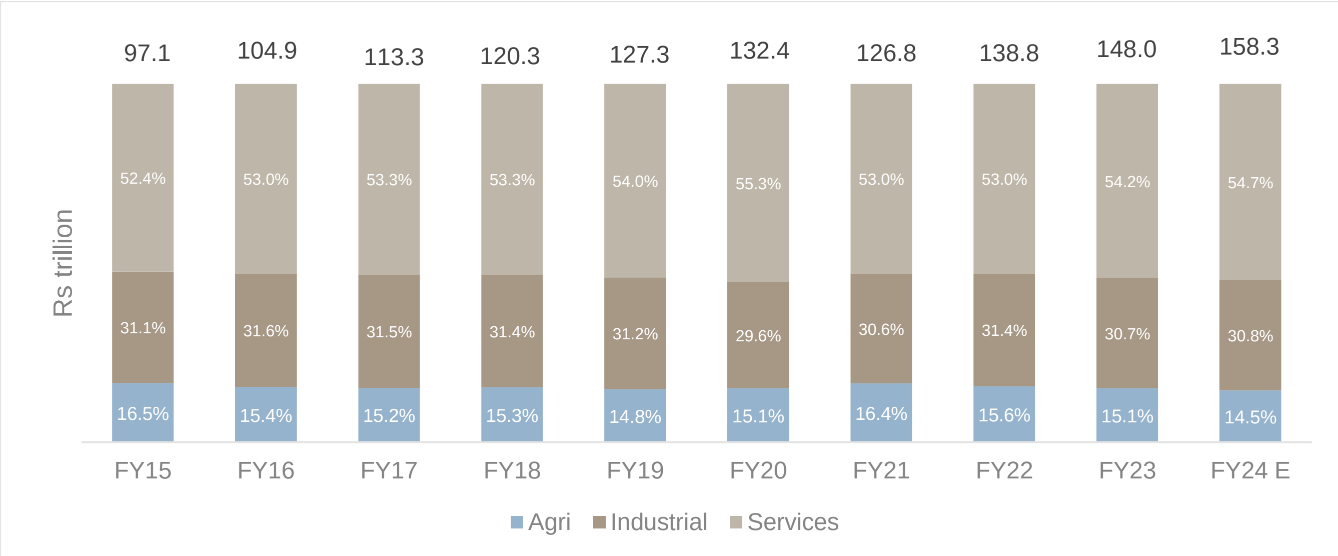
To be sure, the pandemic and subsequent lockdown exacerbated the economic slowdown in fiscal 2021, with the services segment the worst affected, declining 8.2% on-year, mainly because of decline in trade, hotels, transport and communication services (THTC) by 19.7% as well as decline in public administration, defence and other services by 7.6%. The industrial sector followed, declining 0.9% on-year. Agriculture was the only sector that grew 4.1% on-year, thereby restricting a further contraction in GDP.

In fact, during the fiscal, the agriculture sector's share in GVA at constant prices expanded, while the share of the services and industrial sectors contracted.

In fiscal 2022, agriculture GVA rose 3.5% and the industrial sector, 12.0%, on a low base of fiscal 2021, whereas the service sector grew 8.8%. This primarily supported a 9.7% rise in GDP.

In fiscal 2023, agriculture GVA continued to grow at a steady 4.0%, thereby its share in GDP continued to expand. The share of industrial sector in GDP also rose 4.0% on a high base, mainly because of utility services, which rose the sharpest among the industrial components, by 8.0%. Other growth segments were mining (grew 5.0%) and manufacturing and construction (grew marginally). The services sector grew 9% in fiscal 2023. Trade, hotels, transport, and communication services (THTC) saw strong on-year growth of 14% in fiscal 2023.

Share of sector in GVA at constant prices



E – estimated
Source: RBI; CRISIL MI&A Consulting

In fiscal 2024, the agri sector is estimated to have expanded ~0.7% on-year, thereby contributing to 14.4% of the GVA. The services sector, though, is expected to remain the economy's engine, growing 7.5%, with its share in GVA at 54.7%, whereas industry will maintain a 30.8% share.

In fact, services growth picked up (7.0% in the third quarter vs 6.0% in the second quarter). Within the space, growth in THTC accelerated (6.7% vs 4.5%), spurred by the festive season. Financial, real estate and professional services also picked up 7.0% from 6.2%, supported by an acceleration in services export growth (5.5% vs 4.6%) and favourable base effect. Financial services benefited as well from healthy credit momentum. And public administration, defence and other services grew 7.5% vs 7.7%.

Meanwhile, agriculture and allied GVA contracted 0.8% in the third quarter of last fiscal (compared with 1.6% growth in the second quarter). While partly the result of a highly unfavourable base, it was also because of a fall in kharif output as per the government's second advance estimates. Hence, owing to the higher growth in services, CRISIL estimates that the contribution of the agri sector to have lost ground.

Manufacturing leads growth in third quarter of fiscal 2024

Among the major producing sectors, the highest growth in the third quarter of fiscal 2024 was manufacturing, at 11.6% on-year, though the rate of increase was a moderation from 14.4% growth in the previous quarter. Construction GVA grew at a healthy pace despite some slowdown (9.5% vs 13.5%) and was supported by continued government capital expenditure (capex) in infrastructure.

Real GDP growth over fiscals 2024 to 2029

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

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

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

Risks to growth

Weak monsoon

Rainfall in the country during June to September 2023 was 94% of the long period average (LPA). To be sure, deficient rainfall has a significant impact on the rural demand.

Inflation pressure

Inflation data released in April 2024 showed Consumer Price Index (CPI) inflation eased to a 5-month low of 4.9% in March from 5.1% in February. While core inflation declined to a record low of 3.3%, fuel inflation declined to 3.2% on the back of lower domestic fuel prices. The worry, though, remains on persistently high food inflation, at 8.5%.

External drag on growth

Global growth is likely to slow down this year because of higher interest rates. Central banks in key advanced economies have maintained policy interest rates in their latest meetings. However, improving inflation outlook will allow the RBI to initiate rate cuts in fiscal 2025. Geopolitical uncertainty, though, will continue to disrupt global trade.

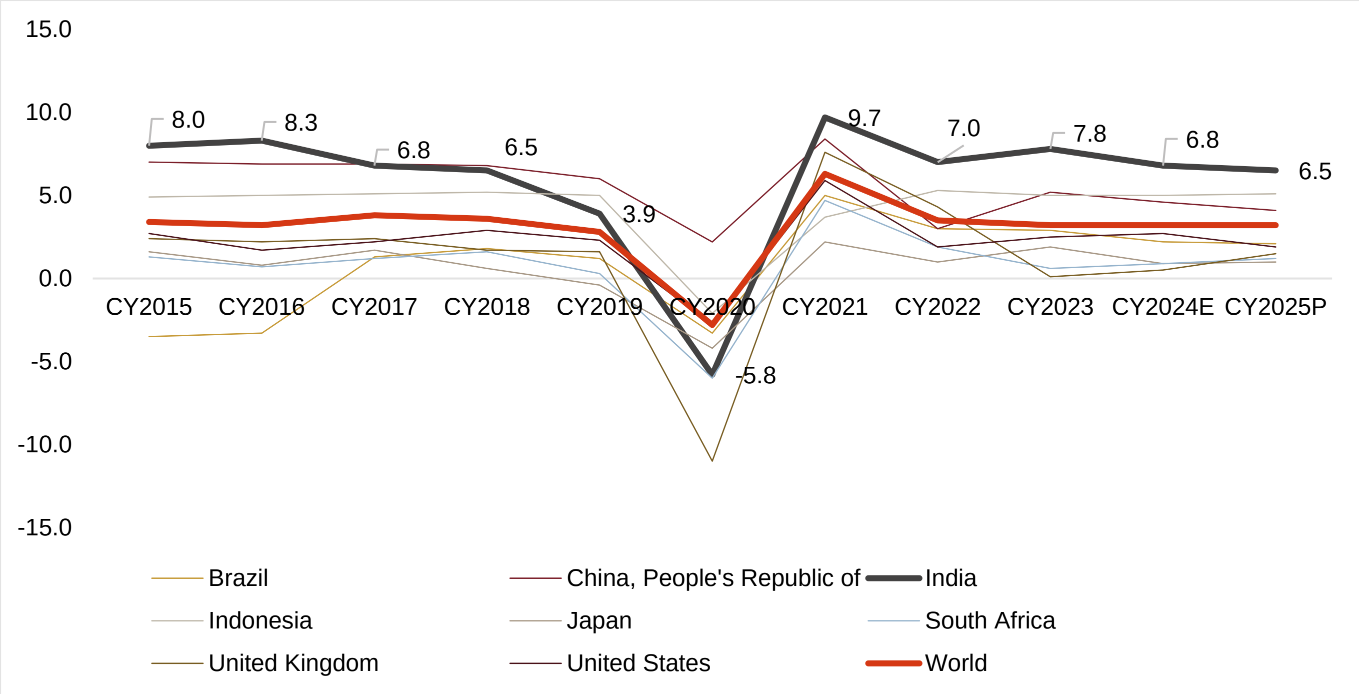
Impact of higher interest rates

The transmission of past rate hikes by the RBI’s Monetary Policy Committee (MPC) is still playing out amid tight liquidity conditions, which suggests a further rise in market lending rates in the near term. This will moderate domestic demand. The RBI’s move to increase the risk weights on consumer credit exposure of banks and NBFCs is also expected to mildly affect overall credit growth this fiscal.

India to remain a global outperformer

Despite slowdown in the near term, India’s economy is expected to outperform over the medium run. CRISIL MI&A expects GDP growth to average 6.8% between fiscals 2025 and 2029 vs 3.2% globally, as estimated by the IMF.

India is one of the fastest growing economies (GDP growth, % year-on-year)



E – estimated; P – projected

Note: GDP growth based on constant prices
Source: IMF (World Economic Outlook – April 2024 update), CRISIL MI&A Consulting

Drivers for India's economic growth

Capital will continue to be the biggest contributor to growth. However, as the government pursues fiscal consolidation, its role in boosting overall capex will partly diminish compared with the past few years.

Also, strong domestic demand is expected to drive India's growth over peer economies in the medium term.

Investment prospects are optimistic, given the government's capex push, progress of the Production Linked Incentive (PLI) scheme, healthier corporate balance sheets, and a well-capitalised banking sector with low non-performing assets.

India is also likely to benefit from its diversification of the supply chain for incoming FDI flows, as global supply chains get reconfigured with focus shifting from efficiency towards resilience and friend shoring.

Further, rising employment and notable increase in private consumption, buoyed by growing consumer confidence, are poised to drive GDP growth in the coming months.

The government's future capex is expected to be supported by tax buoyancy, simplified tax structures with lower rates, reassessment of the tariff structures and digitalisation of the tax filing process.

Medium-term growth is anticipated to be bolstered by increased capital spending on infrastructure and asset development projects, thereby translating into enhanced growth multipliers.

Near-term review and outlook on inflation

Consumer price inflation (CPI) eased to a 5-month low of 4.9% in March 2024 from 5.1% in February 2024. While core inflation declined to a record low of 3.3%, fuel Inflation declined to 3.2% on the back of lower domestic fuel prices. The food inflation is high, at 8.5%. Higher cereals inflation, erratic vegetable inflation and elevated pulses inflation are a cause of concern given the India Meteorological Department's (IMD) prediction of higher-than-normal temperatures between April and June.

Although headline inflation eased to 5.4% on-year in fiscal 2024 from 6.7%, food inflation surged to 7.5% from an already high 6.6% in fiscal 2023. The March 2024 reading of 8.5% food inflation creates some disquiet given the prediction of higher-than-average temperatures over the next few months that can stress vegetable production and some of the rabi crop that is yet to be harvested. Beyond that, we expect food inflation to ease a tad on the back of the prediction of a favourable monsoon (above normal rains as per the IMD), some benefit from a high food inflation base and an expected season downturn in pulses inflation.

We expect non-food inflation to remain comfortable, supported by softness in consumer demand, a pass-through of the previous year's oil price decline to domestic fuel (petrol and liquefied petroleum gas (LPG)) prices and an expectation of benign crude prices. Under these assumptions, we expect CPI inflation to average 4.5% in FY25. Intensification/persistence of geopolitical concerns and weather shocks, if any, pose an upside risk. Meanwhile, the government's budget is slimmer, which means the fiscal impulse to growth is also leaner and, therefore, less inflationary. All these factors contribute to the favourable conditions for interest rate reductions during this fiscal year, provided that potential hindrances such as food inflation or geopolitical escalations do not intervene and defer this decision.

Food inflation remains high

In March 2024, there was a slight softening in overall vegetable inflation to 28.3% from 30.2% in February 2024. However, specific vegetables like onions and potatoes saw increased inflation, while tomato inflation decreased but remained high. Excluding tomatoes, onions, and potatoes, vegetable inflation decreased to 24.4% in March 2024 from 34% in February 2024, mainly due to cooling inflation in garlic, brinjal, and lady's finger.

Foodgrain inflation inched up to 10.2% in March from 9.8% in February 2024, with cereals inflation rising to 8.4% in March 2024 vs 7.7% in February 2024. Wheat inflation (from non-Public Distribution System (PDS) sources) accelerated to 4.7% in March from 2% in February 2024 partly due to an adverse base. Rice inflation, on the other hand, inched down to 12.7% in March from February's 12.9%.

However, easing pulses inflation to 17.7% in March from 18.9% in February 2024, capped the rise in foodgrains inflation. Among pulses, inflation eased in arhar upto 33.5% in March vs 36.8% in February and moong to 11.5% in March from 12% in February. Inflation in meat and fish accelerated for the second straight month to 6.4% in March from 5.2% in February driven by chicken which increased to 8.5% in March which was 5.6% in February 2024 and fish and prawn to 6.6% in March from 6.1% in February. The pace of deflation in edible oils slowed significantly. Prices declined 11.7% on-year compared with 14% in the February month. Spices inflation moderated for the seventh straight month to 11.4% in March 2024 from 13.5% in February. Inflation in sugar eased for the first time in over a year to 7.3% in March from 7.5% in February 2024.

Fuel inflation falls further

Fuel prices fell 3.2% year-on-year in March 2024 compared with a 0.8% decline in the previous month, remaining negative for the seventh straight month. LPG prices fell by a sharper 22.3% in March year-on-year compared with a 13.3% decline in February. This was due to the central government cutting prices since March. Inflation remained unchanged in electricity, at 10.4%, for the third consecutive month. Inflation picked up in PDS kerosene to -7.4% in March from -11.2% in February 2024 and Inflation in fire and woodchips increases to 3.2% in March 2024 from February's 3%.

Core inflation eases to a record low

Core inflation inched down to a record low of 3.3% in March 2024 from 3.4% the previous month. Inflation eased in the essential categories of education to 4.7% from 4.8%, in health to 4.3% in March from 4.5% in February, and in housing to 2.8% in March as compared to 2.9% in February. On the other hand, inflation picked up in personal care and effects to 6% in March from 5.2% in February, led by rising gold prices to 12.9% in March as compared to 10.2% in previous month. There was a slight uptick in recreation and amusement inflation to 2.8% in March vs 2.7% in February. Core goods eased to 2% in March from 2.5% in February, while services inflation remained unchanged at 3.3%.

WPI inflation rises

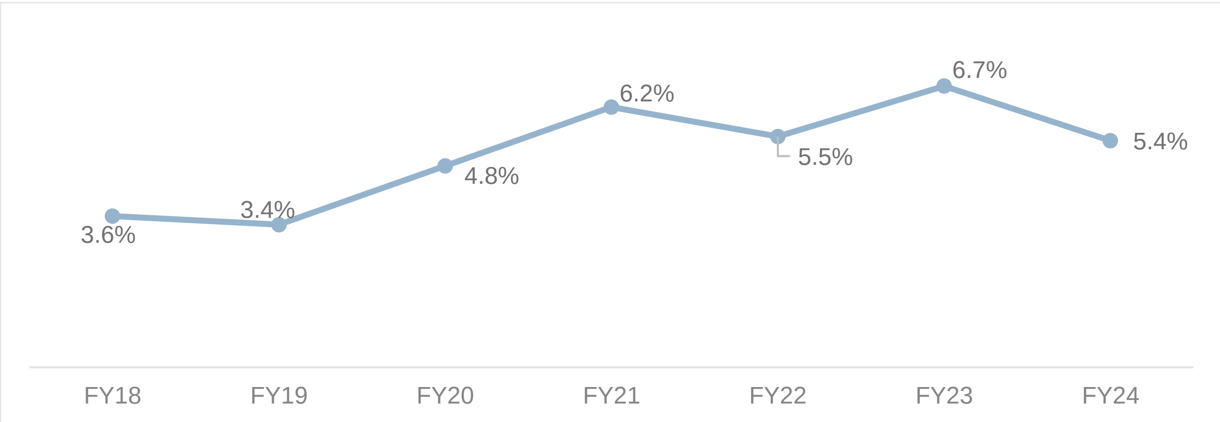
Wholesale Price Index (WPI)-linked inflation increased to 0.5% in March from 0.2% in February, mainly due to a rise in food inflation. Food inflation rose to 4.6% in March from 4.1% in February, driven by higher prices of cereals (9.0% vs 6.6%), which more than offset the decrease in pulse prices (17.2% vs 18.5%). This resulted in an uptick in foodgrain inflation to 10.5% in March from 8.7% in February. Vegetable inflation remained largely unchanged at 19.5% in March compared to 19.8% in the previous month. Crude oil inflation decreased to 10.3% in March from 16.7% in the previous month. The rate of deflation in fuel and power slowed to -0.8% in March from -1.6% in February, influenced by increasing inflation in electricity (6.4% vs 3.5%), coal (0.5% vs 0.3%), and mineral oils (-3.5% vs -3.8%). Inflation on manufactured products rose to -0.8% in March from -1.3% in the previous month. Furthermore, the pace of deflation eased in basic metals (-5.3% vs -5.7%), chemicals (-4.6% vs -5.2%), and textiles (-1.7% vs -1.9%). Inflation in machinery and equipment remained unchanged at 1.6%.

Outlook on inflation

While headline Consumer Price Inflation (CPI) eased to 5.4% year-on-year in fiscal 2024 from 6.7%, food inflation surged to 7.5% from a high of 6.6% in fiscal 2023. The March 2024 reading of 8.5% food inflation raises concerns, particularly with the prediction of higher-than-average temperatures in the coming months, which could strain vegetable production and some yet-to-be-harvested rabi crops. Looking ahead, we anticipate a slight easing in food inflation, driven by favorable monsoon predictions (above-normal rains according to the IMD), some relief from a high base of food inflation, and an expected seasonal decline in pulses inflation.

We anticipate non-food inflation to remain manageable, supported by subdued consumer demand, the impact of previous year's oil price declines on domestic fuel prices (petrol and LPG), and expectations of stable crude prices. Based on these assumptions, we project CPI inflation to average 4.5% this fiscal year. However, intensification or persistence of geopolitical tensions and weather-related shocks pose an upside risk to this forecast. Moreover, with a leaner government budget, the fiscal impulse to growth is diminished, which could alleviate inflationary pressures. These factors create a conducive environment for potential rate cuts this fiscal year, unless challenges such as food inflation or geopolitical tensions intervene and delay such decisions. Hence, CRISIL expects CPI inflation to average 4.5% in fiscal 2025 against an estimated 5.4% in fiscal 2024.

CPI trendline



Source: Ministry of Statistics and Programme Implementation (MOSPI), CRISIL MI&A Consulting

Cooling domestic demand, assumption of a normal monsoon along with a high base for food inflation should help moderate inflation this fiscal. A non-inflationary Interim Budget 2024-25 that has focused on asset creation rather than direct cash support also bodes well for core inflation. However, an unusual weather event could reverse the easing. Similarly, recent geopolitical uncertainties in the Middle East and a fading low base effect for commodity prices could put some upside pressure on core inflation, and would, therefore, need monitoring.

Nevertheless, we believe slowing inflation, a smaller fiscal deficit and an imminent turn in the Fed’s policy rates will lay the ground for the RBI’s MPC to start cutting rates. However, we believe more clarity on the path of disinflation could push this decision at least to June 2024, if not later. While CPI inflation has remained in the RBI’s tolerance band of 2-6% since August, it is still shy of the 4% target, thereby keeping the MPC on guard.

Factors having direct bearing on auto demand

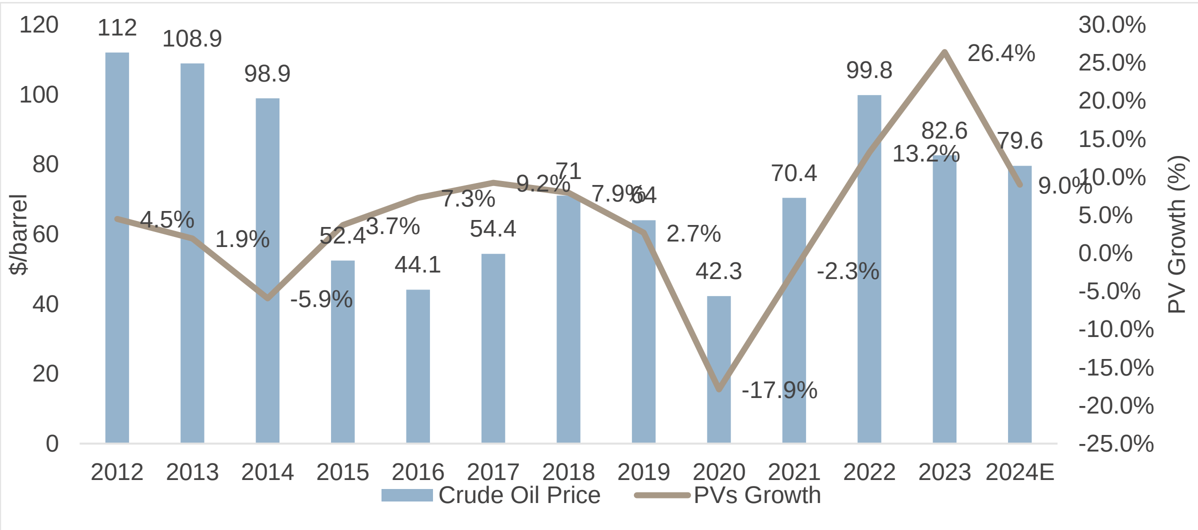
Fluctuations in crude oil prices and the rupee-dollar exchange rate directly affect automobile demand as these two factors increase fuel costs and import costs, respectively. Also, monsoons, which have a direct bearing on crop yields and food prices, in turn, impact auto demand as it shapes consumer spending behaviour and economic trajectory. Auto finance rates are pivotal in determining affordability. Moreover, private final consumption expenditure (PFCE) and per capita income provide a lens into consumer purchasing power, influencing affordability and, thereby, automobile demand.

Elevated recessionary fears to impact crude oil prices

Crude oil prices have largely risen since end-2021 by ~24% till fiscal 2024. Prices rose further following geopolitical uncertainty in Europe, with prices averaging $100 per barrel (bbl) in 2022. In fact, prices rose to $106 per bbl in the first half of 2022 as the geopolitical uncertainty resulted in a significant shift in the crude oil supply chain. However, increasing recessionary fears stemming from elevated inflation, along with interest rate hikes globally, considerably affected consumption and economic growth, dragging crude oil prices towards $94 per bbl, or a decline of 11%, in the second half of 2022. In 2023, with the rebalancing in global crude oil trade, prices slipped to $82.6 per bbl.

In 2024, CRISIL MI&A Consulting expects prices to remain range-bound at $75-80 per bbl. However, any decision by OPEC to cut production as well as a further decision on a ban of Russian crude oil are key factors to be monitored.

Crude oil price and passenger vehicle trend



E – estimated
Notes:
1) Price data is for calendar yea
2) PVs Growth is for Financial Year and For FY24 the growth rate is based on actual number.
Source: Industry, CRISIL MI&A Consulting

In 2022, global crude oil supply rose a healthy 4 million barrels per day (mbpd), reaching 94 mbpd. Incremental growth in supply was driven by the US, Saudi Arabia, the UAE and Iraq, accounting for ~80% share. Crude oil supply, though, continued to be impacted in certain regions. Production-led challenges in Norway, Libya and Nigeria led to a 10% decline in output during the year. Supply chain and gas leak issues in Kazakhstan resulted in muted output from the country as well.

In 2023, ramping up of newer fields in Norway and increased production in North America led to healthy supply of crude oil. Higher drilling activities, along with lower logistical issues from the Permian Basin and Eagle Ford Basin, resulted in healthy supply growth in the US. However, incremental production cuts by OPEC and Russia continued to impact global crude oil supply during the year.

To be sure, rising crude oil prices typically lead to higher fuel costs, directing customer preference towards more fuel-effective vehicles. Increased production cost for automakers and potential shift in consumer spending due to inflation and economic conditions further influence automotive demand.

That said, certain factors will dictate long-term crude oil demand, such as slowing global GDP growth, structural changes, aggressive push towards electric vehicles (EVs), significant increase in vehicle efficiencies, and an ageing population, which has the propensity to consume less crude oil-based products and services, thereby translating into likely weakening in automobile demand.

Rupee-dollar exchange rate in 2024

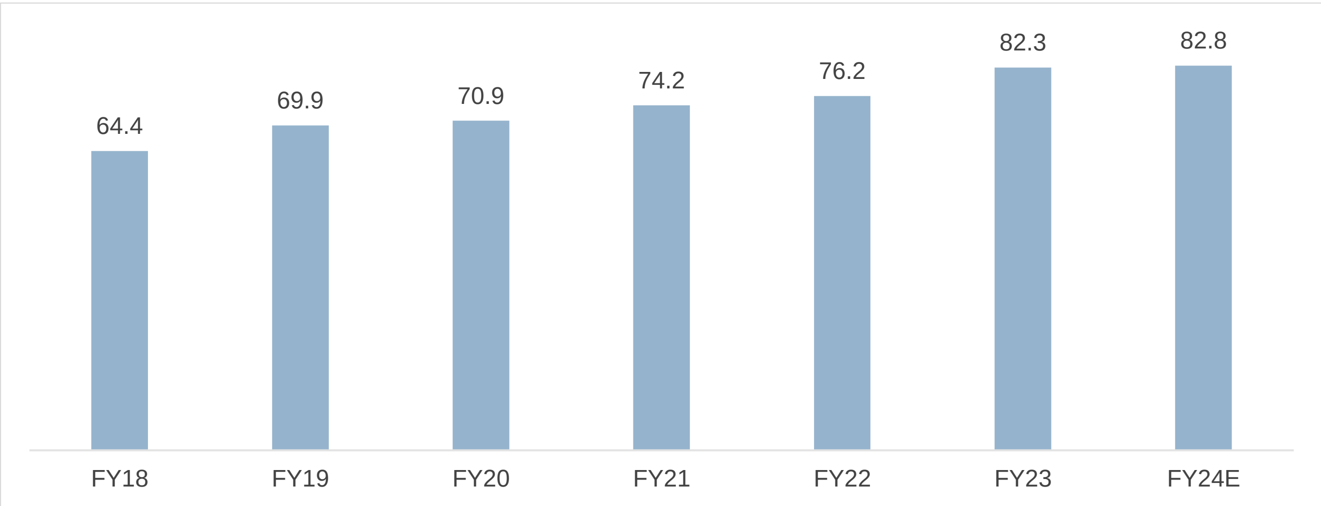
The rupee appreciated slightly against the dollar in February 2024, to Rs 82.96/$, from Rs 83.12/$ in January 2024 on strong capital inflows. This was despite the dollar index strengthening and India's trade deficit widening. In fact, on a monthly average basis, the rupee appreciated 0.2% compared with January.

The rupee remained one of the better-performing emerging market currencies in the first two months of 2024. The on-year rate of depreciation was also lower at 0.4% on average during the two months.

CRISIL expects the rupee to average to Rs 83.5/$ by March 2025 compared with ~Rs 83/$ in fiscal 2024. While a narrower current account deficit is expected to support the local currency, volatile external financing conditions could exert some pressure.

As mentioned, the rupee-dollar exchange rate impacts auto demand as it affects import costs. A weaker rupee raises input costs and fuel prices, which reduces domestic demand while enhancing export competitiveness. While increase in fuel prices directly impacts the consumer demand, rise in input costs may not always have a direct impact, as original equipment manufacturers do not always pass these costs to consumers. Any price increase that is passed on by OEMs directly affects the consumer's purchasing decision, though.

Rupee-dollar exchange rate



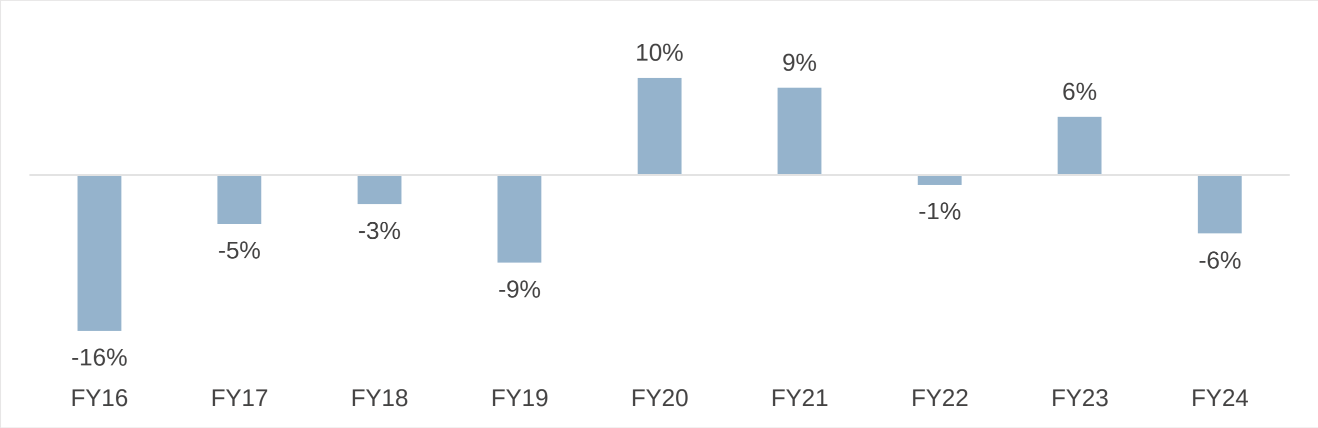
E – estimated
Source: RBI, CRISIL MI&A Consulting

Agri variables

Small and marginal farmers dominate the Indian agricultural landscape, comprising 86% share of land holdings. These farmers rely on the monsoon for irrigation; hence, its timely arrival and adequacy are needed for a good crop. Any negative impact on crop supply owing to low rainfall has a cascading effect on the Indian economy, as it leads to higher food prices and subsequently lower discretionary spending.

Monsoon has been favourable over the past few years with deviation in the acceptable range; As per the India Meteorological Department (IMD), monsoon deviation was 6% in fiscal 2023. However, fiscal 2024 witnessed an uneven spread of rainfall during the initial months. But rabi output was favourable, supporting farmer income during the early months of fiscal 2024. Also, while kharif sowing was initially delayed owing to a delay in arrival and spread of the monsoon, sowing picked up thereafter. Moreover, higher minimum support price (MSP) in the fiscal and good prices at the mandis maintained on-ground positivity.

Rainfall deviation trend

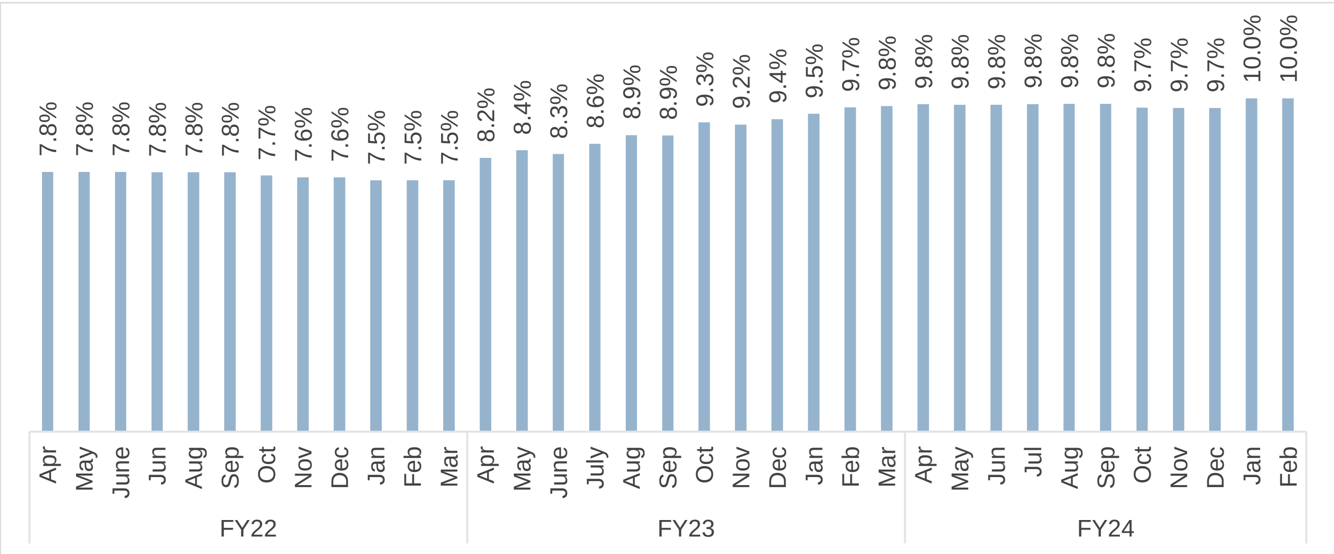


Note: When rainfall average across the country is within ±10% from its long period average (LPA) or 90-110% of LPA, the rainfall is considered "normal". The LPA for June-September was 868.6mm.
Source: IMD, CRISIL MI&A Consulting

Steep hike in auto finance rates

The sharp rise in repo rates has increased financing rates across automobile segments. Equated monthly installments in the passenger vehicle (PV) segment is currently witnessing interest rates of nearly 10%. Interest rates have reached the pre-pandemic levels and are expected to remain firm in the short term. Demand for cars-durable goods most often purchased on credit and higher interest rates makes auto loans more expensive, impacting the purchasing decisions of customers.

Average auto finance rates offered by banks



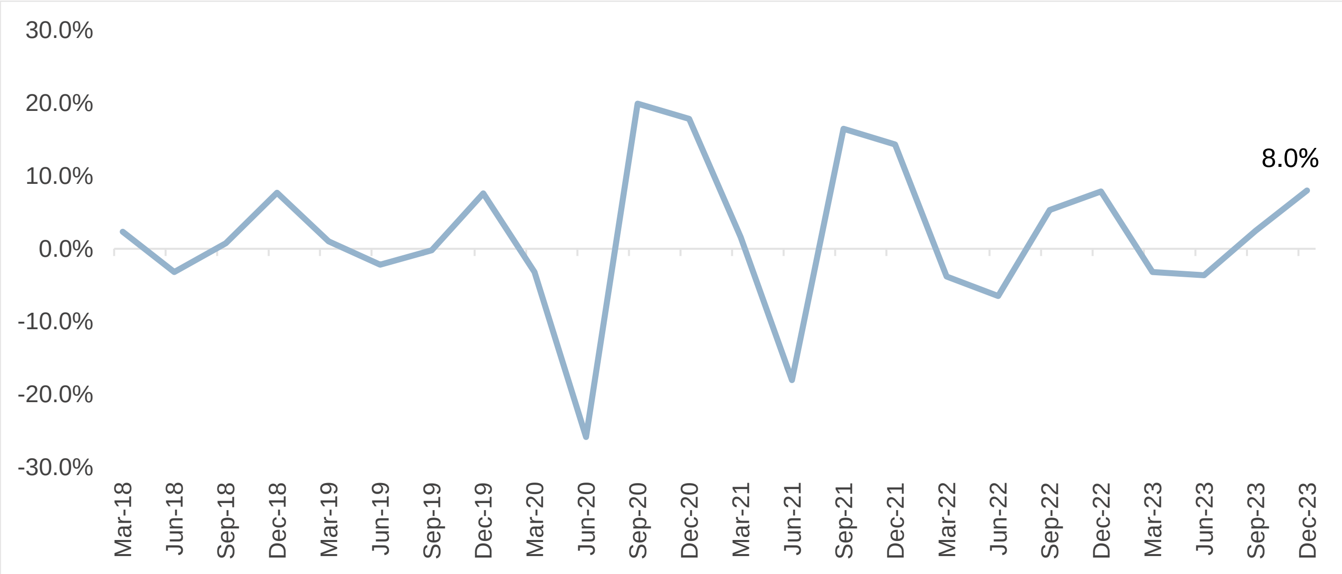
Source: Industry, CRISIL MI&A

Private consumption remains tepid

Private final consumption expenditure (PFCE) reflects overall consumption patterns and spending capacity of households within an economy. When PFCE increases, it often translates to higher demand for various goods and services.

PFCE remained sluggish, though rising to 3.5% on-year in the third quarter of fiscal 2024 compared with 2.4% in the previous quarter. Rural demand indicators were mixed, with demand for work under Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) slowing in the quarter while sales of two-wheelers surged. However, growth in consumer non-durables, production slowed considerably in the third quarter. But urban demand appears to have sustained some momentum in the quarter, with pick-up in the growth of passenger vehicle sales and consumer durables production, as well as continued double-digit growth in retail credit (18.1% vs 18.3% in the previous quarter). The latter indicates that the impact of past rate hikes and regulations on unsecured lending are still pending.

India's PFCE quarterly trend



Source: Industry, CRISIL MI&A Consulting

Per capita income

Per capita income (per capita net national income) was estimated to have grown 6.8% in fiscal 2024 vs 5.7% in fiscal 2023. This is in contrast to fiscal 2021, wherein per capita income declined 8.9%, owing to GDP contraction amid the pandemic's impact. In fiscal 2022, per capita income rose 7.6% on a lower base of fiscal 2021.

According to the IMF's estimates, India's per capita income (at current prices) is expected to grow at 8.8% CAGR over 2023 to 2028.

Rising income levels signify economic growth, urbanisation and changing lifestyles. As per capita income increases so does the demand for cars in India increases. As per data from World Road Statistics 2023-International Road Federation, in fiscal 2022, there were 24 cars per 1,000 people in India and the per capita income was $2,390. In the case of China, cars per 1,000 people was 183 in in 2021 and the per capita was $11,930.

Policies impacting automobile industry

Improving infrastructure raises efficiencies in logistics

The government's capex push has been focused largely on transport-related sectors such as roads, railways and urban infrastructure. This is complemented with policies geared towards improving and integrating different segments of the logistics ecosystem. All these are expected to reduce bottlenecks and improve competitiveness of domestic production and trade via reduced logistics costs and improved connectivity.

National Infrastructure Pipeline (NIP): The government has set targets for infrastructure development between fiscals 2019 and 2025. CRISIL MI&A Consulting expects aggregate (government plus private) spending on infrastructure to double by 2030, i.e. from ~Rs 67 trillion over fiscals 2017-2023 to ~Rs 143 trillion during fiscals

2024-2030, driven by spends on core infrastructure, i.e. roads, railways, airports, ports, urban infrastructure, irrigation, warehouses and telecom.

Vehicle Scrappage Policy: The Vehicle Scrappage Policy 2021, is a government-funded programme to scrap old and unfit vehicles and replace them with modern and new vehicles on Indian roads. The primary goal of the policy is to create an ecosystem for phasing out unfit and polluting vehicles to achieve a lower carbon footprint in the country. It aims to de-register private cars over 20 years old and commercial vehicles over 15 years old.

Beginning April 1, 2023, fitness testing of Heavy Commercial Vehicles (HCVs) is conducted only through Automated Testing Stations (ATSs). For other types of Commercial Vehicles (CVs) and Private Vehicles (PVs), the fitness testing shall also be conducted through the ATS and begin on June 1, 2024. Commercial vehicles and private vehicles older than 15 and 20 years, respectively, shall be scrapped if they fail the fitness test. If a vehicle fails the fitness test, it shall be defined as an ELV (End-of-Life Vehicle)

The objective of the government-funded programme is to phase out old passenger and commercial vehicles and thereby reduce urban air pollution, increase passenger and road safety, and stimulate vehicle sales

PM Gati Shakti - National Master Plan for Multi-modal Connectivity: The multi-modal connectivity plan was unveiled in October 2021, with an objective of reducing logistics costs by coordinating the infrastructure creation activity of different government entities. The key characteristics of the scheme are:

- Digital platform for coordination across 16 ministries, including roadways and railways
- The Gati Shakti platform will subsume the infrastructure projects announced under NIP (valued at Rs 111 trillion)
- Existing infrastructure schemes across ministries such as Bharatmala (roads), Sagarmala (ports), UDAN (air), inland waterways, dry ports, etc will be incorporated in the platform
- The platform will also provide spatial data and implementation status for different projects
- Eleven industrial corridors and two defence corridors are also planned under the scheme, covering clusters for textile, pharmaceutical, fishing, electronics, agriculture, etc

Key targets set for different heads under the scheme are:

- Ports: Capacity of the major ports to be increased from 1,282 million tonne in fiscal 2020 to 1,759 million tonne in fiscal 2025
- National waterways: Cargo movement to be ramped from 74 million tonne in fiscal 2020 to 95 million tonne in fiscal 2025
- Railways: Target of 1,600 million tonne by fiscal 2025 vis-à-vis 1,210 million tonne in fiscal 2020
- MMLPs: The Indian Railways will set up 500 multimodal cargo terminals by fiscal 2025
- Others: Gas pipeline length to be doubled from 17,000 km to 34,500 km within the country, incremental renewable capacity of ~150 GW, power line capacity target of ~452,000 circuit km by fiscal 2025

An integrated platform to monitor the progress of projects and logistics initiatives by different ministries will aid in increasing coordination and planning infrastructure creation and connectivity.

National Logistics Policy (NLP): Launched in September 2022 to complement PM GatiShakti National Master Plan (NMP), NLP addresses the soft infrastructure and logistics sector development aspect, including process reforms, improvement in logistics services, digitisation, human resource development and skilling. NLP aims to: (i) reduce the cost of logistics in India, (ii) improve the Logistics Performance Index ranking – to be among top 25 countries by 2030 (India was ranked 38 out of 139 countries in 2023), and (iii) create data-driven decision support mechanism for an efficient logistics ecosystem. A Unified Logistics Integrated Platform has been set up under this, which, as of September 2023, had integrated 34 logistics portals/digital systems across 33 ministries/ departments, and had over 600 industry players registered. Twenty-one states have also notified their own logistics policies, in line with the NLP.

The infrastructure policies will enhance the logistical efficiency, thereby strengthening the supply chain for automobiles and auto components. These initiatives will lower the logistical cost and the lead time in components/automobile transit. In the case of raw materials, this allows various stakeholders in the ecosystem to have a clear understanding of raw material availability and necessary logistics for the same. Thus, these policies augment efficiency in production and supply.

Decoupling of global supply chains

As traditional supply chains are threatened by large-scale global events, rising trend in protectionism and wage inflation, there is a greater need for rethinking supply chain models to remain competitive. In the wake of global disruptions such as Covid-19, geopolitical crises, environmental disruptions, etc, significant decoupling of supply chains is underway to bring key supply links closer home.

To establish collective supply chains that would improve their resilience in the long term, 18 economies, including India, the US and the EU unveiled a roadmap in July 2022, which included steps to counter supply chain dependencies and vulnerabilities. This was done as a part of the ongoing supply chain derisking strategy of global companies/multinationals, wherein global companies are diversifying their businesses away from their reliance on a single large supplier, to alternative destinations. Beijing's Zero-Covid policy and the resultant disruptions to global supply chains, container shortage and higher lead times have served as an impetus to this strategy.

This reorientation has benefitted other Asian economies in southeast Asia and India. India can take advantage of the same as the enormous quantum of Chinese exports coupled with India's cost advantage in manufacturing, would serve as a highly lucrative opportunity for Indian manufacturers. Realising this opportunity, the government has introduced many reforms and incentive schemes to increase domestic manufacturing and attract global manufacturing firms to India.

Lowering supply chain dependency

India and other countries are actively pursuing strategies to reduce supply chain dependency on a single country in the wake of the pandemic and growing geopolitical tensions.

This includes diversifying the supply chain by sourcing inputs from various countries to reduce the risk of over relying on a single country for sourcing and manufacturing. Furthermore, India is trying to strengthen the domestic manufacturing environment through various policy initiatives. Key strategies adopted by India to diversify the supply chain include:

- Foreign investments: India is attracting multi-national companies that are actively seeking to diversify their manufacturing base. Government stimulus includes tax benefits and incentive schemes. India has also regulated the FDI to attract investments from various countries across sectors

- Domestic manufacturing: The government is pushing domestic companies to develop products to reduce dependence on any one country. Booster initiatives include schemes such as Make in India, Atmanirbhar Bharat, China plus one, PMP and PLI.

- Trade diversification: India is actively engaging in trade pacts and FTA to diversify its trade partners. Strengthening trade ties with developing and developed economies offers alternatives to sourcing of goods and technology

To reduce dependency on China and prepare for potential future supply chain challenges, 14 nations under the Indo-Pacific Economic Framework (IPEF) (including the US, Japan and India) have reached an agreement to augment supply chain resilience and diversification. The agreement involves sharing information with each other and coordinating responses during the time of crises. Under the agreement, the participating countries would establish an IPEF supply chain council, supply chain crisis response network, and labour rights advisory network that will provide a framework to strengthen supply chains and prevent potential disruptions.

Supply derisking

Companies are encouraged to minimise their supply chain dependency on China by diversifying the sourcing of raw materials/inputs to other countries. The goal is to reduce the risk of over-relying on a single country for sourcing and manufacturing.

Many western countries, including the US, have heavily relied on China for outsourcing their manufacturing. Low labour and production costs are one of the major reasons for this, as well as factors like China's strong domestic market, supply chain, infrastructure, free trade and tax agreements, and high growth potential. Regardless of the reasoning behind the reliance, global dependency on China became a risk as early as 2008.

By establishing additional sourcing and manufacturing locations outside China, companies have found a way to mitigate business risks, access new consumer markets, and explore other innovation and technology, while keeping their operations cost-effective.

Today, geopolitical and economic factors drive much of the urgency behind businesses, implementing supply derisk approach. The approach gained traction due to the US-China trade war in 2018. As tensions escalated during Donald Trump's presidency, businesses became uncertain about how their supply chain and operations would be affected. Additionally, the Covid-19 pandemic exposed vulnerabilities in global supply chains, especially for those who relied on China alone. Other issues, such as rising labour costs in China and various Chinese political movements, have also contributed to the rise of supply derisking in recent years.

Make in India

The Make in India initiative was launched in September 2014 to boost manufacturing in India and encourage FDI in manufacturing and services. The key objective was to increase the share of manufacturing in GDP to 25% by 2020 by boosting investments, fostering innovation and intellectual property. The other objective was to build best-in-class infrastructure for manufacturing across sectors, including, but not limited to automobile, auto components, aviation, biotechnology, chemicals, construction, defence manufacturing, electrical machinery, electronic systems, food processing, mining, oil and gas, pharmaceuticals, renewable energy, thermal power, hospitality and wellness.

To achieve this objective, a dedicated Investor Facilitation Cell was set up to assist investors get regulatory approvals, offering hand-holding services through the pre-investment phase, execution and after-care support. Key facts and figures, policies and initiatives and relevant contact details were made available through print and online media. Indian embassies and consulates proactively disseminated information on the potential for investment in the identified sectors in foreign countries while domestically, regulations and policies were modified to make it easier to invest in India.

FDI inflows have received an impetus, as India jumped to the 8th rank in the list of the worlds' largest FDI recipients in 2020 from the 12th position in 2018, according to the World Investment Report 2022. FDI to India almost doubled to $ 83.6 billion in fiscal 2022 from $ 45.15 billion in fiscal 2015. However, in fiscal 2023, FDI inflow decreased to $ 71 billion (provisional figure). According to the Ministry of Commerce & Industry, FDI inflow in the past nine fiscals (2014-2023: $ 596 billion) has increased 100% over the fiscals 2005-2014 ($ 298 billion) and is nearly 65% of the total FDI reported in the past 23 years ($ 920 billion).

However, the share of manufacturing in GDP has not attained the intended levels of 25%. Hence, additional policies were announced, and targets rolled forward initially to 2022 and then to 2025. Domestically, multiple steps were taken to make sectors more attractive and to ease the investment processes. Some of the major steps taken included announcement of the NIP and reduction in corporate tax. Various sectors such as defence manufacturing, railways, space and single brand retail have been opened for FDI. Measures to boost domestic manufacturing were also taken through Public Procurement Orders (PPO), Phased Manufacturing Programme (PMP) and PLI schemes. Many states launched their own initiatives along similar lines to boost manufacturing in their respective states.

FDI

FDI plays a pivotal role in economic growth, aiding development and shaping of the economic landscape. Through the FDI route, international corporations can invest in India, capitalising on the country's investment incentives such as tax incentives and relatively competitive labour costs. This fosters job creation and offers various additional advantages along with facilitating the acquisition of technological expertise from global peers. Government bodies such as Department for Promotion of Industry and Internal Trade (DPIIT), the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) formulate the regulations and guidelines for FDI. DPIIT frames and implements policies to promote and regulate foreign investment in India across sectors. The RBI manages the monetary aspects of foreign investments and SEBI regulates FDI in the capital market.

India has opened two FDI routes: automatic and government. The automatic route allows foreign investors to invest in sectors without requiring prior approval from the Indian government. Under this route, investors are only required to notify the RBI within a specified time frame. In contrast, the government route mandates prior approval from the Indian government or relevant authorities for investments in India. In April 2020, the DPIIT amended the FDI Policy, that the countries which shares a land border with India (China, Bangladesh, Pakistan, Bhutan, Nepal, Myanmar and Afghanistan) can invest only under the government route. Shortly, it will be mandatory to obtain government approval for investments from these countries. FDI proposals from these countries must go through tight scrutiny and the government has set up an inter-ministerial panel to review these proposals. All ministries and departments have been recommended to have dedicated FDI cells to process these proposals quickly. This policy, thus, restricted entry and expansion of Chinese OEMs, including MG and Great Wall Motors, in India by restricting them to invest or raise funds from China.

Summary of FDI in key Indian sectors

Sector	FDI Cap	Route
Automobile	**100%**	**Automatic**
Airports - greenfield projects	**100%**	**Automatic**
Satellites - establishment and operation, subject to the guidelines of Department of Space/ISRO	**74%**	**Government**
Hospitals sector	**100%**	**Automatic**
Defence	**49% +**	**Government up to 100% of local defence ventures after obtaining approval**

Source: DPIIT, CRISIL MI&A Consulting

Atmanirbhar Bharat Campaign

Atmanirbhar Bharat Abhiyan or the self-reliant India campaign was launched in May 2020 amid the Covid-19 pandemic, with a special and comprehensive economic package of Rs 20 trillion, equivalent to 10% of the country's GDP.

The scheme was launched with the primary intent of fighting the pandemic and making the country self-reliant based on five pillars: economy, infrastructure, technology-driven system, demography and demand. The stimulus package announced by the government under the scheme consisted of five tranches, intended to boost businesses (including micro, small and medium enterprises or MSMEs), help the poor (including farmers), boost agriculture, expand the horizons of industrial growth, and initiate governance reforms in the business, health and education sectors.

The mission emphasises the importance of encouraging local products and aims to reduce import dependence through substitution. It also aims to enhance compliance and quality requirements to meet international standards and gain global market share.

The government has also rolled out other reforms — supply chain reforms for agriculture, rational tax systems, simple and clear laws, capable human resources and a strong financial system — to further promote business, attract investments and strengthen the Make in India initiative.

PLI scheme boosts industrial investments in the short to medium term

The PLI scheme's primary objective is to make manufacturing in India globally competitive by removing sectoral obstacles, creating economies of scale and ensuring efficiency. It is designed to create a complete component ecosystem in India and make the country an integral part of the global supply chain. Furthermore, the government hopes to reduce India's dependence on raw materials imported from China. The scheme is expected to boost economic growth in the medium term and create more employment opportunities, as many of the sectors covered under the scheme are labour-intensive. It will be implemented over fiscals 2022 to 2029.

The PLI scheme is a time-bound incentive scheme by the government, which rewards companies in the 5-15% range of their annual revenue based on the companies meeting pre-decided targets for incremental production and/or exports and capex over a base year. The stronger-than-expected pick-up in demand and larger companies gaining share over smaller companies led to revival of capex in fiscal 2022. The rise in fiscal 2024 was on account of the expansion plans by India Inc.

Construction spends across industrial investments are seen rising 6-8% in fiscal 2024, driven by expansion in the oil and gas and metals segments. Growth is on a low base of fiscal 2023, when the sector faced a slight bump owing to geopolitical issues in the previous two fiscals. However, the PLI scheme is expected to provide the necessary boost to the sector.

Based on an analysis of eight key sectors, CRISIL MI&A Consulting projects construction investment in the industrial segment at Rs 4.0-4.1 lakh crore between fiscals 2023 and 2027, up 1.3 times over spends between fiscals 2018 and 2022. The rise in investments is projected on account of inclusion of the PLI scheme in the capex of the industrial sector.

Budgeted incentives for each sector under the PLI scheme

Sector	Segment	Budgeted (Rs bn) *	
Automobile	Advance chemistry cell (ACC) battery	181.0	751.4
	Automobiles and auto components	570.4	
Electronics	Mobile manufacturing and specified electronic components	409.5	545.15
	Electronic/technology products/IT hardware	73.25	
	White goods (ACE and LED)	62.4	
Pharma and medical equipment	Critical key starting materials/drug intermediaries and active pharmaceutical ingredients	69.4	253.6
	Manufacturing of medical devices	34.2	
	Pharmaceutical drugs	150.0	
Telecom	Telecom and networking products	122.0	122.0
Food	Food products	109.0	109.0
Textile	Textile products: man-made fibre (MMF) and technical textiles	106.8	106.8
Steel	Speciality steel	63.2	63.2
Energy	High-efficiency solar PV modules	240.0	240
Aviation	Drones and drone components	1.2	1.2
Total			**2,192**

*Note: Approved financial outlay over a five-year period

ACE: Appliance and consumer electronics; LED: Light-emitting diode

Source: Government websites, CRISIL MI&A

The Union budget 2024-25 allocated Rs 751.4 billion for automobiles, auto components and ACC:

Rs 570.4 billion allotted for enhancing India's manufacturing capabilities or the automobile and auto component industry - Advanced Automotive Products (AAT). The scheme has two components: Champion OEM Incentive Scheme and Component Champion Incentive Scheme. A total of 95 applicants have been approved under this PLI scheme.

Rs 181 billion under the National Programme on Advanced Chemistry Cell (ACC) Battery Storage for achieving manufacturing capacity of 50 Giga Watt Hour (GWh) of ACC. Four companies have been selected till date for incentives under the PLI scheme for ACC battery storage.

PLI scheme for the automotive industry: The PLI scheme for the automotive industry intends to promote high-tech green manufacturing -- ATT vehicles such as electric and hydrogen fuel cell vehicles. This scheme excludes conventional petrol, diesel and CNG segments (internal combustion engines), as they have sufficient capacities in India. In the auto components category, more than 100 ATT components (including hydrogen fuel cells, hydrogen injection systems, EV motors and lightweight cryogenic cylinders) are eligible for PLI.

The PLI scheme for auto parts includes the following component schemes:

Champion OEM Scheme: It is a sales value-linked plan, applicable to battery electric and hydrogen fuel cell vehicles of all segments.

Component Champion Incentive Scheme: It is a sales value-linked plan for advanced technology components, complete- and semi-knocked down (CKD/SKD) kits, vehicle aggregates of two-wheelers, three-wheelers, passenger vehicles, commercial vehicles and tractors, including automobiles meant for military use and any other advanced automotive technology components prescribed by the Ministry of Heavy Industries – depending on technical developments

PLI scheme for the automotive and ACC: The policy on ACC battery storage was approved by the Government of India on May 2021 with budgetary outlay of Rs 18,100 crore for setting up manufacturing facilities with a total manufacturing capacity of 50 GWh. This policy will strengthen the ecosystem for EVs and battery storage in the country. The policy aims to enhance India's manufacturing capabilities of ACC by setting up Giga scale ACC battery manufacturing facilities in India with an emphasis on maximum domestic value addition.

Note: Please refer to module 3 for more details on the PLI scheme.

GST structure for the industry

The two taxes charged to the end consumer on cars and bikes previously were excise and VAT, with an average combined rate of 26.50% to 44% which is higher than the GST rates of 18% and 28%. Therefore, there has been less burden of tax on the end consumer under GST since 2017. Importers/dealers can cheer as they would be able to claim the GST paid on goods imported/sold whereas previously, they were ineligible to claim the excise duty and VAT paid.

Excise paid on stock transfer would be covered by IGST under the GST law. Advance received for supply of goods is also taxed under GST. Manufacturers can procure auto parts at a cheaper cost due to an improved supply chain mechanism under GST. GST on cars and bikes is kept under the 28% bracket and a list of cesses to be levied on different kinds of automobiles has also been declared by the Indian government which is ranging from 1% to 22%.

GST and cess rate on automobiles based on fuel type

Vehicle category	GST rate (%)	Compensation cess (%)
EVs	5	Nill
Hydrogen fuel cell vehicles	12	Nill
Passenger vehicles (petrol, CNG, LPG) up to 4m in length and up to 1200 cc engine	28	1
Passenger vehicles (diesel) up to 4m in length and up to 1500 cc engine	28	3
Passenger vehicles (up to 1500 cc engine)	28	17
Passenger vehicles (above 1500 cc engine)	28	20
Passenger vehicles popularly known as SUVs (above 4m in length, above >1500 cc engine and >170 mm ground clearance)	28	22
Hybrid passenger vehicles (up to 4m and up to 1200 cc engine petrol) or (up to 4m and up to 1500 cc engine diesel)	28%	Nill
Hybrid passenger vehicles (Above 4m or above 1200 cc engine petrol or above 1500 cc engine diesel)	28%	15%

Source: SIAM, CRISIL MI&A

Import duty on cars

Import duty (also known as import tax, import tariff or customs duty) is an indirect tax levied by Indian authorities on goods purchased from a foreign country. Through import taxes, the price of imported goods increases and demand decreases. This propels domestic market growth, demand for indigenous products and protects Indian OEMs from foreign competitors.

Customs duty on automobiles based on fuel type

Criteria	Engine capacity	Fuel type	Import duty (%)
Used car import	Any	Any	125
Cars CBUs whose CIF value is more than $ 40,000	>3000 cc	Petrol	100
	>2500 cc	Diesel	
Cars CBUs whose CIF value is less than $ 40,000	<3000 cc	Petrol	70
	<2500 cc	Diesel	
ICE vehicle SKD: CKD containing engine or gearbox or transmission mechanism in a pre-assembled form but not mounted on a chassis or a body assembly	Any	Any	35

Criteria	Engine capacity	Fuel type	Import duty (%)
ICE vehicle CKD: CKD containing engine, gearbox and transmission mechanism not in a pre-assembled condition	Any	Any	15
EV SKD: Pre-assembled battery pack, motor, motor controller, charger, power control unit, energy monitor contractor, brake system, electric compressor not mounted on chassis	NA	Electric	30%
EV CKD: Disassembled battery pack, motor, motor controller, charger, power control unit, energy monitor contractor, brake system, electric compressor not mounted on chassis	NA	Electric	15%

Note: CIF: Cost, insurance and freight, CBU: Completely built-up, SKD: Semi-knocked down, CKD: Completely knocked down
Source: SIAM, CRISIL MI&A

The government recently launched a scheme to promote electric passenger cars in India under which import duty concession is offered for OEMs who have set up domestic manufacturing facility in India with a minimum investment of $ 500 million. Under this scheme, the imported vehicles would attract a reduced customs duty of 15% with maximum CIF value of $ 35,000.

Corporate Average Fuel Efficiency/Economy norms

Corporate Average Fuel Economy (CAFÉ) norms aim to reduce fuel consumption by vehicles (or improve fuel efficiency) by lowering carbon dioxide (CO_2) emissions, hence reducing reliance on oil and regulating pollution. Implemented in India on April 1, 2017, CAFE norms apply to petrol, diesel, LPG and CNG fuelled vehicles. In phase 1 (2017-2022), CAFE norms required average corporate CO_2 emissions to be less than 130 g/km by fiscal 2022 and below 113 g/km thereafter (CAFE II), i.e. vehicles needed to be 10% more fuel-efficient by fiscal 2022. CAFE II norms came into effect on April 1, 2023. This is expected to incentivise the shift towards greener technologies such as hybrids and EVs. The Energy Conservation Bill requires carmakers to pay Rs 25,000 per unit if their fleet's CO_2 emissions exceed the intended CAFE score of 0-4.7 g/km, and Rs 50,000 per unit if they exceed by more than 4.7g/km.

National Green Hydrogen Mission

The National Green Hydrogen Mission is a comprehensive action plan for establishing a green hydrogen ecosystem in India. The policy is aimed at making India a leading producer and supplier of green hydrogen in the world, thereby creating export opportunities for green hydrogen and its derivatives. The policy, which promotes hydrogen as a clean energy source, was approved by the Indian government with an outlay of Rs 19,700 crore in January 2023. Of this, Rs 17,490 crore is allotted for the Strategic Interventions for Green Hydrogen Transition (SIGHT) programme, Rs1,466 crore for pilot projects, Rs 400 crore for research and development (R&D) and Rs 388 crore for other mission components. Under the SIGHT programme, the government offers incentives for manufacturing of electrolysers and production of green hydrogen. By 2030, the government wants to increase its annual hydrogen production capacity to 5 million tonne. The National Green Hydrogen Mission aims to reduce India's dependence on fossil fuels imports, lower greenhouse gas emissions, transition the economy to low carbon intensity and make the country a leader in this new industry. The government plans to achieve this by setting up green hydrogen plants and encouraging R&D in the sector. The government has also invested Rs 35,000 crore in the energy transition to attain the goal of net-zero carbon emissions by 2070.

As a part of this mission, development of hydrogen highways suited for heavy-duty, long-haul vehicles could be expected in the future. To strengthen the transport sector, necessary hydrogen production projects, distribution infrastructure and refuelling stations will be built along the highways. This will enable the development of hydrogen fuelled inter-state buses and commercial vehicles on such routes. Furthermore, in February 2024, the government issued Scheme Guidelines for Pilot Projects on the use of green hydrogen in the transport sector that will support pilot projects in buses, trucks and four-wheelers with green hydrogen as a fuel. The scheme will be implemented with a total budgetary outlay of Rs 496 crore till fiscal 2026 and will support the development of technologies based on fuel cell (FCEV)/ICE-based propulsion technology. The scheme will also explore the possibility of blending green hydrogen-based methanol/ethanol and other synthetic fuels derived from green hydrogen in automobile fuels.

PLI for green hydrogen under SIGHT programme

SIGHT is a financial incentive mechanism to support domestic manufacturing of electrolysers and green hydrogen. The incentive scheme for electrolyser manufacturing was introduced with an outlay of Rs 4,440 crore aimed at maximising indigenous electrolysers manufacturing capacity, achieving levelised cost of hydrogen production and enhancing domestic value addition. The scheme would incentivise manufacturing of electrolysers in India and progressively indigenise the value chain. The incentive scheme for green hydrogen production was introduced in June 2023 with an initial outlay of Rs 13,050 crore aimed at maximising the production and enhance cost competitiveness of green hydrogen. The scheme offers support in terms of Rs/kg of green hydrogen production for 3 years from the date of commencement of production. The incentives will be capped at Rs 50/kg for the first year, Rs 40/kg for the second year and Rs 30/kg for the third year. Cost incentivisation along with the indigenous development of electrolyser technology will support demand growth and technology development in the transport sector as well.

Ethanol blending in India

The government is promoting the use of ethanol as a renewable and environment-friendly fuel in petrol. The ethanol blending programme is aimed at reducing the import dependence of fuels, savings in foreign exchange, boosting the domestic agriculture sector and associated environmental benefits. The Roadmap for Ethanol Blending in India 2020-25 lays out an annual plan to increase domestic ethanol production in line with the target of National Policy on Biofuels (2018) to reach a blending of 20% of ethanol in petrol (E20) by 2025-2026. The roadmap aims at phased rollout of ethanol blended fuels in India with E10 fuel by April 2022, and phased rollout of E20 from April 2023 to April 2025. Further the policy mandates the rollout of vehicles that are E20 material-compliant and E10 engine-tuned vehicles from April 2023. Further, it mandates the production of E20-tuned engine vehicles from April 2025. OMCs have already rolled out E20 fuel in a phased manner in April 2023 but are yet to achieve widespread availability. The government is ambitious of attaining 20% ethanol-blended petrol by fiscal 2025 and 30% by fiscal 2030.

BS-IV to BS-VI transition

Bharat Stage (BS) emission standards are issued by the central government to regulate the output of air pollutants from motor vehicles. In January 2016, the government decided to skip BS-V and instead implemented BS-VI norms directly after BS-IV. It fixed the deadline of April 1, 2020 for the introduction of BS-VI emission norms.

BS-VI regulations demand major reduction in PM and NOx levels

Type of Vehicle	Unit	BS IV	BS VI	Change
Diesel				
HC	gm/km	0.3	0.17	**-43%**
NOx	gm/km	0.25	0.08	**-68%**
PM	gm/km	0.025	0.0045	**-82%**
Petrol				
NOx	gm/km	0.08	0.06	**-25%**
PM	gm/km	-	0.0045	**Newly added**

NOx: Nitrous oxide
Source: CRISIL MI&A

Prices of BS-VI-compliant PVs increased 2-4% as devices and systems were added to reduce emission levels. The price hike was higher for diesel vehicles as these require additional exhaust parts.

Addition of devices and sub-systems in BS-VI-compliant vehicles

Pollutant	Devices / Subsystems to be included to reduce the Pollutants
NOX- Nitrous oxide	▪Exhaust Gas Recirculation ▪Selective Catalytic Reduction ▪3 way catalyst ▪Lean NOx Trap
HC- Hydrocarbons	▪Secondary Air Injection ▪3 way catalyst ▪Diesel Oxidation Catalyst ▪Purge Control Valve ▪Canister
PM- Particulate matter	▪Diesel Particulate Filter ▪Gasoline Particulate Filter

Source: CRISIL MI&A

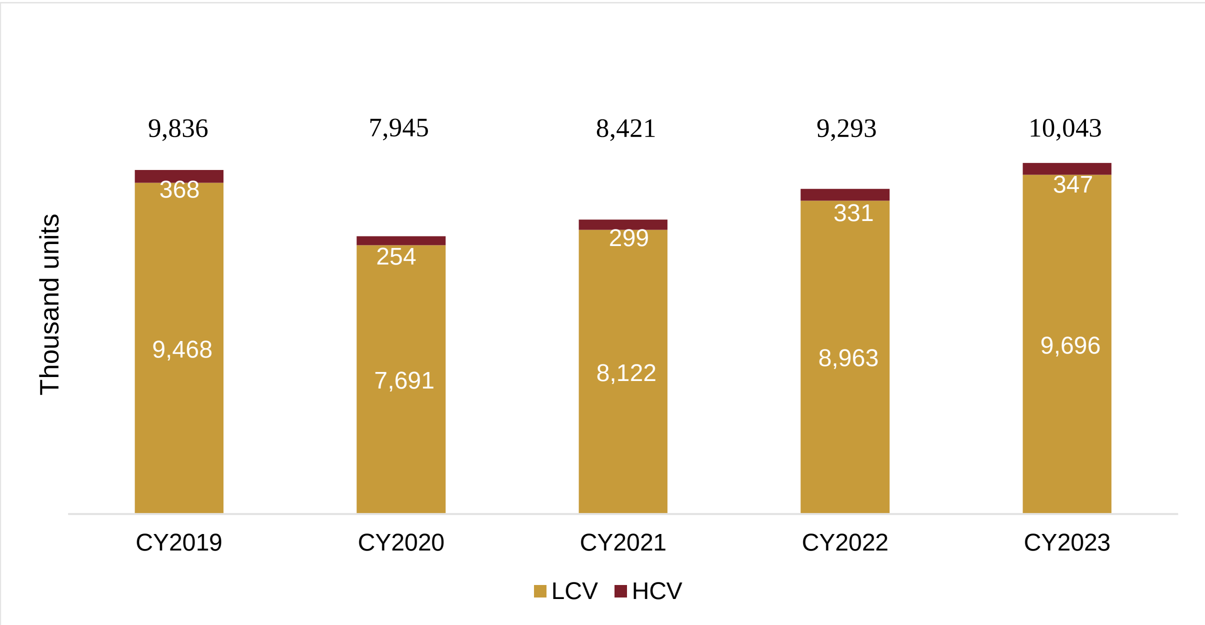
In November 2022, the European Commission presented a draft proposal on Euro 7 Emission Norm to the European Parliament. According to the same, Euro 7 pollution standards for new cars and vans will be implemented from July 2025, and for buses and lorries from 2027. India follows the matured European market for framing and implementation of policies and adapts it to suit Indian conditions. Provided Euro 7 comes into force from 2025, India is highly likely to propose BS-VII regulation by the end of this decade.

2. Review and Outlook on the Commercial Vehicle industry

2.1 Review of Global Commercial vehicle industry

2.1.1 Review of the North American CV industry (2019-23)

Fig: CV production in North America



Note: LCV is Light Commercial Vehicle and HCV is Heavy Commercial Vehicle
Note: NA includes US and Canada
Source: OICA.NET, CRISIL MI&A

North America is the largest producer of CVs across continents. In 2023, USA contributed to almost 90% of CV production in North America, and LCVs accounted for more than 96% of CV production in North America.

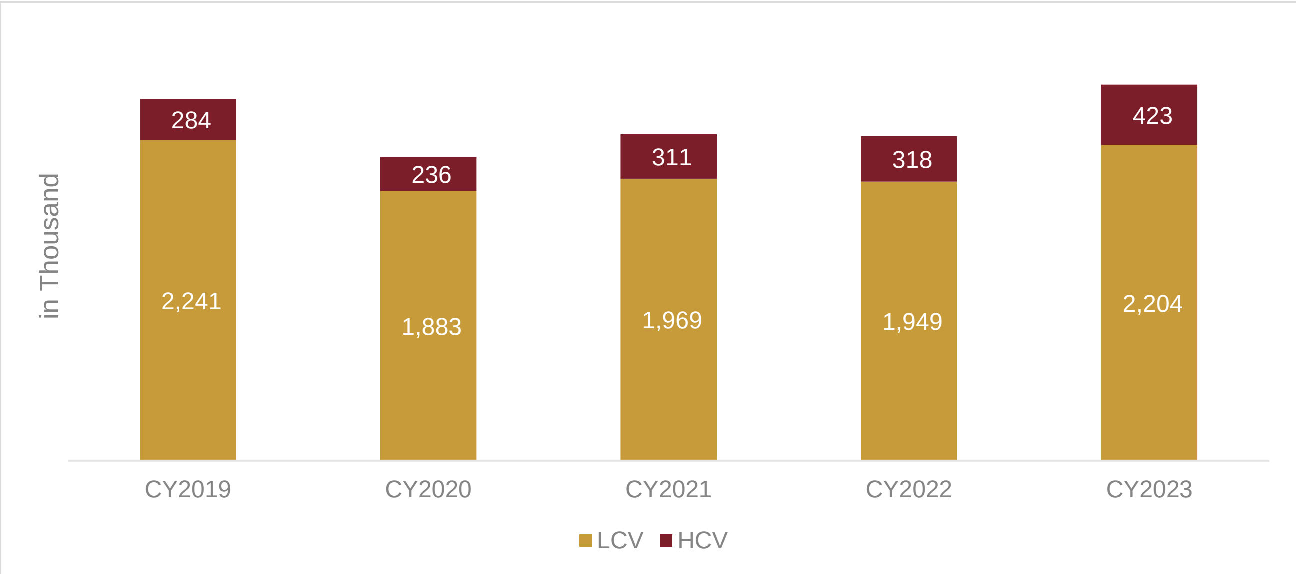
North America's highly unified supply-chain network connects manufacturers and consumers through multiple transportation modes, particularly truck transport, owing to which it has the highest production of CVs. The other modes include rail freight, air and express delivery services, and maritime transport.

The COVID-19 pandemic had led to declining CV sales due to low industrial activity. CV production in North America declined 19% on-year in fiscal 2020 because of an economic slump, combined with a decrease in new orders.

On this low base of 2020, CV production witnessed 6% in 2021 growth aided by waning of COVID impact as well as gradual improvement in economic activity. HCV clocked a faster growth of 18% in 2021 on a very low base of 2020 when the production dropped 31% on year. Further in 2023, production reached almost 90% of the pre-pandemic level (368 thousand unit in 2019 vs 346 thousand units in 2023).

2.1.2 Review of the European CV industry (2019-23)

Fig: CV production in Europe



Source: OICA.NET, CRISIL MI&A

CV production in Europe grew at a CAGR of 1% between 2019 to 2023 after it declined of 3.1% CAGR between 2019 and 2022. Indeed, in 2021-2022, supply chain disruptions caused by the Covid-19 pandemic led to shortages of raw materials and semiconductors that disrupted vehicle production. As a result, delivery lead times had been significantly lengthened and the situation only became normalised in 2023.

The top two markets, Spain and France, benefited from the overall rebound witnessing 12% and 23% growth respectively from 2020 levels and showed a significant increase in registrations

During the year, HCV segment clocked a minor growth of 2% while the primary LCV segment witnessed a decline of 2% with demand being impacted by high energy costs and recession fears.

2.1.3 Trends and growth drivers

a. In North America-

- Fueled by the resurgence of the rental and leasing industry, commercial vehicle registrations rose 14% in 2023 compared to 2022, with more than 1.6 million commercial vehicles registered in 2023

- The lease and rental industry was the fastest-growing sector in 2023. Largest fleets experienced a 40-60% decrease in new registrations during the pandemic but have since recovered to pre-pandemic levels seen in 2019. Class 2 vehicles saw a 21% increase in registrations due to continued growth in construction and last-mile delivery services, with notable increases in pickup and cargo van registrations

- Commercial truck OEMs were able to increase Class 8 builds in 2022 despite persistent supply chain issues resulting from the semiconductor microchip shortage and scarcity of other key inputs. Though the industry has not completely moved on from the chip shortage, the supply chain has improved compared to previous year.

- As long-haul freight has gradually declined, trucking companies are opting for lower class trucks to get their goods delivered. With digitization of the supply chain, there has been a spurt in regionalisation of freight to fulfil orders in shorter times. Earlier, a truckload carrier would wait till the trailer reached its optimal capacity, now there is no time to wait. This is prompting small fleet operators, to opt for lower class trucks.

- E-commerce activities gaining preference will lead to demand for light-duty trucks.

b. In Europe-

- Trucking industry plays an important role in the European economy with majority of the freight being moved around in the continent via roads. CRISIL expects this trend to continue over a long term.

- During pandemic, the trucking sector was affected unevenly by different lockdown measures across countries but following a shift in consumption from services to goods, general volumes rebounded more quickly than many expected and surging e-commerce led to extra transport activity.

- Increase in ecommerce activities is expected by CRISIL to continue in next 5 years as well.

- Growth trend in vehicle registrations of +3.5 tonnes observed in 2022 was amplified in 2023, with an increase of 16.3% in the EU, compared to 3.5% the previous year. EU market has thus risen sharply above 300,000-registration mark, for the first time since 2019, and is even 5.1% above 2019

c. Electrification-

- The Paris Agreement, a legally binding international treaty on climate change, was formed in 2015. Under this agreement, representatives from 196 countries gathered for United Nations Framework Convention on Climate Change (UNFCCC) in Paris. According to the UNFCCC, the parties agreed to three objectives: limit the average global temperature increase to well below 2 degrees Celsius (3.6 degrees Fahrenheit) above pre-industrial levels, preferably below 1.5 C (2.7 F); build resilience to climate change impacts; and allocate money to these objectives. Each party created its own nationally determined contributions (NDCs) to these goals. In 2023, the first "global stocktake" of the world's efforts under the Paris Agreement concluded at COP28 with a decision on how to accelerate action across all areas – mitigation, adaptation, and finance – by 2030, including a call on governments to speed up the transition away from fossil fuels to renewable energy such as wind and solar power in their next round of climate commitments.

- Global economies and governments are increasingly moving towards cleaner fuel in view of growing concerns regarding environmental issues. Notably, the transportation sector is one of the largest contributors to greenhouse gas (GHG) emissions. Policymakers and OEMs are increasingly moving towards green mobility by developing new technologies, such as BEVs, hybrids, etc., and providing subsidies to promote green technology.

- North America and Europe lead electrification globally.

- Trucks, especially the heavy-duty ones, are the most polluting vehicles. Hence, a few cities, such as California in the USA, have announced a shift towards relatively clean fuel. Liquefied natural gas could also have a role to play.

- California passed regulations in June 2020 requiring most heavy-duty trucks sold by 2035 to be zero-emission. The state also has an extensive voucher system to subsidise the cost of purchasing new EVs. Other US states are following California's lead. A total of 15 states signed an agreement in July 2020, targeting all new medium- and heavy-duty vehicles to be zero-emission by 2050.

- The US President announced in 2021 the 'Build back better America' with a greater focus on electric vehicles (EV). The programme envisages 50% share of electric mobility by investing close to $ 174 billion towards electric vehicles ecosystem by 2030. The programme aims to achieve a goal of 500,000 EV chargers and provides for consumer and tax incentives of $12,500 per vehicle.

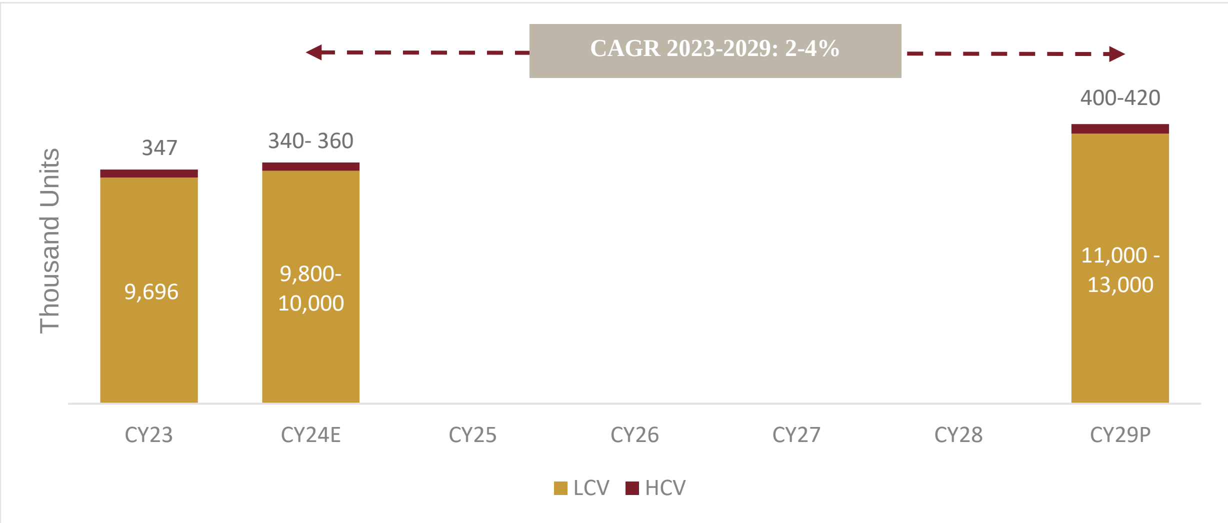
- European cities are restricting diesel vehicle access through the implementation of ultra-low emissions zones. Further, government grants, lower running and servicing costs and access to ultra-low emissions zones can make ECVs an attractive choice going ahead.

- In November 2020, the UK became one of Europe's biggest economies to set out its plans for a greener transport future, including a €2 billion investment in infrastructure and grants to increase access to zero-emission vehicles. Germany, as part of its €130 billion economic recovery plan, is obliging all petrol stations to offer electric charging to satisfy drivers' refuelling anxieties.

- In the bus and heavy-duty segments electric options are slowly gaining momentum as well. More electric models are becoming available, with 220 new bus and truck models entering the market in 2022. Most heavy-duty vehicle deployment is currently happening in China, with over 80% of all sales located there, however sales in Europe and North America in this segment more than doubled in 2022 compared to 2021.

Outlook on North American CV industry (2024-2029P)

CV production



Source: OICA.NET, CRISIL MI&A

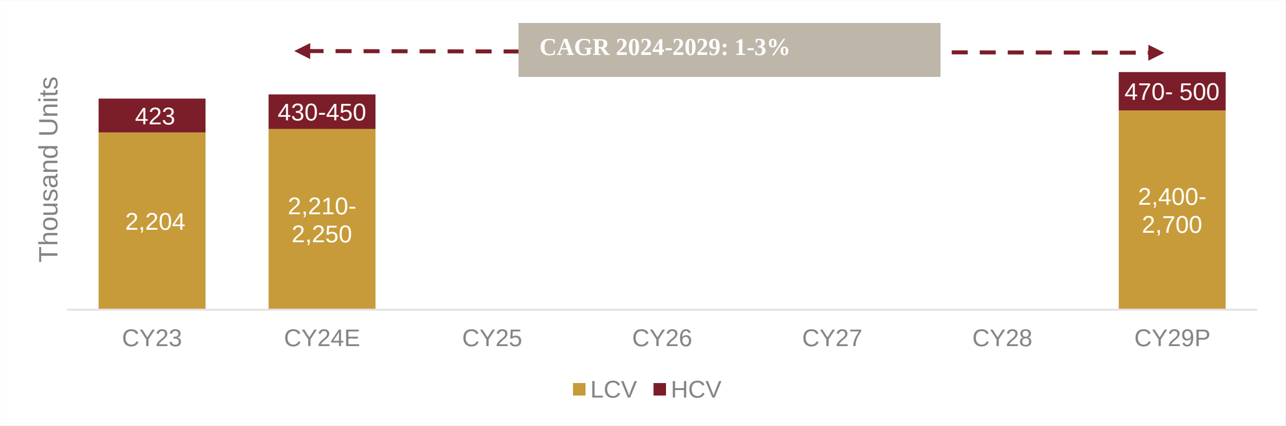
On the supply side, meanwhile, the sector continues to recover from the profound disruption that resulted from shortages of semiconductors, wiring harnesses and other parts, as well as spiking raw materials prices, which hit in 2021-2022. Disruption from this source is not completely resolved even now, but both sales and production have been rebounding in the affected region in recent months. However, the ongoing global uncertainty and supply chain disruptions remain key monitorable.

CRISIL MI&A expects the CV production as well as sales in North America to increase in 2024 amidst growth as economy proved to be more resilient than anticipated to rising monetary policy rates, high inflation, and the uncertain economic backdrop. However, on a long-term horizon, production in North America is expected to increase at 2-4% CAGR, largely led by growing demand from logistics and e-commerce. Over the long term, implementation of EPA's Multi-Pollutant Emissions Standards for model years 2027 for light and medium duty vehicles would remain a key factor impacting the production. In its most recent update, the EPA has opted to move straight to the 2031 standard in 2027.

CRISIL MI&A forecasts the major LCV market to grow 2-4% over 2024-2029 whereas HCV market is expected to grow at 0.5%-2% during the same period.

Outlook on European CV industry (2024-2029P)

CV production



Source: OICA.NET, CRISIL MI&A

CRISIL MI&A forecasts CV production in Europe to grow at a CAGR of 1-3% over 2024-2029, largely led by a rise in logistics due to e-commerce on a healthy base of 2023 after the impact of Russia-Ukraine conflict and the rise in energy cost impacted the CV production in 2022

Europe has a significant dependence on Russia for energy supply. Retaliatory measures to Europe's sanctions further exerted pressure on Europe manufacturing and in turn the overall economy in Europe.

European truck production has increased as supply-side constraints eased in 2023; high pent-up demand and long order books is expected to support positively. The European Commission's recently announced Euro 7/VII proposals which are planned to be implemented from mid-2027 for trucks and buses. The regulation aims to make stricter rules for emission of CO2, carbon monoxide and nitrous oxide, as well as particulates from brakes and tyres. OEMs are currently lobbying to delay the proposal, which, if implemented as proposed, would create additional volatility over the 2026-2029 period.

CRISIL MI&A forecasts the major LCV market to grow 1-3% over 2024-2029. Online retail sales and e-commerce have been rising due to the increased penetration of internet connectivity and smartphones, aiding LCV purchases for facilitating the timely delivery of items to buyers. Similarly HCV market will also grow at ~2% between 2024-2029 aided by increase in investments in electric vehicle technology and the need for sustainable logistics solution.

2.2 Review of Indian Commercial vehicle industry

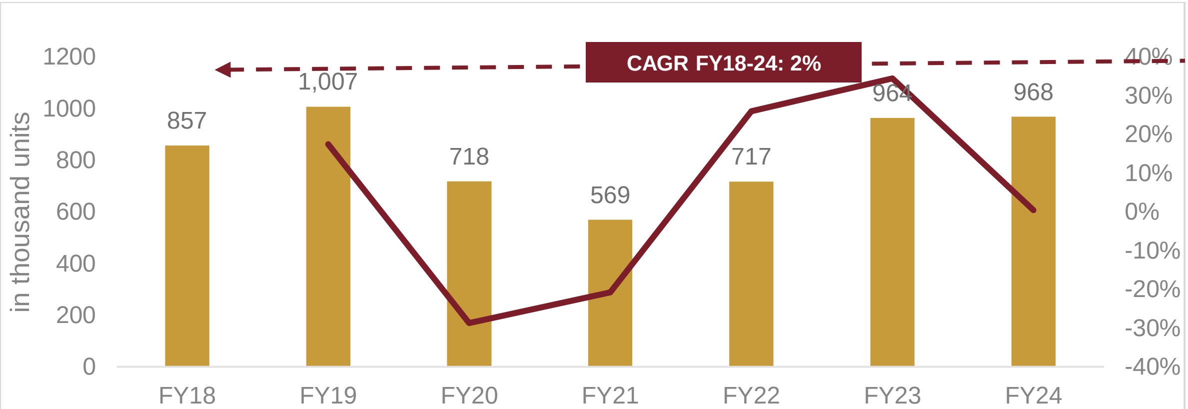
2.2.1 Historic domestic commercial vehicle industry

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

In fiscals 2018 and 2019 witnessed strong recovery as compared to 2016-17 and a healthy 18-20% growth, supported by the government's focus on road and housing infrastructure development. In fiscal 2020, the industry witnessed a sharp de-growth of 28% on a high base of fiscal 2019, due to inventory adjustment on account of the transition to BS-VI emission norms. In fiscal 2020, demand for buses was impacted due to safety regulations (emergency exit doors, fire detection and suppression, escape hatches and emergency lighting).

The pandemic brought the entire economy to a grinding halt when a nationwide lockdown was declared to contain its spread, thus affecting the profitability and sustainability of transporters due to lack of availability of freight demand. The industry, however, gained momentum afterwards as consumption demand and industry activity started gaining pace.

Figure 1: Review of domestic commercial vehicle industry (in volume terms of sales)



Source: SIAM, CRISIL MI&A

2.2.2 Segmental Trends

The commercial vehicle (CV) sales for fiscal year 2024 witnessed almost flat industry over fiscal 2023. This trajectory is underpinned by increased government spending and replacement demand. In FY2023, the CV industry exhibited remarkable recovery with a growth rate of 35% over fiscal 2022, reaching 96% of pre-pandemic levels

The Light Commercial Vehicle (LCV) witnessed a decrease of (3)% in fiscal year 2024, after an all-time high in sales in the previous fiscal. The lower utilization of vehicles coupled with the increase in asset costs led to a decline in sales. The Medium and Heavy Commercial Vehicle (MHCV) segment witnessed a stable outlook in the fiscal year 2024. In the fiscal year 2024, the bus sales sector witnessed substantial growth to 27% over fiscal 2023. This growth is anticipated to be bolstered by robust replacement demand; wherein older buses will be replaced with newer ones. In fiscal 2025, we expect CV sales to grow at a moderate rate of (2)-0% due to the impact of the upcoming union elections and the cyclical nature of the industry.

The demand from the key end-user segments coupled with the pent-up replacement demand helped the industry to mark the growth. The CV industry exhibited a strong recovery in the fiscal year 2023, achieving a remarkable growth rate of 35%, albeit on a low base, and reaching 96% of the pre-pandemic levels observed in the fiscal year 2019. This resurgence can be attributed to pent-up replacement demand, improved transporter profitability, and pick-up in capex that had been hampered during the preceding 2-3 years due to economic stagnation and the disruptive impact of the pandemic.

In the first half of fiscal 2024 the CNG prices dropped by ~4% and the diesel prices by ~3% respectively on-year. Consequently, in the LCV segment and the MHCV segment, the proportion of CNG vehicles decreased marginally by 1%. The CNG model availability was one of the major factors that lead to the drop as there were supply side constraints caused by OEMs transitioning to BS VI stage II emission standards leading to the unavailability of the LCV CNG models.

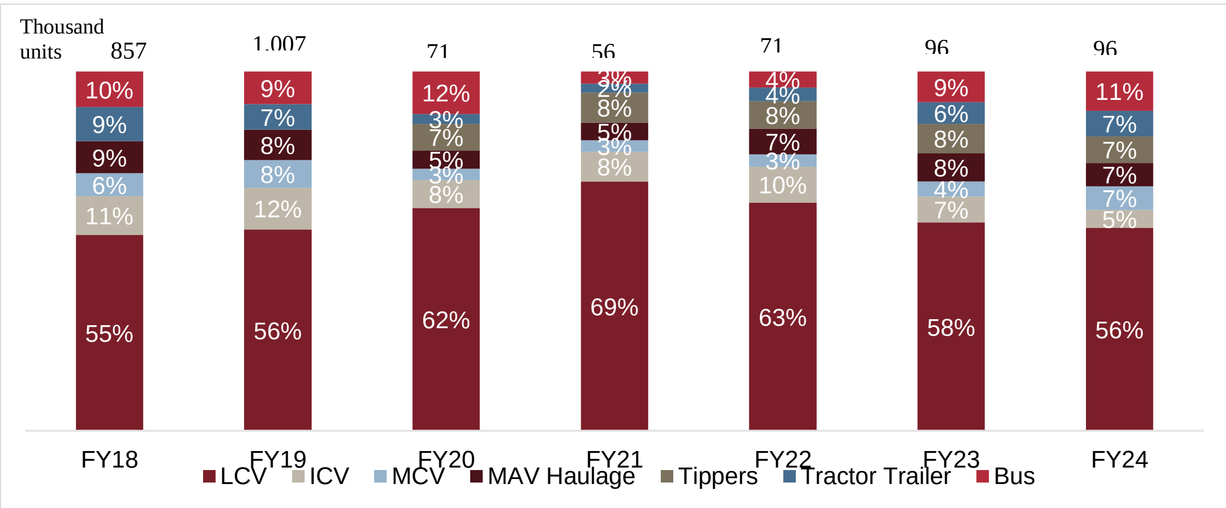
The adoption of Compressed Natural Gas (CNG) in the Light Commercial Vehicle (LCV) segment faced challenges in fiscal year 2023 due to a significant 57% increase in CNG prices relative to a minor 2% rise in diesel prices. As a result, the gap between CNG and diesel prices narrowed, leading to a reduction in the Total Cost of Ownership (TCO) benefits of CNG models. Consequently, the LCV segment observed a marginal decline in the share of CNG vehicles, indicating possible shifts in consumer preferences.

In fiscal 2024, the CNG penetration in LCV was 11% and in the Intermediate Medium and Heavy Goods Vehicle Category (IMHGV) increased to 11%. In FY 2023, the share of CNG models in the LCV market dropped from 15% in the previous fiscal year to 12%. Similarly, in the Intermediate Medium and Heavy Goods Vehicle (IMHGV) category, the share of CNG MHGV vehicles sold reduced from 11% in fiscal year 2022 to approximately 5% of total sales in FY 2023. The increased cost of CNG compared to diesel impacted demand, prompting consumers to opt for diesel-powered vehicles instead.

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

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

Figure 2: Segment-wise share in domestic wholesale industry



Source: SIAM, CRISIL MI&A

Note: All percentages have been rounded off.

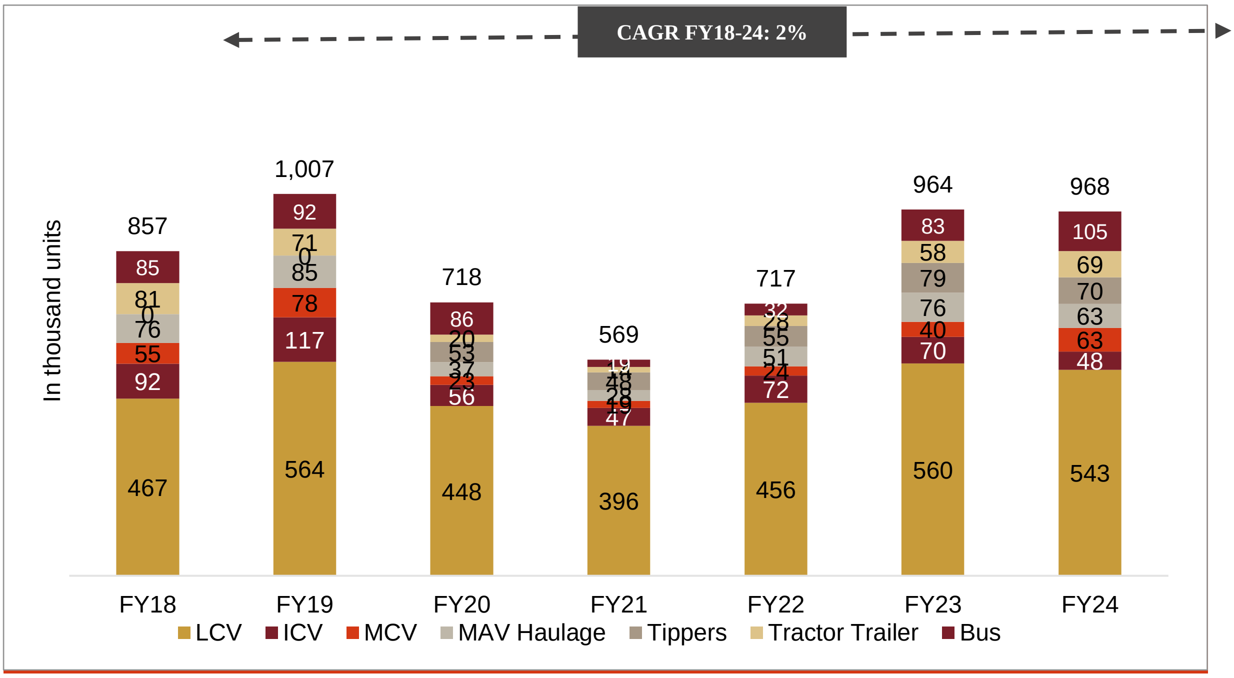
In fiscal 2024 the LCV sales declined by 3% after an all-time high in sales in the previous fiscal. The lower utilization of vehicles coupled with the increase in asset costs led to a decline in sales. In fiscal year 2023, LCV sales recorded a growth of 23%, rebounding to 99% of pre-COVID heights. The surge in sales was attributed to robust replacement demand, particularly in the sub-one-ton category, which was deferred due to economic challenges and the pandemic.

In fiscal year 2024, the MHCV segment exhibited a de-growth of 3% over the fiscal year 2023. In fiscal year 2023, MHCV sales recorded a growth of 40%, this recovery brought MHCV sales to approximately 90% of the level recorded in fiscal year 2019, a notable milestone. The resurgence in economic activities across various sectors played a pivotal role in driving this recovery.

The bus sales sector witnessed an extraordinary CAGR of 75% during fiscal 2021-2024 period and in fiscal 2024, it witnessed a growth of 27% over fiscal 2023. However, it is essential to contextualize this growth as it was achieved on a low base, indicating a significant decline in bus sales during the previous fiscal year (fiscal 2023). The sharp growth in fiscal 2024 was primarily propelled by the resumption of schools and offices, along with a robust recovery in the tourism sector, contributing to a strong rebound in bus sales.

While bus sales more than doubled every fiscal off a very low base fuelled by robust replacement demand and urbanization trends. There has been unprecedented demand for buses. Buses are sold primarily to schools, corporates which use it to ferry staff and for tours & travel companies who use it for intercity and interstate travel. School demand has picked up after the pandemic. Schools have been apprehensive these last few years due to Covid and lockdowns, however now there seems to be no fears in this regard and schools are preponing purchases, there seems to be a lot of pent-up demand from schools. Corporates have also started to operate in full swing work from office mode with a few IT giants making work from office mandatory this has led to considerable demand for staff service buses as well.

Figure 3: Segmental sales trend



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

Source: SIAM, CRISIL MI&A

2.2.3 Production split by OEMs

Over fiscals 2018 to 2019, production grew at 24%, driven by pick-up in rural and industrial activity, and the government's focus on infrastructure investment. A large portion of the production increase was on robust demand for goods carriers, which clocked 19.4%. Passenger carrier production, though, declined 0.3%

In fiscal 2020, production fell by 32% compared to fiscal 2019 on account of inventory correction as the industry transitioned from BS-IV to BS-VI and a tepid demand for CVs owing to slowdown of the economy and lower government infrastructure spending post the general election.

In FY2023, the CV industry exhibited remarkable recovery with a growth rate of 35% over FY2022, reaching 96% of pre-pandemic levels. This resurgence can be attributed to pent-up replacement demand, improved transporter profitability, pick up in capex that had been hampered during the preceding 2-3 years due to economic stagnation and the disruptive impact of the pandemic.

- LCV sales declined slightly from 560 thousand units in fiscal 2023 to 543 thousand units in 2024 primarily due to the high base effect and slowdown in e-commerce demand along with some cannibalisation from electric three-wheelers (e3Ws)

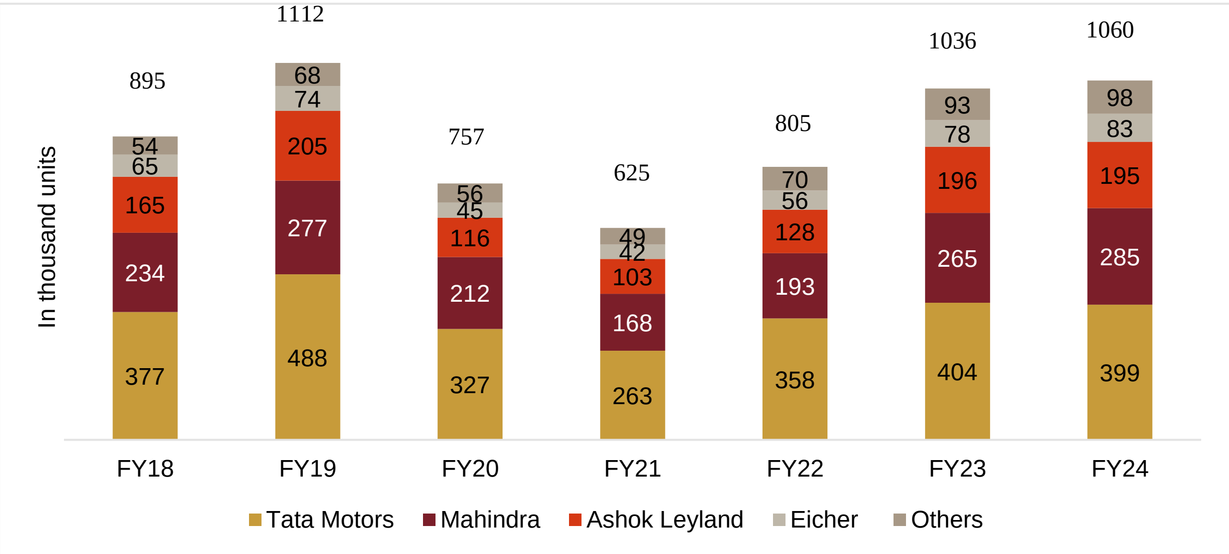
- In fiscal year 2023, the MHCV segment exhibited significant growth, expanding at a rate of 40%, although this was compared against a low base in fiscal year 2022. This recovery brought MHCV sales to approximately 92% of the level recorded in fiscal year 2019, a notable milestone. The resurgence in economic activities across various sectors played a pivotal role in driving this recovery.

- Bus sales witnessed growth rate of 27% in 2024 over the fiscal 2023 supported by the low base and increased demand from the State Road Transport Undertakings (SRTUs), schools & colleges and office segment. The mandatory scrappage of older Government vehicles is expected to drive replacement demand from SRTUs (with EVs gaining traction) over the near term

Overall, CV production have shown a growth of 3.0% CAGR over fiscals 2018 to 2024. Within the space, medium and heavy commercial vehicle (MHCV) production marginally increase 1.6% CAGR whereas LCV improved by 5.6%. Tata Motors is the leading producer followed by Mahindra, Ashok Leyland and Eicher.

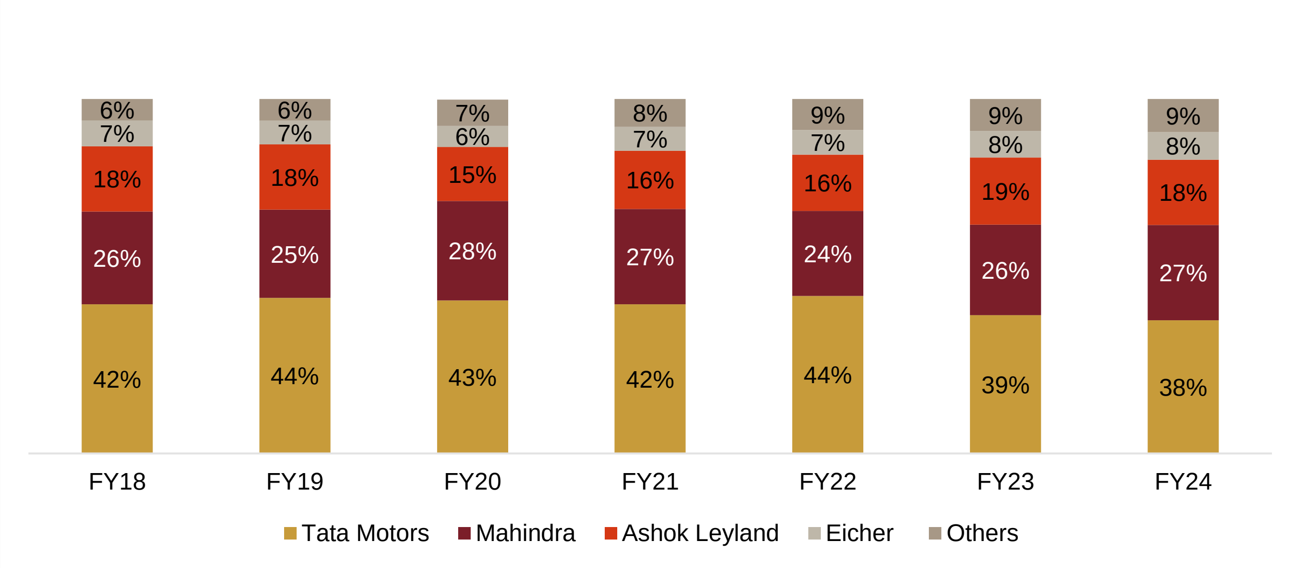
Faster growth in LCV production was on account of strong domestic demand, supported by high replacement demand over fiscals 2018 to 2020, improved rural sentiment, and growing e-commerce penetration. Even during the pandemic, improved rural sentiment and less impact of the pandemic in rural areas resulted in LCVs outperforming MHCVs.

Figure 6: CV production split by OEMs



Source: SIAM and CRISIL MI&A

Figure 6: CV production share by OEMs



Source: SIAM and CRISIL MI&A

Tata Motors leads in the CVs segment in terms of market share, followed by Mahindra & Mahindra and Ashok Leyland (ALL). Over the years, from a high base, Tata Motors has lost some ground to Mahindra and VE Commercial Vehicles Ltd.

Mahindra lost some share during fiscal 2021 and fiscal 2022 amidst the supply constraints, semiconductor shortage faced by the company. However, in fiscal 2024, Mahindra regained some ground with some easement in supply as well as with the launch of new Bolero City Pik-Up, an addition to its existing Pik-Up range as well as Furio range boosting its share. Since the launch of Boss, Ashok Leyland has rapidly gained market share in the ICV segment. In FY24, there is some pressure seen in the sub-one category that is impacting Tata Motors' share, whose Tata Ace has been a dominant one in the same category. Also, Mahindra has been benefitted due to a potential trend shift happening from sub-one tonne to pik-up category where they have strong market hold.

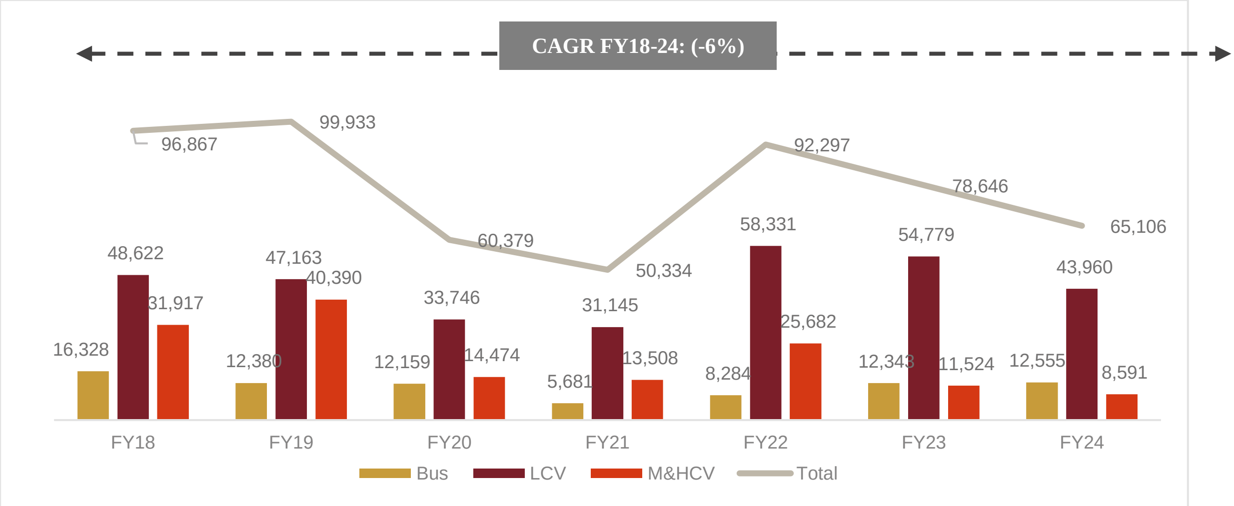
2.2.4 Export Trends and key export destinations

During pandemic, CV exports had fallen by 17% on year in fiscal 2021 led by drop in exports of buses by 53% on year. Push for infrastructural activities, freight availability of essential commodity cushioned CV exports in fiscal 2021. During fiscal 2022, on a low base of fiscal 2021, CV exports clocked 83% on year growth in exports with goods segment providing the thrust with 88% growth.

CV exports decreased from 14.8% in fiscal 2023 to 17.2% in fiscal 2024 on a higher base due to 25.5% decrease in MHCV and also LCV segment decreased by 19.8%. Exports in the goods segment fell by 21.1% in fiscal 2023, led by sharp decrease in the MHCV and LCV goods segment by 55.1% and 6.1% on year respectively; however, the passenger (bus) segment increased by 49% in fiscal 2023.

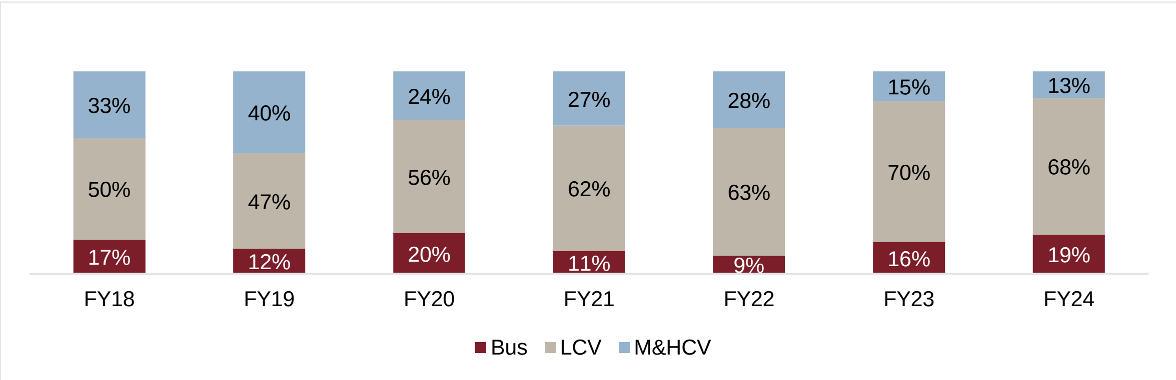
Market share of Mahindra & Mahindra grew to 32% in FY24 as against 26% in FY23 and became the largest CV exporter. Tata Motor's market share - declined to 38% in fiscal 2024 from 40% in fiscal 2023. Tata Motors and Ashok Leyland, led by their new truck range, aim to double their volumes and expect export contribution in total production to jump 15-20% in next three-five years. Tata Motors have started exporting Prima trucks to emerging markets such as Vietnam, South Africa, Malaysia and Kenya, besides other ASEAN (Association of Southeast Asian Nations), Arab and African countries.

Figure 4: Segmental exports trend



Source: SIAM, CRISIL MI&A

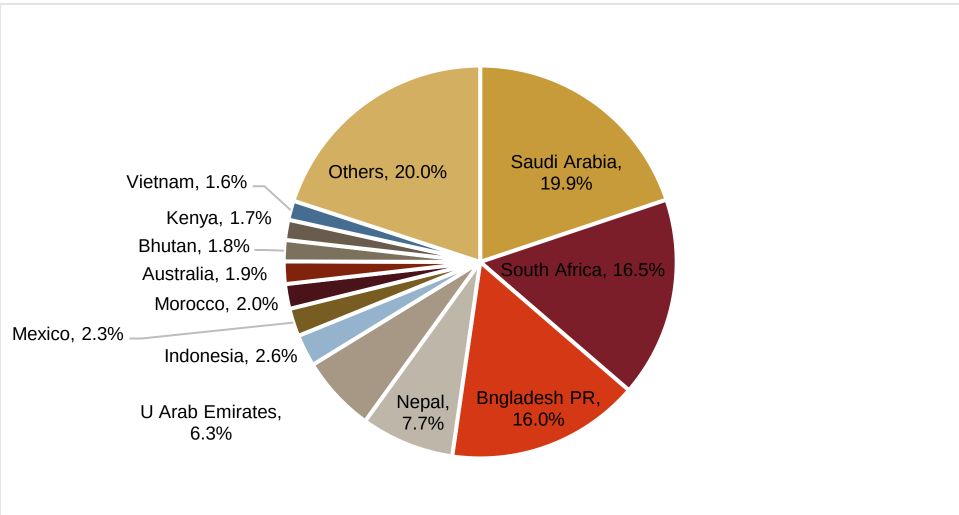
Figure 5: Segment-wise exports share



Source: SIAM, CRISIL MI&A

From an exceptionally low base of fiscal 2021, exports recorded a faster growth (83% on year) in fiscal 2022 however growth declined in fiscal 2024 by 17%.

Figure 5: Key exports destinations in FY23



Source: DGFT, CRISIL MI&A

12 countries constitute 80% of the total exports of commercial vehicles from India with Saudi Arabia being the largest importer followed by, South Africa, Bangladesh, Nepal, etc.

2.2.5 Growth Drivers for Commercial Vehicles in India

Increasing freight rates to aid in materialization of deferred demand

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

Shift in fuel types of CVs to CNG

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

In fiscal 2023, the share of CNG models in the LCV market dropped from 15% in the previous fiscal year to 12%. Similarly, in the Medium and Heavy Goods Vehicle (MHGV) category, the share of CNG MHGV vehicles sold reduced from 11% in fiscal year 2022 to approximately 5% of total sales in fiscal 2023. The increased cost of CNG compared to diesel impacted demand, prompting consumers to opt for diesel-powered vehicles instead.

In fiscal 2023, with the Kirit Parikh committee recommendations on CNG pricing, CNG prices have declined by 4% to Rs 74/kg. This decline in prices will open the difference in total cost of ownership between Diesel and CNG favouring CNG transition.

In the first half of fiscal 2024 the CNG prices dropped by ~4% and the diesel prices by ~3% respectively on-year. In the LCV segment and the MHCV segment, the proportion of CNG vehicles decreased marginally by 1%. The CNG model availability was one of the major factors that lead to the drop as there were supply side constraints caused by OEMs transitioning to BS VI stage II emission standards leading to the unavailability of the LCV CNG models.

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

Stable agricultural output

Over fiscal 2024 to 2029, CRISIL projects 3-4% gross value added (GVA) growth in agriculture. In fiscal 2024, Agri GVA grew at 2% over last year and expected to remain steady in coming years.

In the current fiscal, kharif sowing was initially delayed due to the delayed monsoon. However, sowing has picked up in recent months. Moreover, higher MSP allocation for fiscal 2024 and good prices in mandis have maintained the positivity on-ground. Going ahead, the rainfall progress and spread to play a key role for the current kharif cycle. The progress of the monsoon and its impact on rural demand especially for two wheelers and tractors, remain as key monitorable.

Healthy industrial growth

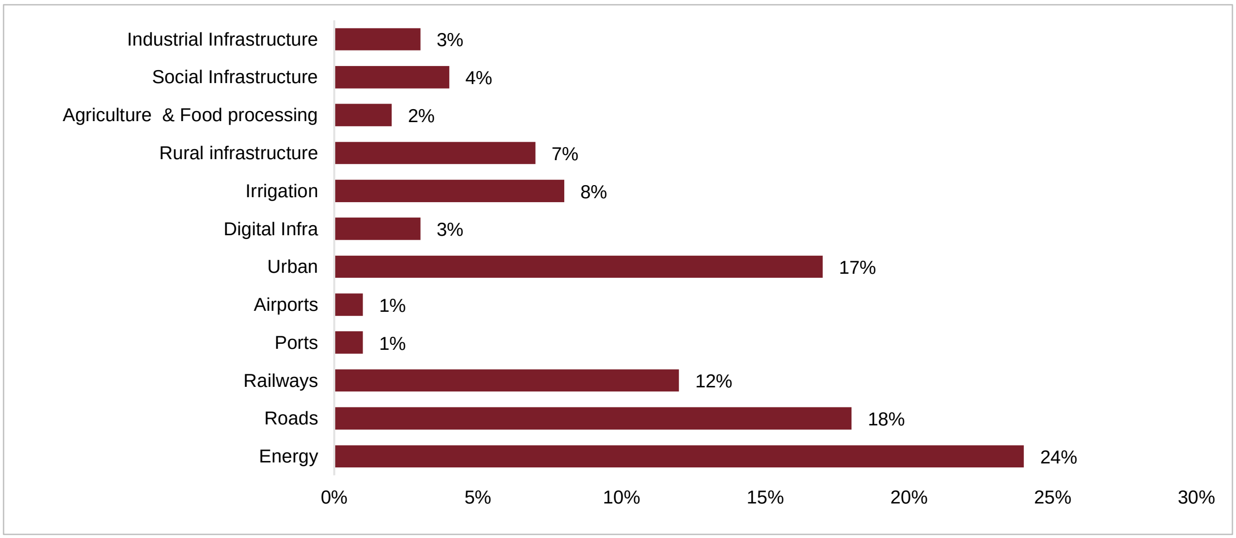
The Indian industry's GVA grew at a tepid pace of 3.7% between fiscals 2019-2024 After ~5% growth in fiscal 2019, industrial GVA witnessed contraction in the next two years amidst the unfavourable macroeconomic scenario and the Covid pandemic.

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

Government's focus on infrastructure

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

Figure 7: Sectoral break-up of NIP amounting to Rs 111 lakh crore at launch



Source: Department of Economic Affairs - NIP Volume I, CRISIL MI&A

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

Focus on infrastructure and higher mining production to bolster tipper demand

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

Capacity utilization and profitability of transporters

Utilization of transporters depends on:

- Availability of freight - driven by growth in industrial and agricultural production and port traffic
- Regulations on vehicle age, weight, permit and tax norms
- Improvements in road infrastructure, which improve the turnaround time

A rise in utilization translates into better cash flow for transporters and, hence, augurs well for CV sales.
Factors influencing transporter profitability are:

- Freight rates and capacity utilization
- Bargaining power
- Fuel cost and fuel efficiency
- Capital cost
- Agency commission and wage cost
- Operating and maintenance costs, such as tyre prices and toll rates

The dynamics of the domestic freight transport industry (DFTS) play an important role in determining demand for CVs.

Replacement demand

LCVs are typically replaced every 6-8 years, and vehicles purchased between fiscal years 2011 and 2013 were due for replacement in fiscal year 2019.. This strategic replacement cycle contributed to stable sales in fiscal year 2019 and prevented a major decline in LCV sales in fiscal year 2020 after robust sales in fiscal years 2018 and 2019. The postponement of replacement volumes since fiscal year 2020 has further supported LCV demand volumes in fiscal year 2024 and is expected to sustain growth in fiscal year 2025.

JNNURM – I (Jawaharlal Nehru National Urban Renewal Mission) buses, sold during the peak seasons of fiscals 2011 and 2012, are expected to be replaced once funds are released by the central and state governments for purchase. This replacement is expected to gain pace now, aiding long-term MCV bus growth. The government's mandate to replace private vehicles (such as vans) with school buses in some cities, is also expected to augur well. Also, the centre's scrappage policy is likely to attract 6,00,000-6,50,000 MHCV vehicles for scrapping there by driving the replacement demand.

Scrappage policy

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

Commissioning of dedicated freight corridors (DFCs) to put brakes on road freight and hence CV sales

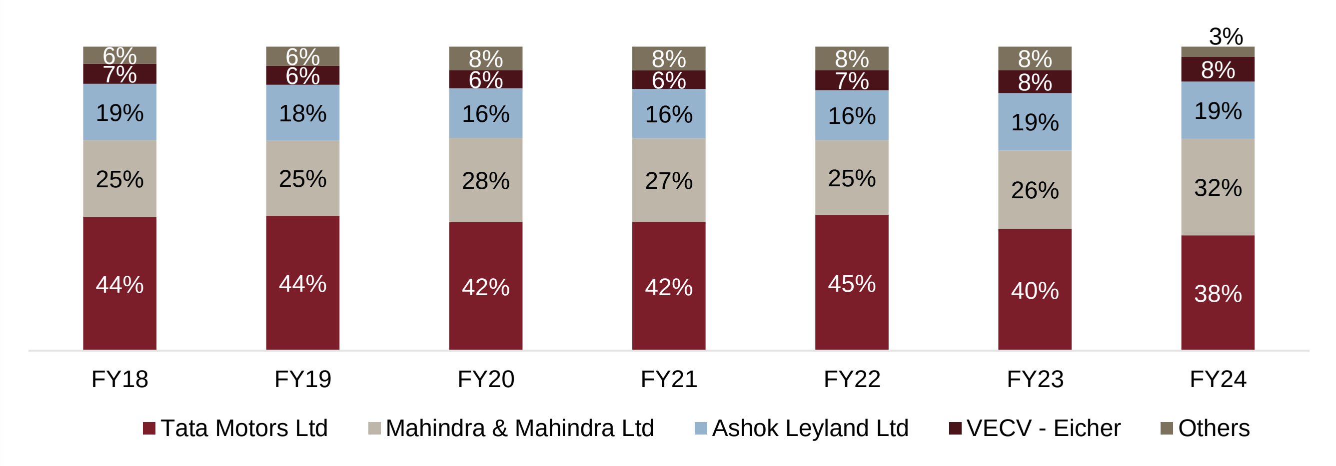
The DFCs are expected to help the Indian Railways regain its lost freight share, by reducing turnaround times between the importing and consuming destinations. Not only will the DFC induce faster freight movement, but it will also allow for faster evacuation of cargo from the ports, thereby improving efficiency. In fact, the DFCs and the associated logistics parks are likely to help industries significantly reduce their plant-level inventory as well, enabling savings in working capital. Moreover, the shifting of freight to rail will aid the economy by decongesting major highways.

Thus, the roads segment, which has outperformed rail over the past decade, could lose some share once the DFCs are commissioned.

2.2.6 Macroeconomic trends - Competitive Scenario

Tata Motors leads in the CVs segment in terms of market share, followed by Mahindra & Mahindra and Ashok Leyland (ALL). Over the years, from a high base, Tata Motors has lost some ground to Mahindra & VECV

Figure 8: Overall CV industry split by market share across OEMs

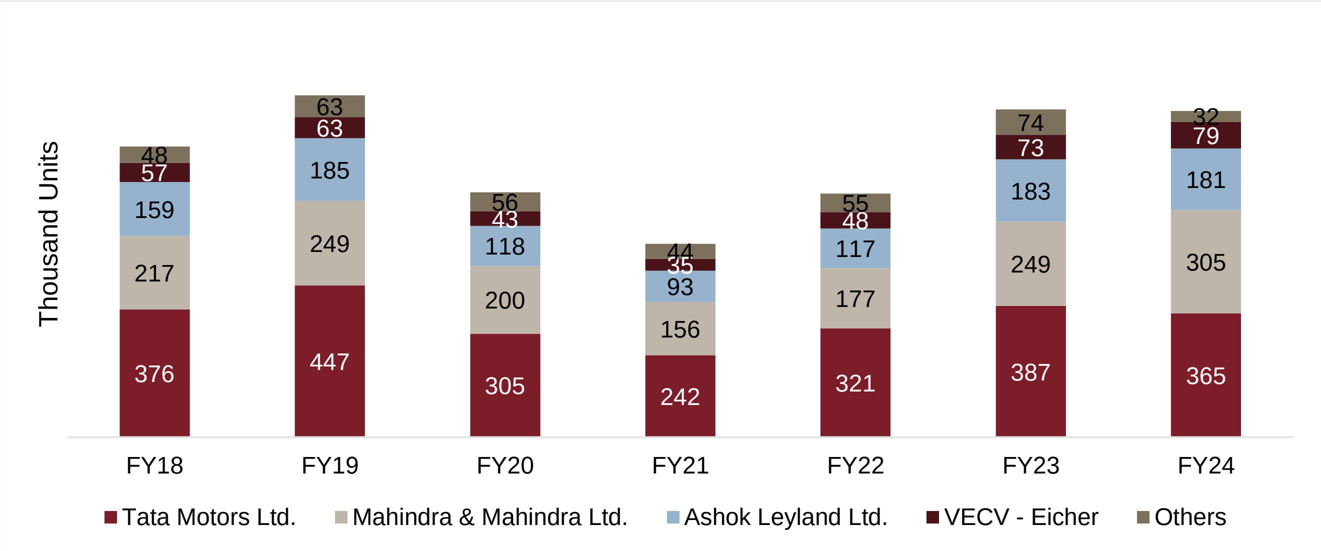


Note - Other players are Force Motors Ltd., Isuzu, JBM auto ltd, Maruti Suzuki Ltd, Olectra Greentech Limited, Piaggio Vehicles Pvt. Ltd., SML Isuzu Ltd., Swaraj Mazda Ltd., Toyota Kirloskar Motor Pvt Ltd., VECVs – Volvo and Volvo Group India Pvt Ltd.

Note: All percentages have been rounded off.

Source: SIAM, CRISIL MI&A

Figure 9: CV industry split by OEM Wholesale Volumes



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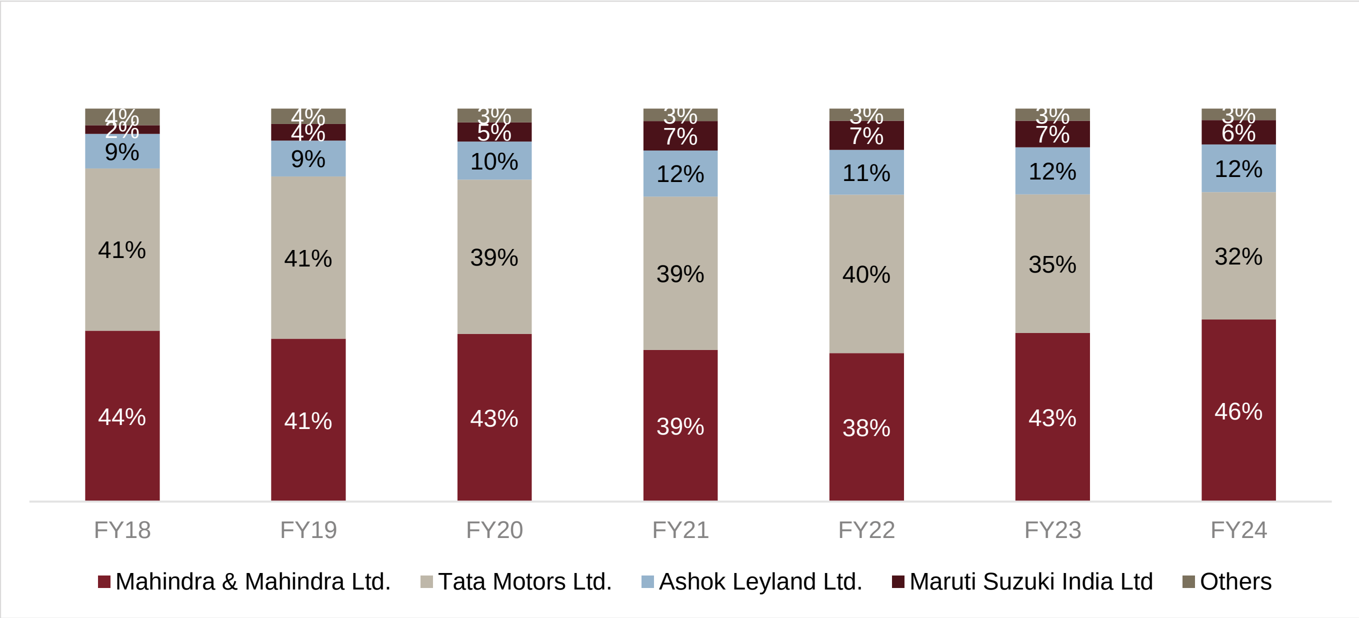
Note: All percentages have been rounded off.

Source: SIAM, CRISIL MI&A

Mahindra lost some share during fiscal 2021 and fiscal 2022 amidst the supply constraints, semiconductor shortage faced by the company. However, in fiscal 2023, Mahindra regained some ground with some easement in supply as well as with the launch of new Bolero City Pik-Up, an addition to its existing Pik-Up range as well as Furio range boosting its share. Since the launch of Boss, Ashok Leyland has rapidly gained market share in the ICV segment. In FY24, there is some pressure seen in the sub-one category that is impacting Tata Motors' share, whose Tata Ace has been a dominant one in the same category. Also, Mahindra has been benefitted due to a potential trend shift happening from sub-one tonne to pik-up category where they have strong market hold.

Figure 10: LCV Goods Segment split by market share across OEMs

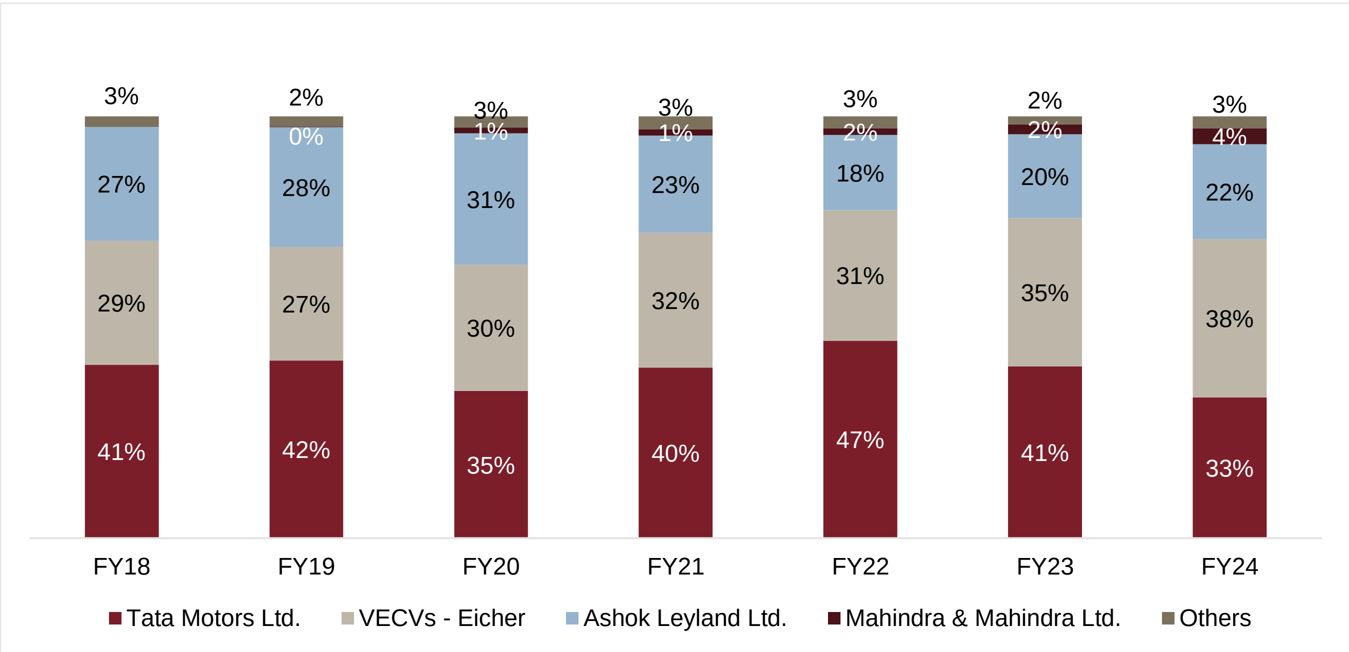


Note: Others include VECVs Eicher, Swaraj Mazda Ltd, Tata Motors, Force Motors Ltd, Isuzu, Toyota Kirloskar Motor Pvt Ltd and Piaggio Vehicles Pvt Ltd

Note: All percentages have been rounded off.

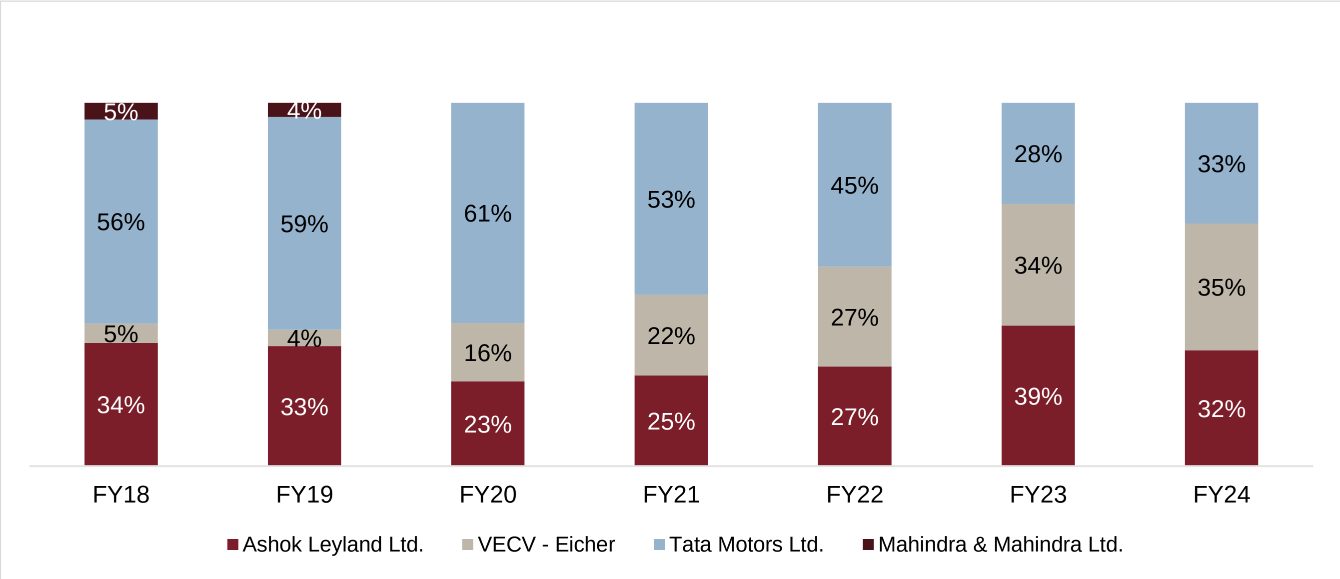
Source: SIAM, CRISIL MI&A

Figure 11: ICV Goods segment split by market share across OEMs



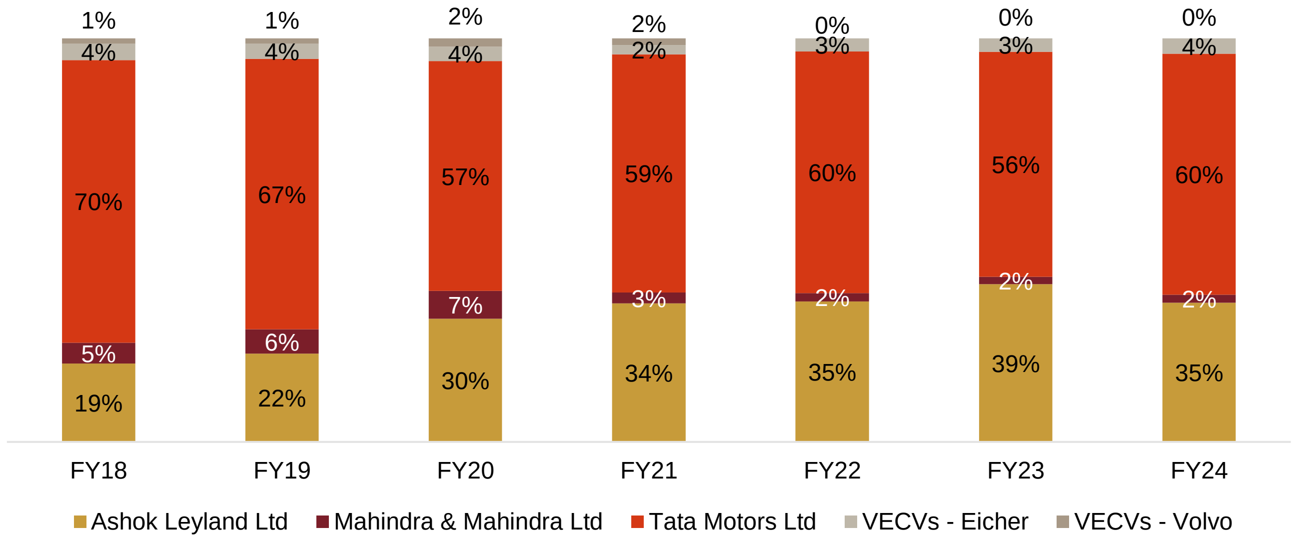
Note: Others include Swaraj Mazda Ltd and SML Isuzu Ltd
Note: All percentages have been rounded off.
Source: SIAM, CRISIL MI&A

Figure 12: MCV Goods segment split by market share across OEMs



Source: SIAM, CRISIL MI&A

Figure 13: MAV Haulage and Tipper Goods segment split by market share across OEMs

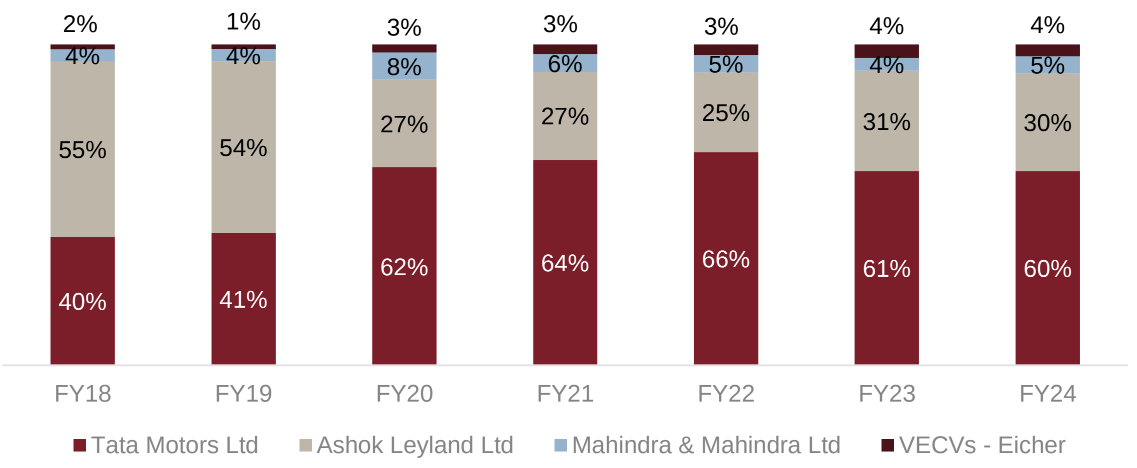


Note: Combined number of MAV Haulage and Tipper

Note: All percentages have been rounded off.

Source: SIAM, CRISIL MI&A

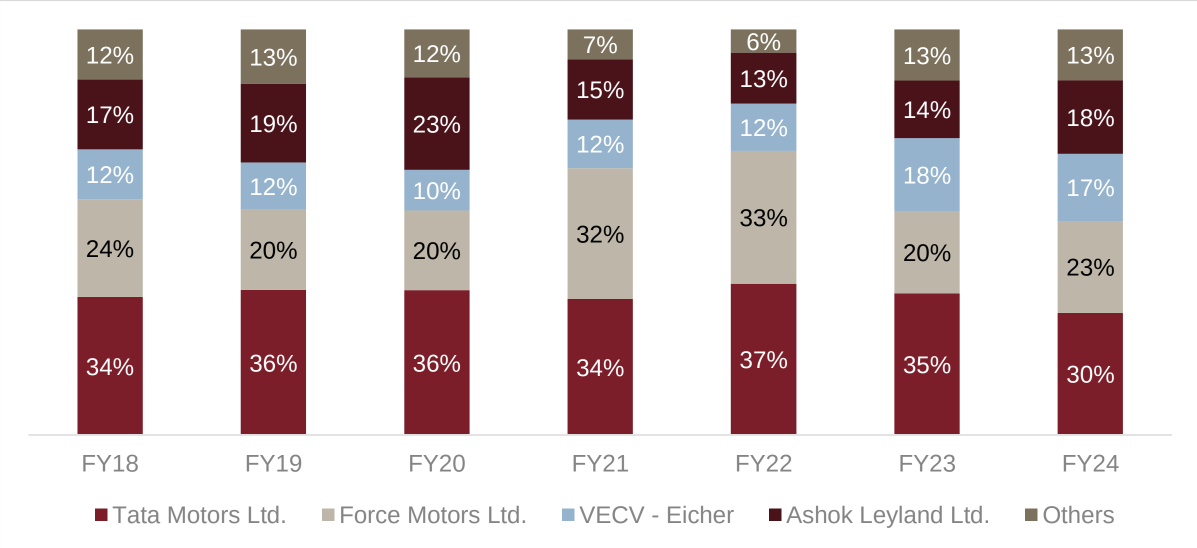
Figure 15: Tractor Trailer segment split by market share across OEMs



Note: All percentages have been rounded off.

Source: SIAM, CRISIL MI&A

Figure 16: Bus segment split by market share across OEMs



Note: All percentages have been rounded off.

Source: SIAM, CRISIL MI&A

2.2.7 Macroeconomic trend - CV Finance Industry

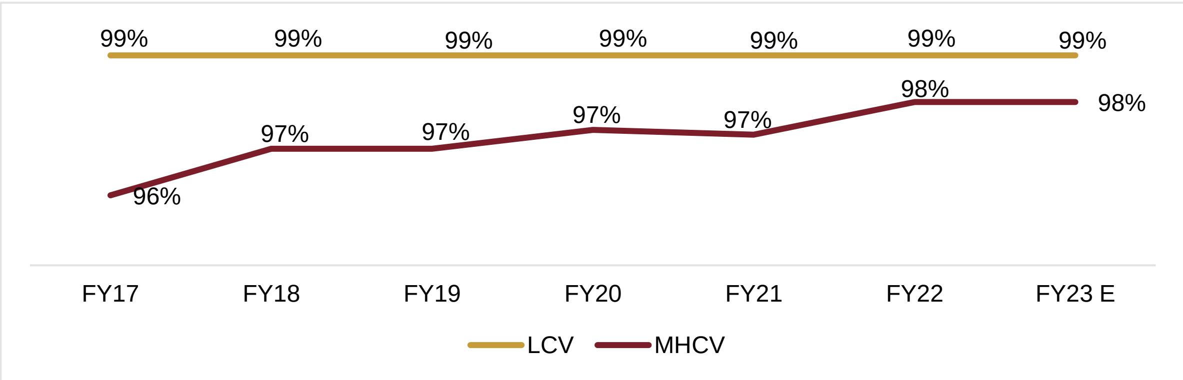
CV financing saw a de-growth in fiscal 2021 as the pandemic had a severe impact on demand amid nationwide lockdowns. This was in addition to the challenges that the industry was facing on account of price hikes post BS-VI implementation. Disbursements were further impacted in the first quarter of fiscal 2022 due to the second pandemic wave, though most players saw their disbursements pick up from the second and third quarters of fiscal 2022, both on-month and on-year. Overall, in fiscal 2022, disbursement demand picked up for most players due to increase in private consumption and freight demand, leading to 46% growth. HCVs saw higher growth in disbursements compared with LCVs.

Disbursements in fiscals 2024 showed an uptick over a high base as wholesale sales are expected to pick up, aided by higher replacement volume, economic recovery and higher government spend on infrastructure. Prices for OEMs showed a slower rise of 3-4% in fiscals 2024, due to heavy cash discounting expected at dealer levels, which would push up sales and further support volume. Financing penetration is expected to remain high and LTVs are expected to inch up.

The top 20 cities account for 40-45% of the total outstanding CV financing portfolio. These cities account for a greater share of MHCV loans, which have an average ticket size of about Rs 1.2 - 1.3 million compared with ticket sizes of about Rs 0.35 - 0.45 million for LCVs. The proportion of LCV sales is higher in regions outside the top 20 cities.

Figure 17: Finance penetration for LCV and MHCV segment

The CV finance industry is already highly penetrated. Typically, around 97% of the vehicles purchased are funded externally. Within segments, LCVs have marginally higher finance penetration compared to MHCVs owing to the lower vehicle price and the better credit profile of the customers.



Source: CRISIL MI&A

2.2.8 Key regulatory changes

Recent regulations on new commercial vehicles (CVs) such as the axle norm, bus body code, mandatory anti-lock braking system, speed governors, BS-VI norm enforcement, and mandatory cabin ventilation system have already had an impact on the industry. We anticipate that the effects of newer fuel-efficiency standards, BS-VI phase 2 norms, truck body code, and new scrappage policy will be felt in the long run.

Axle load norms

In the second half of fiscal 2019, the MoRTH had notified new axle load norms for CVs, which allow for an increase in the load-bearing capacity of trucks. The new norms were applicable to the entire fleet of freight-moving trucks – called the ‘population parc’.

Table 1: New payloads stipulated for M&HCVs

(in Tonnes)	MCV		MAV			T-Trailer	
Previous GVW	16	25	31	37	35	40	49
Previous Payload	9	16.5	21	26	23	27	35
Kerb weight	7	8.5	10	11	12	13	14
GVW as per new norm	18.5	28	35	42	39.5	45.5	55
New Payload	11.5	19.5	25	31	27.5	32.5	41
% increase in rated payload	28%	18%	19%	19%	20%	20%	17%

Source: CRISIL MI&A

Although the new axle load norms increased freight-carrying capacity of trucks by ~20%, the benefit was availed by transporters ferrying bulk goods, which constitute 35-40% of the truck movement. The movement of bulk goods in billion tonne-kilometre (BTKM) terms via road fell marginally in fiscal 2020 amid the ~20% rise in capacity for bulk goods transporters. Therefore, bulk goods transportation via roads largely continued to face overcapacity, limiting new truck purchases.

The only saving grace would be transportation of voluminous non-bulk goods (60-65% of truck movement), which, while being unaffected by the axle norms, were impacted by slowing consumption in fiscal 2020. Moreover, as some bulk transporters were already overloading near or moderately above the new payload levels, the impact of the axle norms for such transporters would be less.

Post implementation of the axle norms, the payload of the erstwhile 5 Axle truck (e.g. old 37T) can now be carried by a 4 axle truck (e.g. new 35T) . Also, the erstwhile 49T T-trailer’s payload has now increased from 35T to almost 40T.

Truck body code

All goods vehicles (>3.5T GVW), manufactured either by a vehicle manufacturer or a body builder on drive-way chassis vehicles, had to comply with the provisions of AIS-093 (Revision 1) in two stages — the first stage of compliance in October 2018 and the second stage in October 2019. We believe compliance with this code led to a cumulative price rise of ~5%.

With standardization in truck body building, there was consolidation among truck body builders as small players found it difficult to meet the testing requirements. With standardization, financiers are believed to have been more willing to fund the generally unsupported body building cost. This is estimated to have reduced the initial down payment, minimizing the impact of the 5% rise in the cost of ownership.

Fuel efficiency norms

To make heavy-duty trucks and buses more fuel efficient, the Ministry of Petroleum and Natural Gas, MoRTH, and the Ministry of Heavy Industries are in talks to notify fuel efficiency norms. Based on talks with various stakeholders, BS-IV compliant diesel vehicles of categories M3 and N3, with GVW of 12T and above, will have to comply with these norms. Vehicles are expected to meet the 'target diesel fuel consumption' value for a specific set of speeds, which is dependent on the vehicle’s GVW, axle configuration, and category (N3/M3). Fiscal

Emission norms

Bharat Stage (BS) emission standards are issued by the government to regulate the output of air pollutants from motor vehicles. In January 2016, the central government decided to skip BS-V and transition directly to BS-VI norms, fixing April 1, 2020 as the deadline for introduction of BS-VI emission norms.

BS-VI phase 2 implemented from April 2023, entailed an addition of on-board self-diagnostic device (OBD2) to monitor real time emissions. The addition of OBD2 will also require upgrades to hardware and software of the vehicles to comply with the new norms which resulted in a price hike of 2-4%.

Higher safety measures for buses

Safety regulations regarding vehicle tracking and panic buttons were introduced in January 2019. Later, regulations related to fire detection system, escape hatches, emergency lighting, and emergency doors were implemented in April 2019. These regulations resulted in bus prices increasing by Rs 65,000, in addition to regular price increases.

Air-conditioned driver Cabins

The Indian government's approval of mandatory air-conditioning (AC) systems in truck cabins for categories N2 and N3, effective from January 2025, is set to improve working conditions for truck drivers and address driver fatigue concerns, ultimately enhancing road safety. The new regulation will require truck manufacturers to sell vehicles with pre-fitted AC cabins, incurring an extra cost. Despite the initial financial impact, the long-term advantages in terms of driver well-being and overall efficiency are likely to outweigh the costs.

2.2.9 Historic growth drivers for Indian CV exports

More than 90% of the commercial vehicle exports are to Asia, Africa, and Middle East regions.
In Asia, demand from Bangladesh, Sri Lanka and Nepal drives the CV exports. Since, all the major markets are developing nations, increase in infrastructure activities has been the major drivers in CV exports from India. Geopolitical issues (border tensions) create challenges in exports.

During pandemic, CV exports had fallen by 17% on year in fiscal 2021 led by drop in exports of buses by 53% on year, largely on account of restricted passenger mobility across export markets. Push for infrastructural activities, freight availability of essential commodity cushioned CV exports on the goods side in fiscal 2021.During fiscal 2022, on a low base of fiscal 2021, CV exports clocked 83% on year growth in exports with goods segment providing the thrust with 88% growth.

However, in fiscal 2023 exports growth declined by 15% from a high base of fiscal 2022 owing to weak demand from countries such as Sri Lanka, Nepal, and Bangladesh due to economic strain in these countries. Further devaluation of currencies in export destinations including Africa and other developing nations limited the export growth.

2.2.10 Current EV penetration in CVs

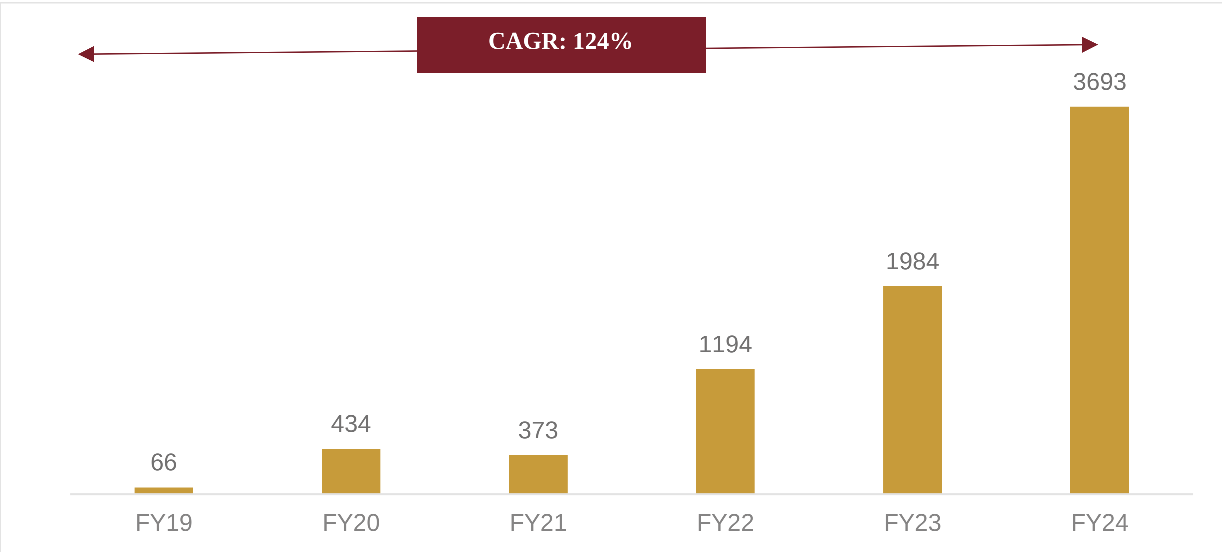
The Government of India has undertaken several steps to ensure proliferation of electric vehicles, such as FAME I &II, Phased Manufacturing Program and PLI to name a few. The same has been supported by lucrative state EV policies, which a few progressive states have released.

Electric vehicles share of various vehicles segments such as two wheelers, three wheelers, passenger vehicles and buses are still in single digits despite multiple measure by the Government to support electric vehicle sales. EV penetration is low currently due to many issues such as limited presence of mainstream OEMs, model availability in certain segments like motorcycles, lack of charging infrastructure, financing availability etc.

Currently, most EVs used in the commercial segment as goods carries are three-wheelers and LCVs are picking pace. However, as the cost differential between electric and diesel vehicles start reducing, CRISIL expects new models to be launched, which will drive sales in the segment as the third-mile logistics and local distribution of goods are well suited applications for electric vehicles.

Due to the Government support through FAME and then followed by EMPS and focus on quicker adoption of EVs in public transport, there has been significant increase in electric bus sales in the last couple of years. Operational profile of buses with fixed routes and regular stops makes them suitable for charging at pre-determined intervals and specific locations.

Figure 18: EV registration trend in buses (no. of units)

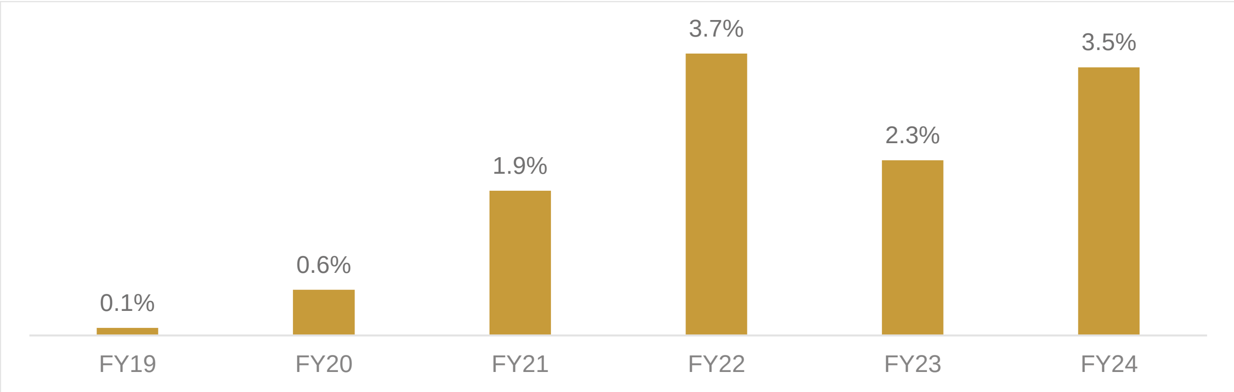


Source: VAHAN, CRISIL MI&A

However, EV bus registrations skyrocketed in the last 3 years backed by adoption by State Transport Undertaking (STU) as aided by government incentives. During fiscal 2019-2024 period, EV bus registration increased at a rapid pace of 124% CAGR

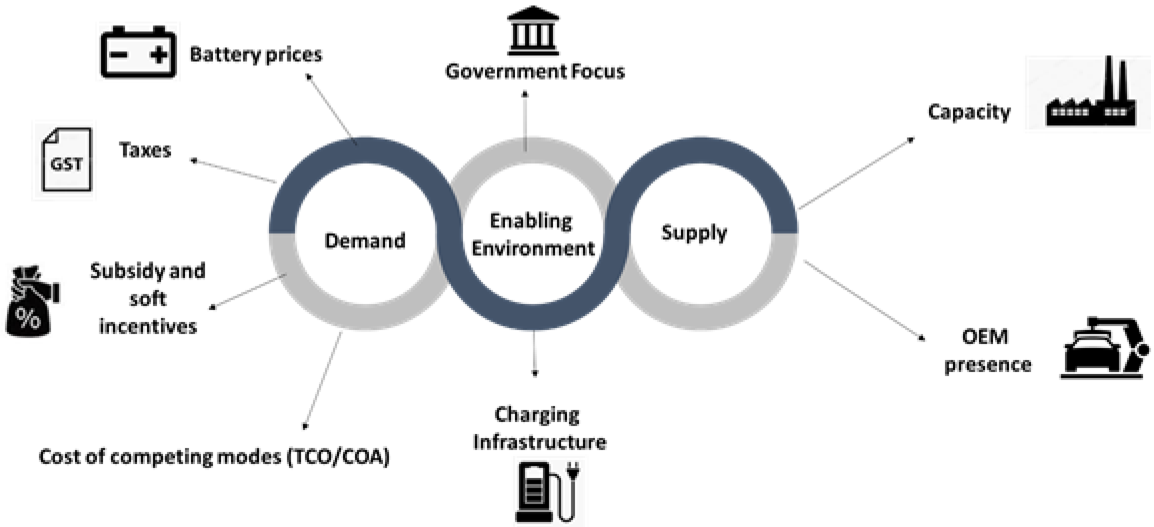
EV penetration was insignificant till fiscal 2019, it gained some pace during fiscal 2020 reaching about 0.6%. Following which, in FY21 and FY22 we saw penetration of 3.7% and 2.3% on a account of low base effect as the overall buses Industry was subdued on account of COVID. Growth momentum continued in fiscal 2024 with y-o-y growth of 86% reaching more than 3,600units.

Figure 19: EV penetration in buses



Source: VAHAN, CRISIL MI&A
Note: FY21 and FY22 were COVID impacted years and hence the overall sales of buses were low which leads to low base effect in FY21 and FY22

EV demand drivers



Source: CRISIL MI&A

- **Lesser environmental impact:** Compared to ICE vehicles, limited impact of EVs on the environment is the primary reason for increasing focus on electric vehicles globally. It is expected to drive the demand going ahead.

- **Government Focus:** Central as well as state government are focussing on promoting electric vehicles to the consumers. Governments are incentivising customers in the form of subsidies, tax breaks, waiver on registration certificates (RC) and renewal of RC for EVs etc. The Government incentives will remain the major driving force for the EV adoption. For commercial vehicle segment, government is also supporting

EV usage through STUs by committing to convert a significant portion of the public transport infrastructure fully electric in the next few years.

- **Lower operating costs:** One of the primary advantages of an EV for the customer is its lower operating cost. The recent rise in fuel costs has provided an added impetus to the EV adoption. Although the cost of acquisition is still one of the major hurdles for EVs, lower operating cost is expected to remain a significant incentive for customers. The lower battery cost, reduced GST rate of 5% and FAME-II demand incentive are expected to improve the cost of ownership and hence viability of EVs.

- **Charging infrastructure:** Availability of charging infrastructure remains a key determinant in EV adoption. Government, power distribution companies, OEMs are focussing on expanding the supplementary infrastructure including the charging infrastructure which will surely aid the EV adoption in the longer run. For instance, The Ministry of Road Transport and Highways announced plans to set up EV charging kiosk at each of India's 69,000 petrol pumps across the country. State government of Andhra Pradesh has decided to set up ~400 EV charging stations along the National and State Highways. Delhi government has announced to set up charging stations within every 3 kms distance in the city. Besides, large corporate such as MG Motor and Tata Motors installed 60 kW Super-fast EV charging station in Mangalore.

- **Increased OEM presence:** Most of the mainstream players are planning to launch an electric vehicle offering which is expected to boost the sales in the longer horizon.

- **Capacity expansion:** Most OEMs are expanding EV capacity to address the expected rise in electric vehicles. Moreover, government push in the form of mandatory localisation, PLI schemes will also provide an additional support to the capacity expansion.

- **Competitive pricing:** Battery is the primary contributor to the high electric vehicle prices. Through R&D, manufacturers are trying to lower the battery pricing while increasing the vehicle range. Companies are trying to achieve a golden mean between pricing and the range. This improvement in the customer offering will provide an impetus to the EV demand.
  Batteries account for ~40-50% of the total EV cost. Prices of batteries have been falling moderately. The fall is expected to continue over the next five years. India is highly dependent on imports of batteries due to lack of manufacturing facilities for battery cells (ACC). However, the Government announced initiatives for reducing battery prices further by localization of electric vehicle battery manufacturing. As part of the production-linked incentive scheme, the Union Cabinet earmarked ~Rs. 18,100 crores for setting up 50 giga watt hour (GWh) of advanced chemistry cell (ACC) manufacturing facility and 5 GWh of niche ACC capacity.

2.5 Outlook of the Indian Commercial Vehicle industry

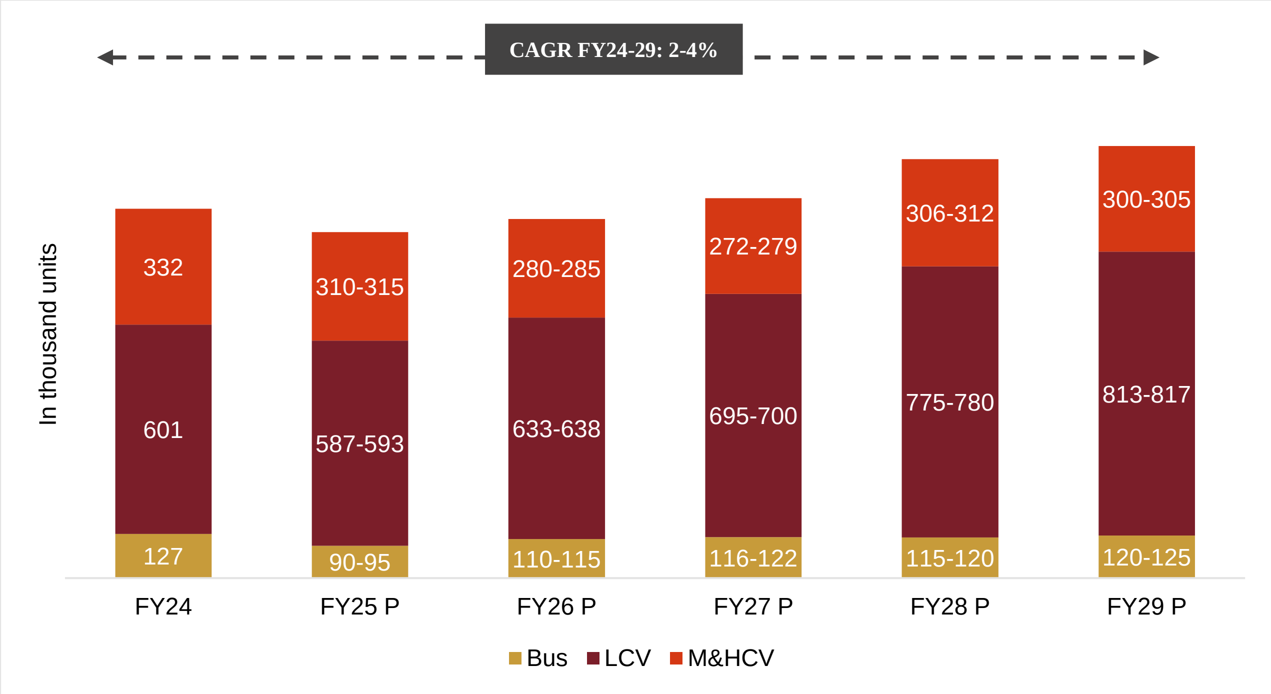
2.5.1 Production Outlook

Production of CVs in India is expected to increase at 2-4% CAGR between fiscals 2024 and 2029 as sales are expected to improve on the back of improving industrial activity, steady agricultural output, and the government's increasing focus on infrastructure, MHCV goods production is expected to de-grow at 1-3% between fiscals 2024-2029. LCV goods production is expected to grow at a 5-7% CAGR over the same period to cater to demand driven by higher private consumption, lower penetration, greater availability of redistribution freight and improved finance.

The bus segment which contracted at ~18% CAGR over fiscal 2017-fiscal 2022 period, has largely recovered now and is expected to see a stable trajectory of (2)-0% CAGR till fiscal 2029. Overall goods vehicles production which increased at 2% CAGR during fiscal 2017-22 period, is expected to witness a slower growth pace of 3-5% in the next five years till fiscal 2029.

The dominant domestic market growth will be aided by improving industrial activity in the country, steady agricultural output, and the Government's focus on infrastructure. Moreover, higher private consumption, lower penetration, greater availability of redistribution freight and improved finance will thrust LCV demand. Bus sales demand growth to be supported by increasing demand for inter-city/state travel, aided by better road infrastructure, and higher personal disposable incomes.

Figure 20: CV production outlook



E- Expected, P – Projected

Source: SIAM, CRISIL MI&A

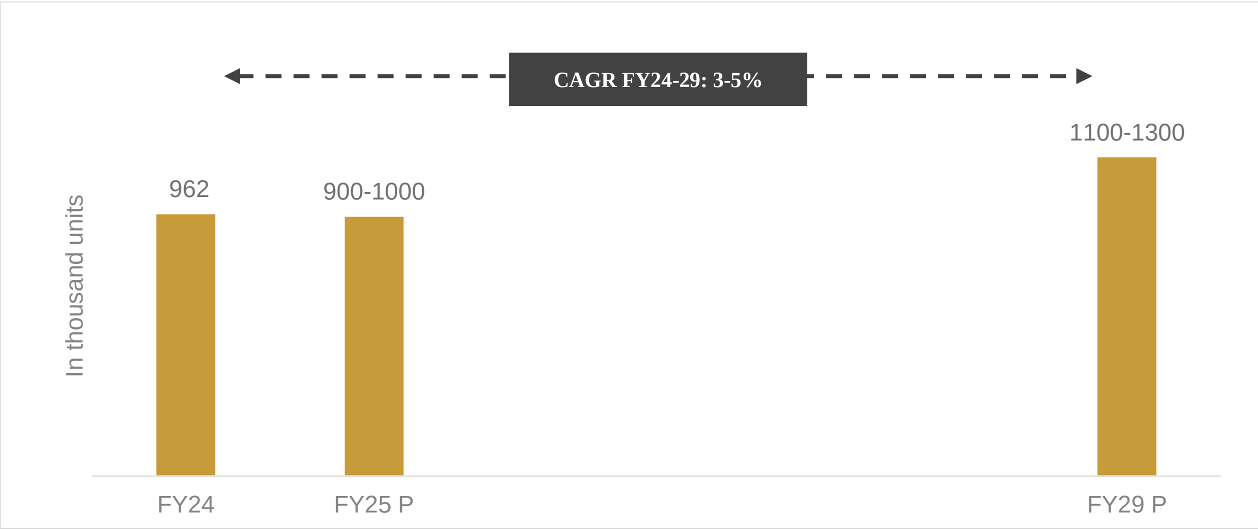
2.5.2 Split by domestic sales and exports

The Indian CV industry is expected to remain domestic-focused, with domestic sales comprising ~93% share of production even in fiscal 2029. However, with exports projected to grow at 5-7% CAGR between the fiscal periods 2024 to 2029, their contribution to overall production is likely to remain flat.

The second Covid-19 wave resulting in lockdowns in key affected areas in the first quarter of fiscal 2022 impacted domestic sales across segments, posting a healthy fourth quarter in fiscal 2021. Consequently, LCV and MHCV volumes declined ~42% and ~63% sequentially (on-quarter) and overall CV volumes by ~50%. Also, with a significant share of loans under moratorium amid low fleet utilization and freight rates, risk-averse financiers limited wholesale offtake. In FY22, LCV and MHCV sales improved by ~17% and 50% and on-year respectively over a low base of FY21. As mobility restrictions were relaxed and economic activities started picking up after the second wave abated in Q1 FY22, CV sales have picked up. This resurgence can be attributed to pent-up replacement demand that had been hampered during the preceding 2-3 years due to economic stagnation and the disruptive impact of the pandemic.

On the exports front, manufacturers are directing their investments into expanding presence to other Asian countries from neighboring countries such as Bangladesh, Nepal, and Sri Lanka to Africa and the Middle East. Domestic players are also considering setting up assembly operations across multiple markets. Also, going forward, new product line-ups and technology upgradation will allow domestic players to enter relatively advanced markets of south-east Asia. The economic slowdown is anticipated to lead to reduced consumer spending and investment in various regions, subsequently impacting merchandise trade volumes and posing significant challenges for India's export prospects.

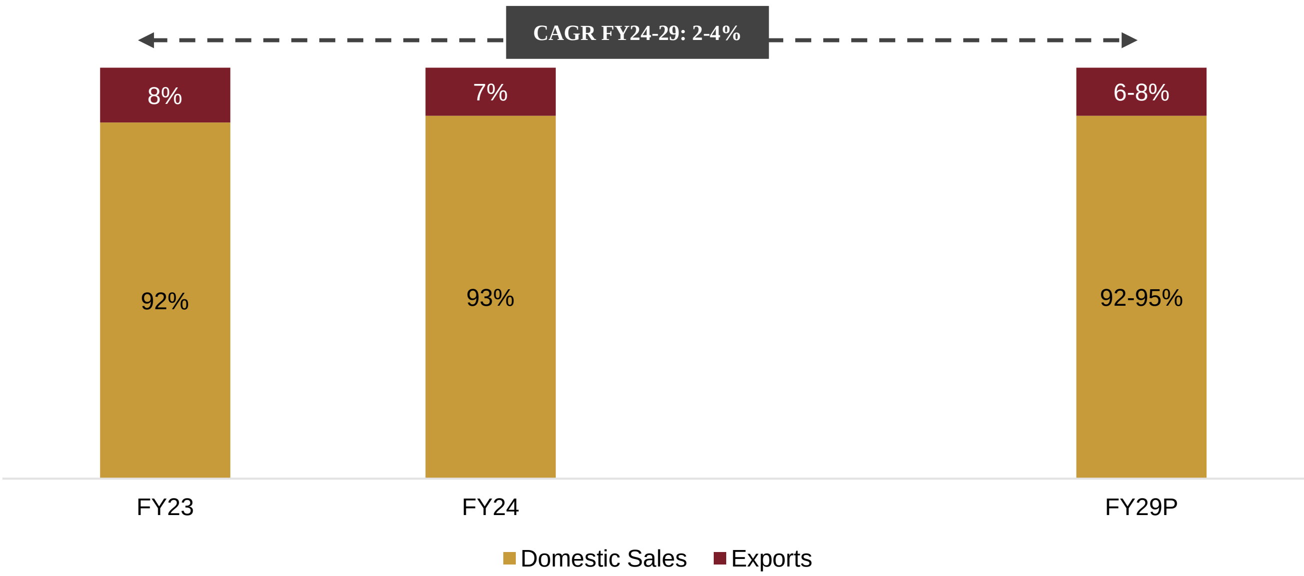
Figure 21: Domestic sales outlook



P – Projected

Source: CRISIL MI&A

Figure 22: CV industry split into domestic sales and exports



E- Expected, P – Projected

Source: CRISIL MI&A

CRISIL MI&A expects sales of commercial vehicles to grow at a CAGR of 3-5% between fiscals 2024 and 2029 aided by healthy industrial growth, focus on infrastructure and higher mining production. CV sales has plummeted ~28% in fiscal 2020 and further by ~21% in fiscal 2021. The fall in sales had created a low base over which volumes have witnessed growth of ~26% in fiscal 2022. In the last three years (FY2020-FY2023), the industry demonstrated a strong CAGR of 10%. The rise in tonnage addition is expected to be driven by an improved product mix, with a notable surge in demand for Multi-Axle Vehicles (MAV) and T-Trailer despite a shift to lower tonnage vehicles due to axle norm regulations

2.5.3 Segment-wise domestic sales outlook

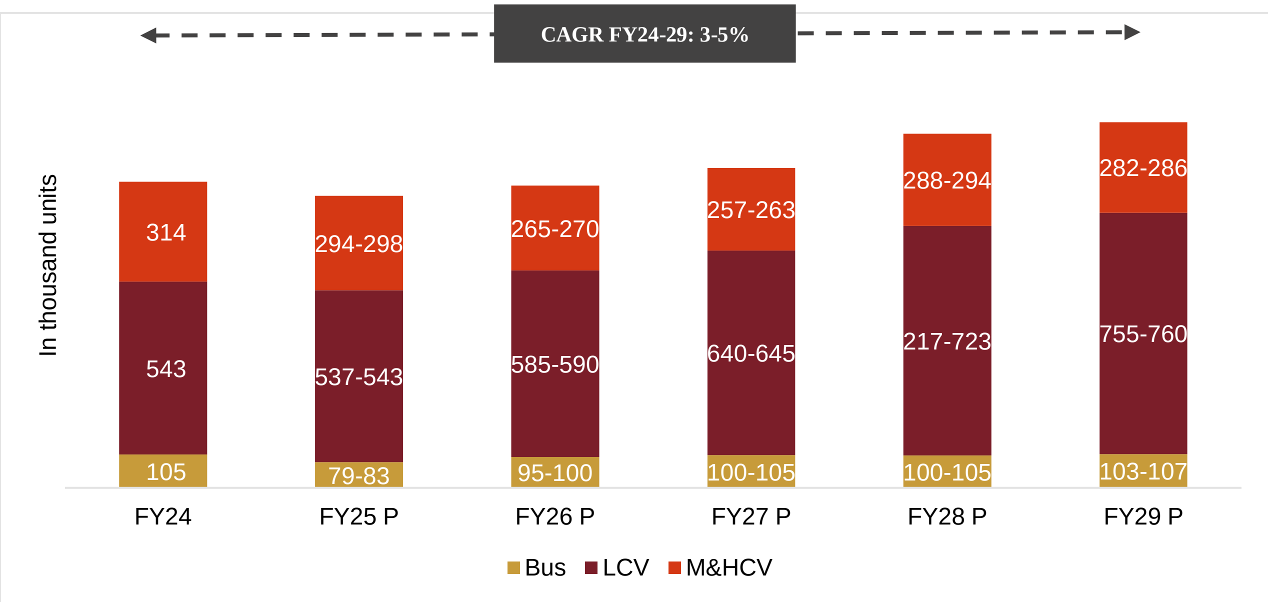
The CV industry recovered in fiscal 2023, with a 34% year on year growth rate, reaching ~96% of pre-pandemic wholesale levels. The commercial vehicle (CV) industry in India has grown steadily in fiscal year 2024, reaching pre-pandemic levels. Increased government spending, robust replacement demand, and strong end-user sectors such as construction and mining all are expected to contribute to growth.

The Light Commercial Vehicle (LCV) sales are projected to grow at a moderate rate of (2)-0% in fiscal year 2025, supported by sustained replacement demand with rising competition from electric three wheelers especially for the sub one tonne segment restricting further expansion. In fiscal year 2023, the LCV sales recorded an impressive growth of 23%, rebounding to 99% of pre-COVID levels. The surge in sales can be attributed to robust replacement demand, particularly in the sub-one-tonne category, which was deferred due to economic challenges and the pandemic.

However, in the first quarter of fiscal year 2024, LCV sales experienced a decline of 9% due to supply side constraints on account of OEMs transitioning to BS VI stage II emission standards. Despite this setback, the industry saw a revival in sales in the following quarters as supply scenario improved and demand kept pace with supply.

Over the long-term horizon, domestic CV sales are projected to record a 3-5% CAGR between fiscals 2024 and 2029, led by a 5-7% CAGR in the LCV segment, 2-4% CAGR in the M&HCV segment and 1-3% CAGR in the Bus segment.

Figure 23: Commercial vehicle domestic sales outlook



P: Projected; E: Estimated,

Source: SIAM, CRISIL MI&A estimates

In comparison to the same period in the prior year, overall CV sales in the first quarter of fiscal 2024 saw a slight decline of 3%. The fourth quarter of the previous fiscal year's prebuying activity, which took place before the implementation of BS VI stage II, which resulted in a price increase of 3-5%, had an impact on this downturn. Additionally, because Original Equipment Manufacturers (OEMs) made the technological transition necessary to meet the new standards, supply-related constraints came into being.

Table 2: End-use sector outlook (between fiscals 2024 and 2029P)

Key end-use segments and outlook

Sectors	Growth outlook (FY24-FY29)	Key aspects
Coal	5-6%	Growth in coal-based power generation Demand from allied sectors such as cement and sponge iron

Sectors	Growth outlook (FY24-FY29)	Key aspects
Steel	6-7%	Building and construction, the major demand creator in this segment Demand to be driven by rural housing / affordable housing and commercialization of Tier III/IV cities. Infrastructure demand also plays an important factor according to National Infrastructure Pipeline (NIP)
Cement	5-6%	
Port movement	2-5%	Iron ore exports to support growth, as global demand for steel improves. POL trade (imports) particularly in LPG poised to go up
Road investment	8-12%	NIP to drive infrastructure investments on roads and highways. CRISIL MI&A expects the Govt. of India (GoI) to be able to achieve 80-85% of its targeted investments
E-commerce	20-25%	Food, fashion and grocery segments to grow at a faster rate as penetration improves. E-retailers to focus on expansion in Tier I/II cities over this period

Source: CRISIL MI&A

Medium & Heavy Commercial Vehicles Set to Thrive in the Coming Five Years

The MHCV industry is expected to grow significantly, with a compound annual growth rate (CAGR) of approximately 2-4% projected from fiscal year 2024 to fiscal year 2029.

Long-term MHCV sales are likely to be driven by several factors, including the country's improving industrial activity, consistent agricultural output, and the government's continued emphasis on infrastructure development. However, volume growth may be limited due to efficiencies gained from the implementation of the Goods and Services Tax (GST), the development of improved road infrastructure, and the commissioning of the dedicated goods corridor (DFC). Nonetheless, the industry remains on a promising growth trajectory in the coming years.
Over the next five years (fiscal 2024-2029), industry GVA is expected to be robust, driven by the government's emphasis on "Make in India." Furthermore, infrastructure improvements and higher-than-expected corporate spending are expected to support the capex cycle after fiscal 2024.

LCV sales to grow at a modest pace in the long run

Light commercial vehicle (LCV) demand is expected to grow at a 5-7% CAGR from fiscal 2024 to fiscal 2029, owing to increased private consumption, lower penetration, increased availability of redistribution goods, and improved financing. The industry grew at a 4% CAGR between fiscal 2018 and 2024.

Upper-end light commercial vehicles (ULCVs) provide lower returns to the transporter than ICVs and are best suited for captive use. Entry restrictions on ICV trucks and higher tonnage MHCVs are expected to keep demand from this segment buoyant. However, the higher toll on ULCV trucks versus pickups will limit segment growth.
SCV segment now offers a diverse range of products in various tonnages that cater to the needs of all types of customers. To fill tonnage gaps, players have launched a slew of new products, particularly in the last five years. In addition, the availability of CNG options is expected to keep volumes in this segment stable.

Bus demand to witness strong growth over the next five years

Domestic bus sales are expected to grow at a CAGR of 1-3% between fiscal years 2024 and 2029. Increased demand for inter-city/state travel, aided by improved road infrastructure, and higher personal disposable incomes will drive growth. The unregulated segment, which primarily serves demand from schools, businesses, and intercity travel by private operators, will continue to be the largest end-user. However, the implementation of metro-rail and monorail in several cities would have an impact on future bus sales growth. In terms of penetration (buses per 1,000 people), India ranks last among the countries studied, with 1 bus per 1,000 people and a 35% urbanization rate. These calls may have an upside if the scrappage policy is enforced, as well as increased urbanization and replacement of JNURM buses purchased between FY10 and FY13.

2.5.4 Key growth drivers for domestic sales and exports

Factors driving MHCV growth

Healthy industrial growth to aid revival

The overall Indian industry's gross value add (GVA) had been growing tepidly, averaging ~3-4% between fiscals 2017 and 2022. After consecutive weak fiscals of 2020 and 2021 due to the COVID-19 outbreak, industrial GVA is estimated to have grown by ~20-25% in fiscal 2022 and is up by ~7% on-year in fiscal 2023. Over the fiscal 2024-2029, industry GVA is expected to be robust driven by the government's focus on 'Make in India'. Moreover, improvement in infrastructure and higher expected corporate expenditure is likely to support the capex cycle going forward post fiscal 2023.

Government's focus on infrastructure

The National Infrastructure Pipeline (NIP) proposes to spend Rs 111 trillion of capital expenditure in infrastructure sectors in India over fiscals 2020 to 2025.

Infrastructure investment from fiscal 2013 to 2019 was Rs 57 trillion. Power, roads and bridges, urban, digital infrastructure and railways together constituted over 85% of the total infrastructure investment. The centre and states were the major funding sources for sectors such as power and roads and bridges, with moderate participation from the private sector. Digital sector investments were largely driven by the private sector, while investments in the irrigation sector were predominantly made by the state governments.

The NIP thus aims to double infrastructure investment annually from the current average of Rs 10 trillion per year to Rs 22 trillion. Of the total NIP investments of Rs 111 trillion, 40% worth of projects are under implementation, 30% at the conceptualisation stage, and 20% under development. Almost 83% of project allocation indirectly benefits the commercial vehicle sector in India, and this push for infrastructure is a major driver of growth.

Focus on infrastructure and higher mining production to bolster tipper demand

The budgeted capex allocation for infrastructure ministries for fiscal 2024 has shown a 28% increase over fiscal 2023 RE (revised estimates) to Rs. 18.6 lakh crore.

Execution by the National Highways Authority of India (NHAI) will reach up to ~14-15 km/day in fiscal 2027, as against ~11 km/day in fiscal 2021, aided by the Bharatmala project.

Projects such as Sagarmala and investments in various irrigation projects will further drive MHCV demand.

CRISIL MI&A also expects coal production to expand at ~4.5-5.5% CAGR between fiscals 2024 and 2029, driven by rising demand for electricity and the onset of commercial mining, while iron ore mining will also likely grow at a healthy pace 3.5-4.5% CAGR during this period, aiding tipper demand.

Factors arresting MHCV growth

Commissioning of DFC to restrict road freight growth and hence CV sales

The dedicated freight corridor (DFC) is intended to help the Indian Railways regain lost freight share by cutting turnaround times between importing and consuming destinations, compelling several industries to realign their logistics strategies. The DFC and associated logistics parks can significantly reduce plant-level inventory, enabling huge savings in working capital.

Not only will the DFC bring about faster freight movement, but it will also aid the economy by decongesting major highways due to the increased shifting of freight to rail. It will also allow for faster evacuation of cargo from ports, improving efficiency. Thus, roads, which have outperformed rail over the past decade, will lose some share to rail once the DFC is commissioned.

Tractor trailers will be the most vulnerable to competition from the railways, following completion of the eastern and western DFCs. These routes account for more than 20% of pan-India primary freight in billion tonne kilometre (BTKM) terms. Container traffic (~65% of the western corridor) and bulk commodities (~89% of the eastern corridor), which dominate the freight carried on these routes, are expected to shift to railways, thus impacting sales of MHCVs, especially T-Trailers.

Enhanced operations due to better road infrastructure to lower truck demand

CRISIL MI&A expects improvement in road infrastructure to increase the average speed of trucks, leading to efficiency gain of ~10%. Hence, fewer trucks will be required to move the same quantity of goods, lowering truck demand. On the other hand, increased running of trucks will help improve the competitiveness of the road transportation industry, helping attract more freight.

2.5.5 Key trends among LCVs

Wide array of products in SCVs to attract volume: The SCV segment now offers a wide range of products, covering various tonnages that cater to the needs of all types of customers. Players have launched numerous products, especially over the past five years, to plug gaps in tonnages. Also, availability of CNG options is expected to sustain volumes in this segment.

Pick-up sales to outpace sub-one tonne vehicles: smaller pick-ups have the combined features of mini-trucks and large pick-ups. With their compact size, smaller pick-ups provide the last-mile support of mini-trucks and, owing to their power, can ply on inter-city routes like large pick-ups. They are better suited for niche applications (e.g., pick-ups are more suitable to transport produce that requires cold storage). Furthermore, small pick-ups have superior cost economics over mini-trucks as they can carry nearly 1.5 times the load of a mini-truck when overloaded, while costing only 25% more.

Increasing demand for school buses to aid bus sales

CRISIL MI&A forecasts LCV domestic bus sales to grow by ~10-14% CAGR between fiscals 2024 and 2029. Schools will constitute 37-43% demand, while the staff segment will account for 10-15% share. The increasing number of educational institutions opening across India is driving the need for school buses. The government's mandate to replace private vehicles (such as vans) with school buses in some cities, is also expected to augur well.

MHCV bus demand to be primarily influenced by intercity segment

An increase in inter-city travel posts the COVID-19 is expected to propel MCV bus sales over the next five years. Bulk of the new demand is expected to arise from private operators, as STUs are financially constrained, and customers prefer private buses for their improved quality of service. Demand from private bus operators too has been growing, given the rise in inter-city travel through intercity buses.

Growth in long distance passenger movement via railways is constrained by network congestion and insufficient capacity of the current railway network. As a result, further higher investments in roads and highways will enable private operators to cover greater distances within a day, leading to a shift of passenger movement from railways to roads, boosting demand for MCV buses.

2.5.6 Impact of regulatory changes on domestic CV sales

Modalities of scrappage policy and timeline of implementation is not known yet

The Centre’s scrappage policy is unlikely to have freight transporters queuing up to replace old vehicles with new ones. The scrappage volume of buses, passenger vehicles (PVs) and two-wheelers will be limited as well, CRISIL MI&A analysis shows.

Fuel efficiency norms

To make heavy-duty trucks and buses more fuel efficient, the Ministry of Petroleum and Natural Gas, MoRTH, and the Ministry of Heavy Industries are in talks to notify fuel efficiency norms. Based on talks with various stakeholders, BS-IV compliant diesel vehicles of categories M3 and N3, with GVW of 12T and above, will have to comply with these norms. Vehicles are expected to meet the 'target diesel fuel consumption' value for a specific set of speeds, which is dependent on the vehicle’s GVW, axle configuration, and category (N3/M3).

Air-conditioned driver Cabins

The Indian government's approval of mandatory air-conditioning (AC) systems in truck cabins for categories N2 and N3, effective from January 2025, is set to improve working conditions for truck drivers and address driver fatigue concerns, ultimately enhancing road safety. The new regulation will require truck manufacturers to sell vehicles with pre-fitted AC cabins, incurring an extra cost. Despite the initial financial impact, the long-term advantages in terms of driver well-being and overall efficiency are likely to outweigh the costs

2.5.7 Emerging Trends in CV ecosystem

Alternate fuels

The adoption of alternate fuels in commercial vehicles has gained significant momentum in recent years, driven by the need for low emission transportation solutions to address environmental concerns, reduce dependency on fossil fuels and achieve zero emission transportation. Three prominent alternatives that have garnered attention are Electric Vehicles (EVs), natural gas, and hydrogen-powered vehicles.

EV adoption in the commercial vehicle segment is gradually picking up pace in the LCV and bus segment due to advancements in battery technology, declining battery costs, and favourable government policies. While the entry of electric vehicles and hybrid engines in India has increased, these advancements have primarily been concentrated in the light motor vehicle segment and overall the commercial vehicle segment has yet to experience a significant impact. The government has been stepping up efforts in promoting electric mobility through FAME-II scheme. It has identified STU buses as a one of the key vehicle segments that should adopt electrification and availability of incentives are driving adoption of EV fleets by STU buses. These vehicles offer several advantages, including lower operating costs, reduced emissions, and quieter operation. However, challenges such as limited charging infrastructure and concerns over range and load capacity hamper the adoption of EVs in haulage and heavy vehicles segment.

Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) are being considered as cleaner alternatives to traditional diesel and petrol in commercial vehicles. CNG is particularly popular for buses, LCVs and ICVs. It produces fewer emissions of pollutants like particulate matter and nitrogen oxides compared to conventional fuels. With increasing gas network coverage across different Indian states due to city gas distribution (CGD) bidding rounds 9, 10, 11 and 11A, reach of gas pipelines would not be a problem, resulting in a swifter shift from diesel to CNG. Also, in FY2023 an incremental ~1,134 new stations were added respectively, taking the total number of CNG stations to 5,665 in March 2023. With a clear increase in the number of stations, the number of CNG vehicles launched by OEMs would see an increase. The advancements in CNG technology and the expansion of refuelling infrastructure may enhance the appeal of CNG models, offering a greener and more sustainable solution for the transportation sector.

Hydrogen is also being explored as an alternate fuel for commercial vehicles through fuel cell and hydrogen ICE powertrains. Hydrogen-powered trucks and buses offer long ranges and faster refuelling times compared to EVs. They emit only water vapor as a by-product, making them attractive from an emissions standpoint. However, challenges such as the high cost of production, transportation, and infrastructure development hinder widespread adoption. Furthermore, MoRTH have framed draft rules for type approval of hydrogen ICE vehicles under M and N category and MNRE have introduced National Green Hydrogen mission to incentivise the commercial production of green hydrogen and make India a net exporter of the fuel. However, these initiatives are yet to see a fruitful outcome since this technology is still in early stages.

Truck Aggregation

The truck aggregation trend has witnessed significant growth over the past few years. This model involves online platforms that connect truck owners and transporters with businesses requiring freight services. It has transformed the traditional trucking industry by enhancing efficiency, reducing empty miles, and providing better load utilization. Truck aggregation platforms like BlackBuck, Rivigo, and TruckSuvidha have gained prominence, streamlining logistics through digital solutions. These platforms offer benefits such as real-time tracking, transparent pricing, and improved fleet management. Government initiatives like GST implementation, Logistic Efficient Enhancement Program (LEEP) and improved road infrastructure have further bolstered the growth of truck aggregation

Telematics and connectivity

Telematics involves the integration of telecommunications and informatics to enable real-time communication and data exchange between vehicles, fleet managers, and centralized systems.. Commercial vehicles are equipped with GPS, sensors, and communication devices, enabling fleet operators to monitor real time parameters like location, fuel consumption, speed, and driver behaviour. This data-driven approach optimizes routes, reduces idle time, and enhances fuel efficiency, resulting in cost savings and reduced carbon emissions. Connectivity solutions also improve vehicle maintenance as real-time diagnostics allow predictive maintenance by minimizing breakdowns and downtime. Also, monitoring of driving behaviour promotes responsible practices, minimizing rash driving and emergency alerts for assistance in case of accidents. Government regulations, such as AIS-140 norms mandating vehicle tracking systems, further catalyse the adoption of telematics. Established players like Tata, Ashok Leyland and startups in India offer customizable solutions, fostering healthy competition and technological advancements.

2.5.8 Electrification in CVs

TCO assessment

A comparison of TCO of various CV types will provide a view as to how much a vehicle costs to own and operate over a period. Commercial operation of any vehicle will be viable only if the cost of operating it is below the revenue earned. A vehicle with a significantly higher cost of operation will not be viable due to competition from other vehicle categories and varying powertrains.

TCO between fiscals 2024 and 2029P for sub-segments LCV and Bus:

LCV (Sub 1 ton category)

CNG is the cheapest alternative powertrain, in the current scenario, due to the excessively high initial cost of electric LCVs. In the case of LCVs (at Delhi prices), the operating cost of an EV is 5% higher than that of a comparable diesel vehicle.

However, the operating cost of an EV is 14% higher than that of a comparable CNG vehicle, due to which the break-even period of an EV compared with a CNG vehicle is relatively higher.

As regards the cost of ownership, while EVs may be able to match the cost of diesel LCVs by fiscal 2032, they will still be considerably costlier than CNG LCVs.

Table 3: TCO analysis for LCV – without subsidy

FY24				FY29			
TCO period (years)	**4 years**	**6 years**	**8 years**	**TCO period (years)**	**4 years**	**6 years**	**8 years**
Diesel	23.1	22.5	22.1	**Diesel**	28.3	27.5	27.1
CNG	21.2	20.5	20.1	**CNG**	26.4	25.6	25.1
Electric	24.2	23.0	22.3	**Electric**	27.9	26.7	26.0

Note: Numbers denote TCO in Rs per km, TCO period units in years, this is for Mahindra Pickup vehicle without subsidy

Bus

The cost of ownership of an electric bus is in the range of a standard diesel bus over the long term. Commercial operation of any vehicle will be viable only if the cost of operating it is below the revenue earned. A vehicle with a significantly higher cost of operation will not be viable due to competition from other vehicle categories and varying powertrains.

The cost of ownership of an electric bus is like that of a standard diesel bus. In the bus segment, owing to the excessively high battery cost, there is a 4-5x difference in the initial purchase cost of a diesel/CNG bus and an electric bus. Because of this large differential, the gap in the break-even period between electric and diesel powertrains is more than 20 years despite a 30-35% lower operating cost for EVs. Hence, we believe capital subsidy would be needed to make electric buses viable by fiscal 2029, which, in turn, may limit their penetration to the public transport (STU) segment.

Table 4: TCO analysis for MCV buses – without subsidy

FY24				FY29			
TCO period (years)	**8 years**	**10 years**	**12 years**	**TCO period (years)**	**8 years**	**10 years**	**12 years**
Diesel	43.0	41.9	41.0	**Diesel**	47.4	46.0	45.0
CNG	36.2	34.9	34.0	**CNG**	40.7	39.2	38.0
Electric	48.6	46.2	44.3	**Electric**	46.3	44.0	42.3

Note: Numbers denote TCO in Rs per km, TCO period units in years, For 12m bus without subsidy

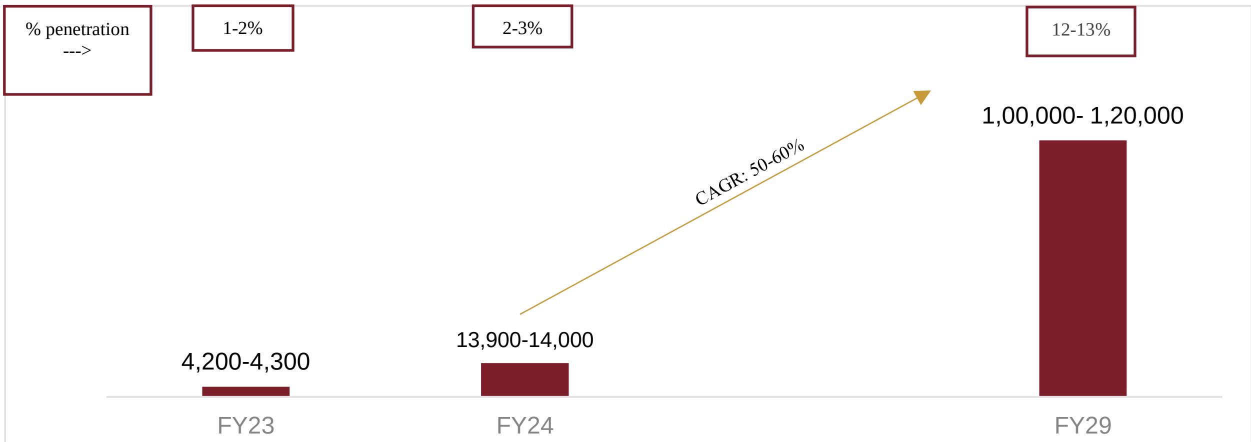
Electrification outlook across vehicle segments

Electrification in LCV goods vehicles

Currently, most of the EVs used in the commercial segment as goods carries are three-wheelers. However, as the cost differential between electric and diesel vehicles start reducing, we expect new models to be launched. This will drive sales in the segment as the third-mile logistics and local distribution of goods are well suited applications for EVs. Tata Ace EV is the only e-SCV currently in the market.

Consequently, as depicted in the chart above, EV sales in the LCV goods segment can rise to 81,000-82,000 vehicles by fiscal 2028. This would be about 12-13% of the total LCV goods vehicle market, as CNG offers better TCO in near future and will be preferred over electric variants. Further EV penetration is expected to grow and reach 12-16% by fiscal 2029.

Figure 24: EV LCV goods vehicles' domestic sales outlook



Source: CRISIL MI&A

Consequently, as depicted in the chart above, EV sales in the LCV goods segment can rise to 1,00,000- 1,20,000 vehicles by fiscal 2029. This would be about 12-13% of the total LCV goods vehicle market, as CNG offers better TCO in near future and will be preferred over electric variants.

Electrification in HCV goods vehicles

EV adoption in the HCV segment is expected to be miniscule in the near future as operational profile makes them highly expensive. Further, the current charging infrastructure is not suitable for larger HCV batteries, which will make electric adoption unviable for some time.

Electrification in passenger vehicles (buses)

EV bus registrations skyrocketed in the last 3 years backed by adoption by STU as well as government incentives. During fiscal 2019-2024 period, EV bus registration increased at a breakneck pace of 124% CAGR with more than 600% on year growth clocked in fiscal 2020. EV penetration was insignificant till fiscal 2019, it gained some pace during fiscal 2020 and received a real boost during fiscal 2022 to reach more than 1,194 units and reached

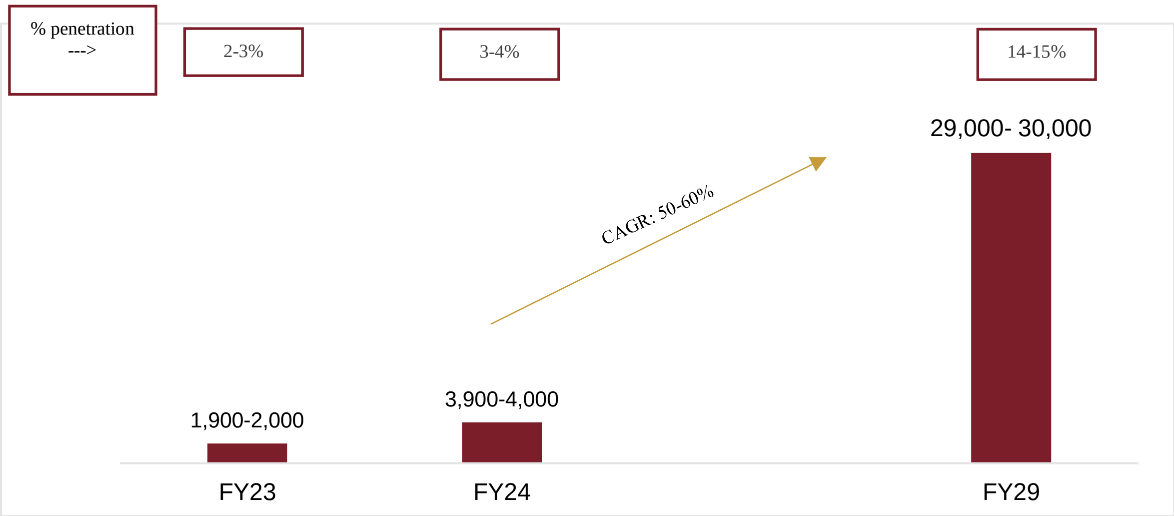
3.7% of overall registrations. Growth momentum continued in fiscal 2024 with y-o-y growth of 86% reaching more than 3,693 units.

Due to the government support through FAME and focus on quicker adoption of EVs in public transport, there has been a significant increase in electric bus sales in the last couple of years. Operational profiles of buses with fixed routes and regular stops make them suitable for charging at pre-determined intervals and specific locations. However, sales of electric buses are unlikely to meet the target in fiscal 2021 due to the pandemic and hence we expect the subsidy amount to get carried over to the coming years.

The price of an electric bus is electric bus is considerably higher than the cost of a bus running on diesel. Thus, subsidy would be a key driving factor that would drive EV adoption in STU buses. We expect a large part of the STU intra city buses to be electric by fiscal 2029. However other segments are unlikely to see a meaningful penetration of electric buses owing to their high cost of acquisition and limited range limiting their ability for intercity travel.

CRISIL expects FAME subsidies to be extended for buses as the policy period ends in fiscal 2024. With other incentives from the central and state governments, the sales of electric bus penetration is expected to reach 18%-22% by fiscal 2029.

Figure 25: EV buses' domestic sales outlook



Source: CRISIL MI&A

There could be some minor penetration in ICVs going forward; however, for MCVs and MAVs, we expect the dominance of diesel fuel to continue with LNG making some inroads.

Policies driving the adoption of EVs

The Government of India and several state governments together has introduced a set of fiscal and non-fiscal incentives to support the adoption of electric mobility. These incentives include tax breaks, subsidies, and lower registration chargers through multiple policies to promote demand. To strengthen the manufacturing ecosystem, various policies have been launched to strengthen the component and charging infrastructure

Government subsidies to drive Electric Vehicle (EV) adoption by STU buses

The Government has been stepping up efforts in promoting electric mass mobility through FAME-II scheme. It has identified STU buses as one of the key vehicle segments that should adopt electrification. Further policies like PM eBus Sewa schemes aims to further incentivize the electrification of public transport.

FAME I & FAME II

As part of the National Electric Mobility Mission Plan (NEMMP) 2020, the Department of Heavy Industry (DHI) introduced the FAME scheme in 2015. The FAME scheme aims to promote the manufacturing of electric vehicle technology and ensure the sustainable growth of the ecosystem.

During Phase-I, it focused on creating demand for electric vehicles through incentives and grants for various vehicle segments, resulting in about 2.78 lakh supported EVs via demand incentives. FAME II scheme, approved with an outlay of INR 10,000 Crore, aims to support demand for EVs by supporting 7,000 e-Buses, 5 lakh e-3 Wheelers, 55,000 e-4 Wheeler (Commercial purposes) and 10 lakh e-2 Wheelers (including commercial & private).

FAME-II subsidy for buses and LCV dependent on battery size

Under the FAME-II incentive, the Government will provide subsidy amounting to Rs. 20,000 per kWh of battery used in an electric bus. The batteries used in such buses needs to be ‘advanced batteries’ with specific energy density of at least 70Wh/kg and cycle life of at least 1000 cycles. The total demand subsidy under FAME-II scheme is Rs. ~9000 crore, a portion of which would go to buses.

For electric SCVs, government will provide subsidy amounting to Rs. 10,000 per kWh of battery used in a commercial vehicle. It also mandates a minimum range of ~140 km and maximum ex-factory price of ~Rs. 15 lakhs.

FAME-II demand incentive only via OPEX model

Demand incentive would be provided to buses only sold under Public Private Partnership in Operation and Maintenance of Electric Buses (OPEX) model. In the OPEX model, the OEM takes the risk of operating the electric bus and gets a pre-decided revenue per km running of the bus. The benefit of this model is that there is no upfront cost to the STU as bus is owned by the OEM or generally an OEM backed transport firm. This also reduces the risk of technology obsolescence for the STU.

Many state governments are providing incentives to purchase an electric vehicle where the benefit provided is in addition to FAME-2 policy benefits.

- Maharashtra’s EV policy aims to achieve at least BEVs to contribute to 10% of new vehicle registrations by 2025, 10% electric 2-wheelers by 2025, 20% electric 3-wheelers by 2025, 5% electric 4-wheelers by 2025, 15% electric buses by 2025, 25% electric fleet operators by 2025. Maharashtra provides strong demand incentives of INR 5,000/kWh up to INR 1,50,000 for the first 10,000 electric 4-wheelers cars, INR 5,000/kWh up to INR 1,00,000 for the first 10,000 electric 4-wheelers goods carrier and 10% of the ex-factory cost up to INR 20,00,000 for the first 1000 e-buses.

- Gujarat has announced an EV policy that would provide purchase incentives of Rs. 10,000/kwh subject to a maximum of up to Rs 6 lakh/vehicle for the first 20,000 electric four wheelers. The policy will remain valid till 2025.

- Odisha has announced a subsidy of 10% up to INR 20 lakhs for e-buses and incentive of Rs. 30,000 for the first 5000 electric goods carriers.

- Delhi has announced an EV policy that would provide purchase incentives of purchase incentive of Rs. 30,000 for the first 10,000 e-carriers and interest subvention of 5% on loans and/or hire purchase scheme for the purchase.

Manipur is providing an incentive of Rs. 4,000/kwh for the first 30 electric buses. The policy also provides 100% exemption on road tax till 2026.

3. Review and outlook on the Tractors Industry

3.1. Review of Global Tractor industry (CY18 – CY23)

3.1.1 Historic Tractor sales development (CY18-CY23) for US market

In the US, the market for agricultural tractors is extremely concentrated, with a few numbers of companies controlling the majority of the market share. The primary tactics used by the top businesses in the nation's market include collaborations, acquisitions, and the introduction of new products. In the years to come, investing in R&D and creating innovative product ranges will probably be important tactics in addition to innovations and expansions.

In the United States, agriculture is a significant industry, and mechanisation of farming is credited with helping to boost production, exports, and sales. Additionally, the industry is driven by the need for new tractors due to developed nations' shorter replacement cycles of 9 years such as the US.

Furthermore, the nation's farmers have had access to timely subsidies for the purchase of agricultural tractors. As a result, even small-scale farmers have been able to purchase tractors and other agricultural equipment across the nation.

Data from the Quarterly Census of Employment and Wages (QCEW) show that wage and salary employment in agriculture, which includes support industries like farm labour contracting, stabilised in the 2000s and has been gradually increasing since 2010. The annual average number of full- and part-time jobs in agriculture increased from 1.07 million in 2010 to 1.16 million in 2020, a 9 percent increase. Therefore, the increasing pay for farm labour is encouraging farmers to purchase agricultural machinery, such as tractors, and driving the market's expansion.

A number of the nation's leading companies are engaged in R&D and the introduction of cutting-edge tractors to the market. In 2021, for example, the players focused on manufacturing tractors in the nation that were driver-optioned and entirely electric. Through the Conservation Innovation Grant programme of the United States Department of Agriculture (USDA), these tractors are being supported in order to automate some field maintenance chores related to blueberries, thereby decreasing the consumption of diesel fuel, and increasing farming output.

Market Trends:

Across the country, ranchers, farmers, and growers have voiced concerns in recent years about finding enough skilled labourers to hire at a price that is profitable for them. The labour-intensive sectors of American agriculture face severe challenges in this regard.

However, during the last five years, real agricultural wages have increased at a rate of 2.9 percent annually, which is in line with producers' comments that labour was more difficult to come by in the nation. In the last 20 years, this rise in the real wage for farm labour is the fastest to occur over a four-year period.

In order to operate their farms more cheaply, conveniently, and effectively, farmers are turning more and more to agricultural mechanisation in place of physical labour. Thus, during the research period, tractors—the main source of power for operating agricultural machinery—saw a remarkable increase in sales in these countries. The cost of farm labour is rising as a result of a decline in agricultural labour. As a result, it is anticipated that during the forecast period, the country's need for agricultural tractors will rise.

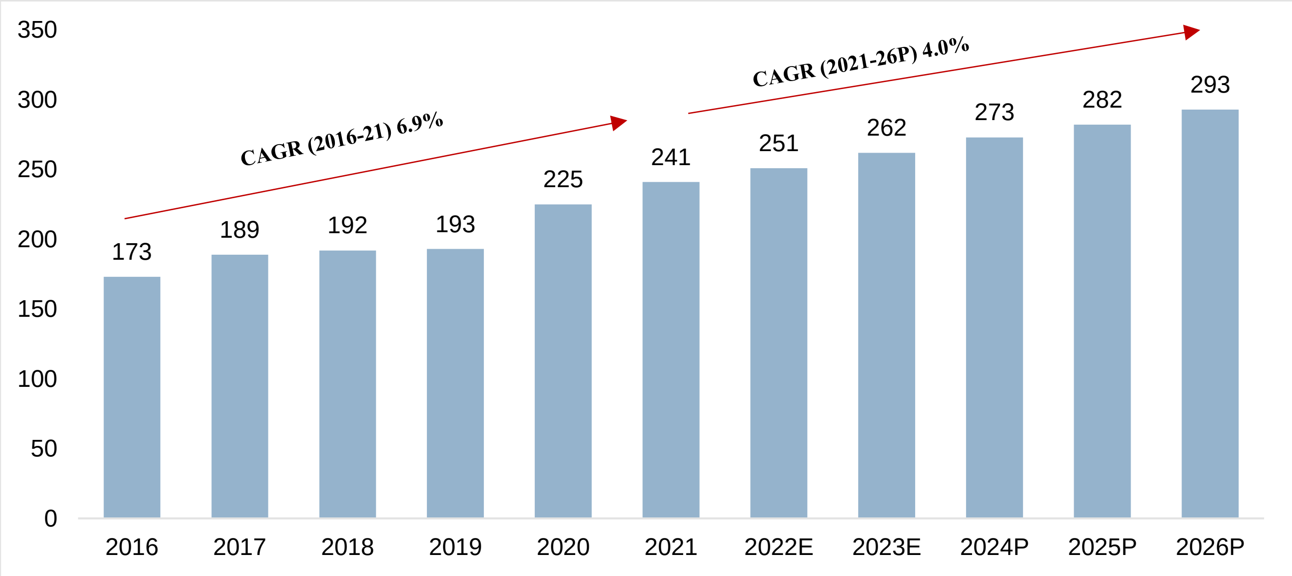
USDA distinguishes between family farms—operations where the majority of the business is owned by an operator and individuals related to the operator—and nonfamily farms where an operator and persons related to the operator do not own a majority of the business. Family farms account for more than 97% of all U.S. farms. These farms have been driving the market for below 40 HP segment. In contrast, the large-farm owners are involved in the cultivation of commodity crops. These farmers are mainly buyers of above-100 HP tractors and 4WD tractors.

US agriculture equipment is a consolidated market, where - John Deere, New Holland, Kubota, CASE IH, and AGCO – are top five players. Alamo Group and Autonomous Tractor Corporation are some of the other regional players in the US market. Autonomous tractors are gaining popularity in the US with John Deere taking the lead. According to a study, autonomy has already made its way in America on more than 70% of the farms through automated guidance.

Demand Review

Tractor production in North America is expected to grow at CAGR ~4% till 2026P with 273 thousand units in fiscal 2024. Over 2016-2021, tractor production in North America recorded a CAGR of 6.9%. Tractor production in 2021 was dominated by less than 70 HP category. It accounted for approx. 75% of the 2021 total production. Further, over 70 HP tractors and 4WD tractors accounted for 23% and 2%, respectively of 2021 total production.

North America Tractor Production Volumes ('000 units)



Source: Off-highway, CRISIL Consulting

In May 2024, Total U.S. agriculture tractor sales dropped 11.5% compared to 2023, while combine sales dropped 17.7% compared to last year. Factors such as trends for crop yields and commodity demand from both domestic and international markets to impact farm income. Despite the initial optimism, the U.S. agricultural picture for 2024 is clouded by several major uncertainties related to potential weather and trade developments. However sales of 4-Wheel-Drive tractors increased 9.4% in May compared to 2023. During 2021-2026, North America’s tractor production is expected to register a CAGR of 4.0% to reach 293,195 units in 2026.

3.1.2 Historic Tractor sales development (CY18-CY23) for European market

Europe is one of the major producers of agricultural products. In the long run, the market is anticipated to be driven by the growing trend of agricultural mechanization and technology. The need for tractors is being driven by precision farming and the growing usage of farm technology to increase productivity. The tractor sector in the region is also being driven by the increasing number of farm training programmes that encourage the widespread use of agricultural machinery.

The market in the area is being driven by factors including raising total factor productivity in farming, decreasing post-harvest loss, adding value to agricultural raw materials, and raising the calibre of agricultural products. The French government has developed initiatives to support and finance the acquisition of tractors and other agricultural gear and equipment. These elements support the country's agricultural mechanisation and tractor adoption, especially when combined with export-oriented government policies.

Europe's largest tractor markets include France, Germany, and the United Kingdom. Tractor registrations are a key metric used in the United Kingdom to assess the health of the domestic agricultural machinery sector. Roughly half of the farmer's expenses are covered by the sales of tractors and accessories, when measured by value. As with other European countries, France is a major player in the European market and was a pioneer in the mechanisation of the agricultural industry.

Market Trends:

Historically, agriculture in the European Union has been a labour-intensive industry, with a higher number of seasonal foreign labourers employed on member state farms. Based on Eurostat data, the number of agricultural workers in Europe has decreased by 35% over the past ten years, and it is expected to reach 7.9 million by 2030. This downward tendency has been caused by a number of factors, such as the decline in smaller family farms and the notable advancement of technology and machines. But throughout the region's agricultural areas, there is a severe labour shortage.

In 2023, Agricultural tractor registrations were 4.9% lower than in 2022 but were only slightly below the average number registered in the last five years. The number of machines registered in the first half of the year was only marginally lower than in the same period the year before, but the decline was sharper in the second half of the year. Between July and December 2023, nearly 10% fewer tractors were registered than in the equivalent period of 2022. The slowdown in the market also meant that registrations in the second half of the year were 7% below the seasonal average.

One of the reasons that agricultural tractor registrations held up well in the first half of 2023 was that manufacturers were catching up with the backlog of orders which had built up during 2021 and 2022, as a result of disruptions to global supply chains during and after the Covid-19 pandemic and the Russian invasion of Ukraine. By the middle of the year, supply chains had largely returned to normal, so the number of tractors being registered gave a better indication of demand in the market

Tractors with mid-range HP and 2WD power dominate the European tractor market. Farmers primarily prefer 2WD tractors among the several tractor models available in the region. 2WD tractors are increasingly common among farmers due to their inexpensive relative cost of ownership, ample features and haulage power, and custom. The market for agricultural tractors in Europe is highly concentrated, with a small number of dominant players. Deere & Company, AGCO Corporation, CNH Industrial NV, CLAAS KGaA mbH, and Kubota Corporation are the major companies in the market. These businesses primarily employ product innovation, partnerships, and expansion as ways to boost their market share and enhance their capacity to produce goods utilising contemporary technologies. These businesses are making significant R&D investments and introducing tractors designed to meet the demands of farmers in this area.

In 2022, John Deere and New Holland held a combined industry share of over 25%, dominating the European farm tractor market. Since the top five firms own more than 40% of the market share in the tractor industry in Europe, there is a high risk of rivalry.

John Deere introduced the JD14X engine for the 9 Series and the new electric variable gearbox (EVT) for a few 8 Series tractors in March 2022.

In February 2022, Massey Ferguson introduced the MF 6S line of tractors. This machine uses cutting-edge technology to produce up to 180 HP.

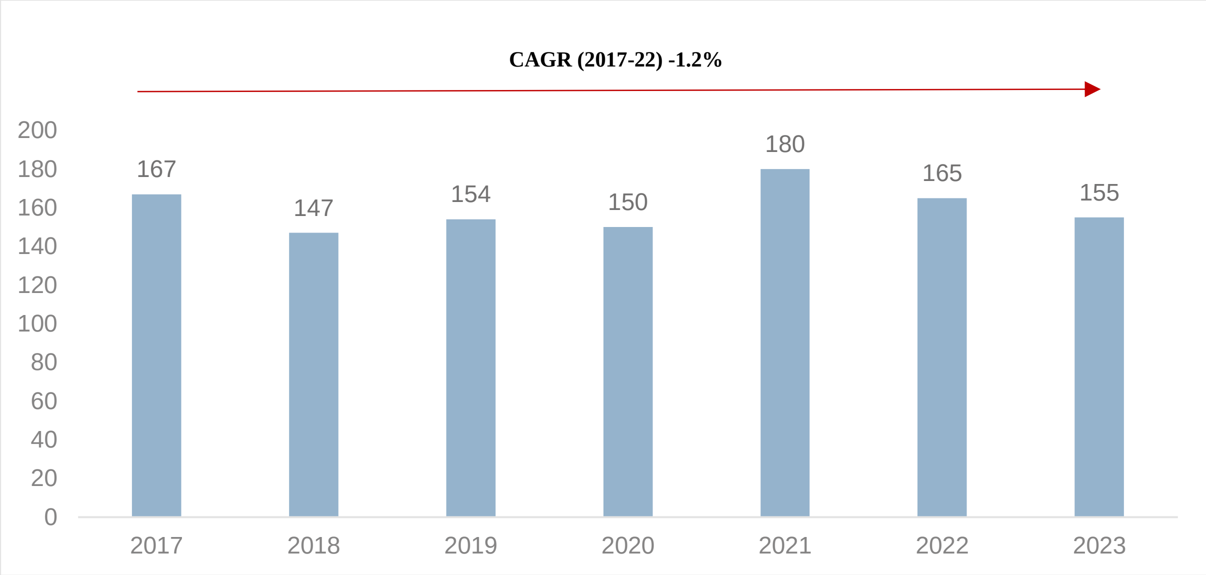
In July 2020, Massey Ferguson introduced the MF 8S line of tractors. This line of tractors is distinguished by a guard-u install engine and a neo-retro design. These tractors are intended to help smart farming technology improve.

CNH Industrial will collaborate with Monarch Tractors, a US-based agri-technology firm, in March 2021 to increase long-term sustainability and raise farmer understanding of the necessity of zero-emission agriculture.

Demand Review

Although tractor registrations were lower in 2023 than the year before, that wasn’t true for all power bands. The highest power bands, machines above 132kW (approximately 175hp) saw strong growth, with registrations of these larger tractors up by 12% year on year. In contrast, 13% fewer tractors were registered between 60kW and 132kW (80-175hp), although this range still made up almost half of the agricultural tractors registered in 2023. There was a small decline in the number of tractors under 60kW registered in Europe, with some growth for the smallest machines. The figures quoted underestimate the total size of the market for low-powered tractors, as not all of them will be used on the road, meaning that they do not need to be registered in some countries.

Europe Sales of Tractors (‘000 units)



Source: Off-highway, CRISIL Consulting

Factors such as shift towards larger farms, income of the farmers, technological innovation, etc. will play an important role in shaping up the market.

3.2 Review of Indian Tractor industry (FY18 – FY24)

3.2.1 Historic production development

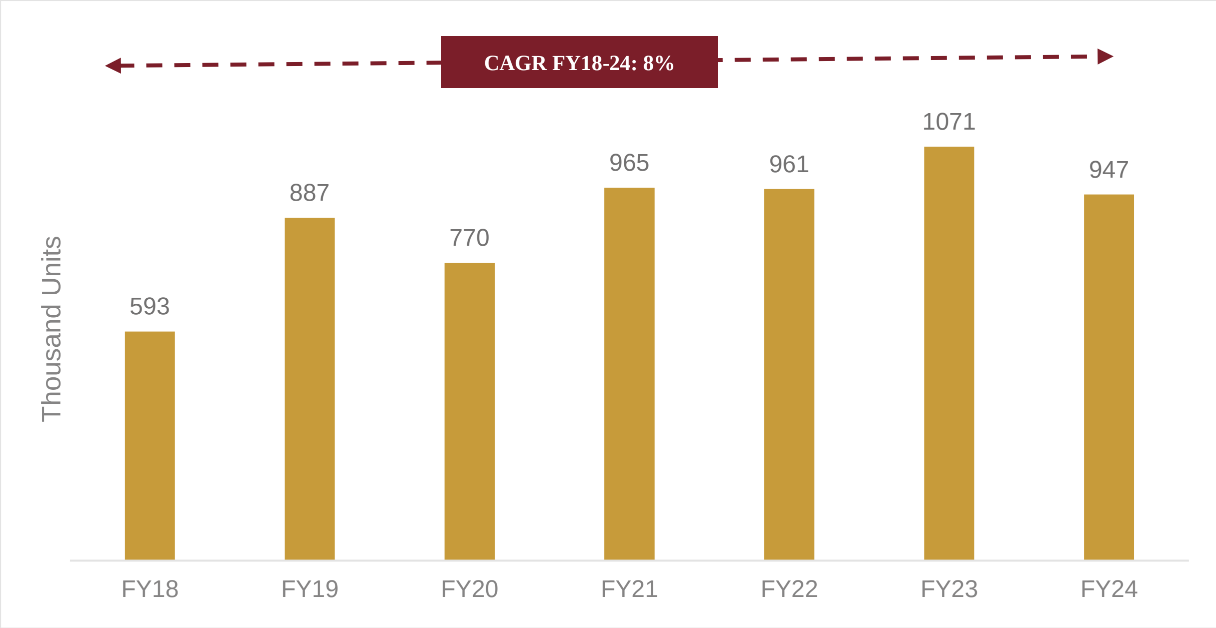
In fiscal 2024 tractor production declined by 11.6% on-year to a low of ~947,143 units after witnessing a growth of 11.4% in fiscal 2023.

In recent years, the production of tractors in India has exhibited a noteworthy trend, as evidenced by the data from fiscal years 2019 to 2024. The production figures have displayed substantial growth during this period, reflecting the significance of the agricultural sector in India and the mechanization of farming practices. In FY19, tractor production stood at 887 thousand units, and by FY24, it had surged to 947 thousand units. This impressive increase signifies a growth of 1.3% CAGR over the five -year period.

The growth trajectory can be attributed to various factors, including the government's focus on rural development and the promotion of agriculture, which has incentivized farmers to invest in modern farming equipment like tractors. Additionally, technological advancements and innovative financing options have made tractors more accessible to a wider range of farmers, further driving production.

This robust growth in tractor production not only reflects the dynamism of the agricultural sector in India but also underscores the industry's role in facilitating increased agricultural productivity. As India continues to modernize its farming practices, the tractor manufacturing industry is poised for sustained growth, providing essential support to the country's agrarian economy.

Figure1: Tractor production has witnessed a growth of 8% CAGR between Fiscal 2018-24



Source: TMA, CRISIL MI&A

3.2.2 Historic domestic tractor industry and exports

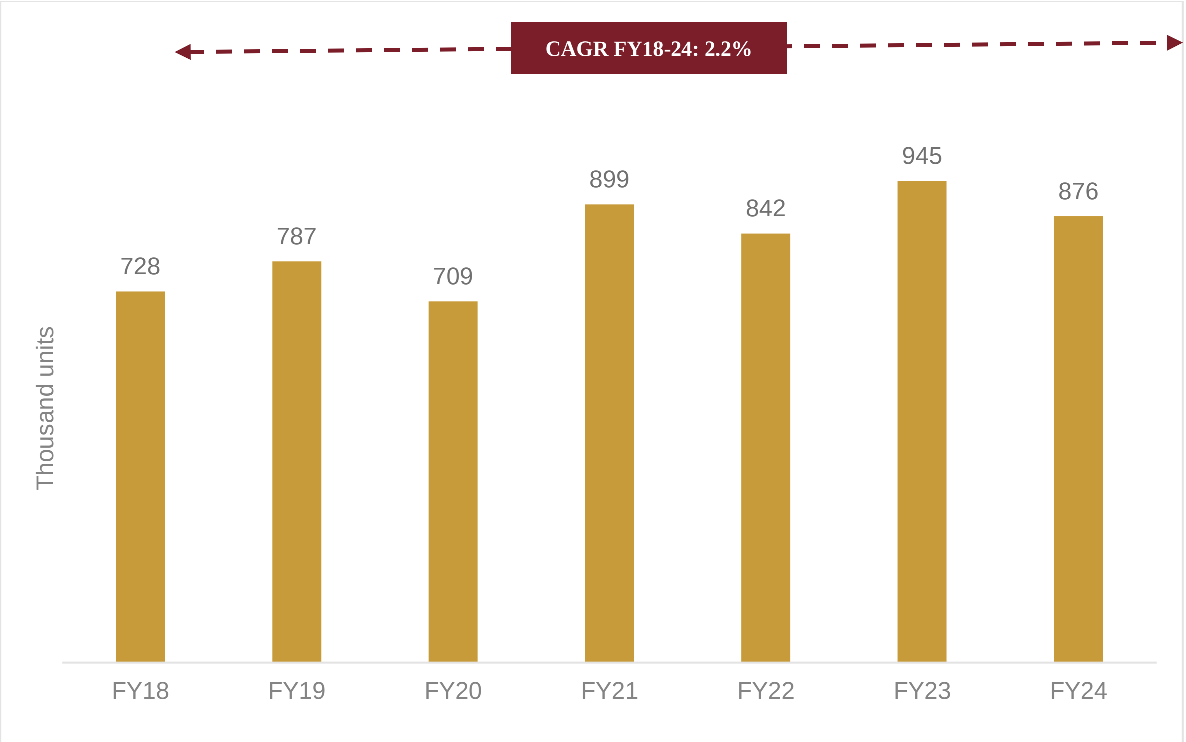
Domestic tractor demand dropped 6.3% on-year in fiscal 2022 after growing 26.8% in fiscal 2021. Rising tractor prices amid price hikes taken by OEMs, higher inventory at dealerships, lower commercial demand, negative farmer sentiment due to rising cultivation cost, low fertilizer availability, and increase in other expenditure (such as marriages and other social occasions) hampered demand.

In fiscal 2023, tractor sales grew 12.2% on-year to an all-time high of ~945,000 units. Healthy crop prices, sound reservoir levels owing to above-normal monsoon, higher MSPs announced by the government and better rabi acreage, all led to positive farmer sentiment. Healthy festival demand because of various schemes and discounts supported the retail growth momentum. Commercial demand during the fiscal, however, remained rangebound in fiscal 2023 owing to slower retail momentum in eastern states and a complete ban on sandmining. In the last fiscals, the governments in states such as Bihar, Jharkhand and Uttar Pradesh had clamped down on illegal sand mining, negatively impacting commercial demand for tractors.

Last fiscal (FY24), domestic tractor sales dropped by 7.3% on-year to ~875,724 units, on account of lower reservoir levels and negative farmer sentiments. Negative farmer sentiments also impacted the festive demand, with sales in the festive months September, October, and November for fiscal 2024 - being lower by 6% on-year as compared to the same period last fiscal. Uneven rainfall distribution with monsoon being 6% below normal for the season has led to slower pick-up in the retail market. Barring north-west and central India, remaining regions reported deficit rainfall over normal impacting tractor demand. Reservoir level for the country as of 2nd May 2024, remained at 28% capacity as a percentage of live capacity. Erratic monsoon, lower reservoir levels, anticipated decline in rabi acreage contributed towards a 7.3% on-year decline in tractor sales for fiscal 2024.

A large part of domestic tractor sales is driven by replacement demand. The typical holding period for a tractor is 6-9 years. Most of the tractors in the country is replaced within 7-8 years. Of the domestic demand, 50-60% constitute replacement demand. In states with high penetration of tractors, such as Punjab and Haryana, the replacement demand accounts for 70-80% of total sales. On the other hand, states with lower farmer incomes than that in Punjab and Haryana have a lengthier replacement cycle (higher age tractors) vs industry average.

Figure 1: Domestic tractor industry logged 2.2% CAGR between fiscals 2018 and 2024



Source: TMA, CRISIL MI&A

Tractor exports

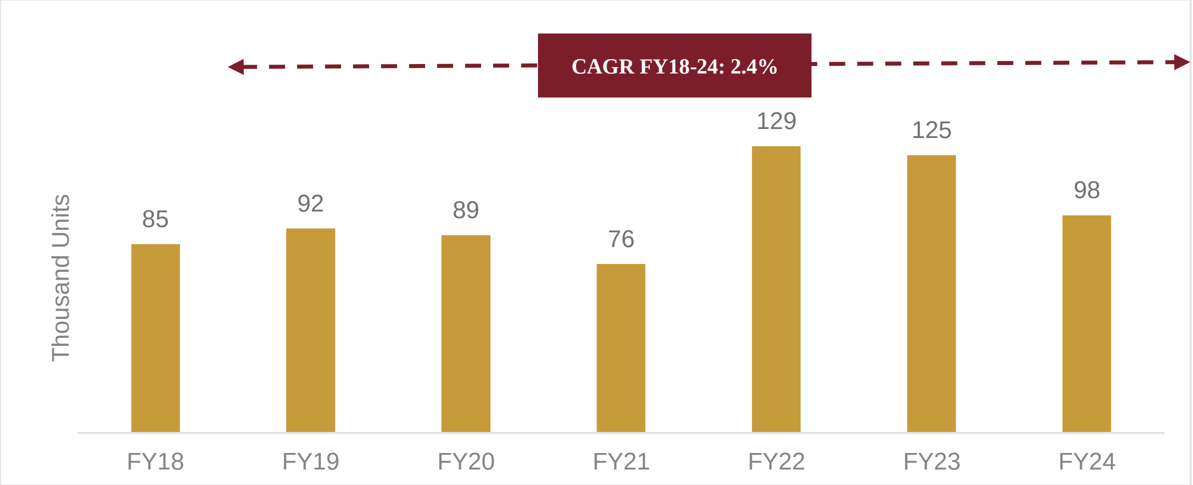
Exports, accounting for about 10% of the overall tractor sales as of fiscal 2024, on a low base of 90,000-100,000 post recording a 21-23% on-year decline in fiscal 2024. Revival in demand from the US, Europe and Asia to further support growth.

Strategic push, such as setting up a base in foreign countries, by players to cater to the global demand would aid export sales. ITL's Solis brand has also been gaining popularity in the European markets. With most of the global companies de-risking exports from China due to the complexities and disruptions in the nation, India has become the natural hedge against Chinese exports. Further, with most of the companies equipped to comply with TREM IV norms, exports have bloomed in the past few years.

The export data for Indian tractors over the years from FY18 to FY24 reflects a fluctuating trend in the international market. This data underscores the influence of various global and domestic factors on the tractor export industry. The CAGR for this six-year period, considering both the ups and downs, stands at approximately 2.4%. While this growth rate may appear moderate, it signifies the resilience of the Indian tractor export industry in the face of various economic and global challenges.

The fluctuations in export numbers can be attributed to factors such as changes in global demand, fluctuations in foreign exchange rates, and economic conditions in importing countries. The resurgence in exports in recent years suggests that Indian tractor manufacturers have adapted to these challenges, improved product quality, and expanded their global reach. This export data underscores the importance of international markets for the Indian tractor industry and the need for ongoing efforts to maintain and enhance competitiveness in the global arena. Despite the fluctuations, the industry remains a vital contributor to India's economic growth and global trade.

Figure 3: Tractor exports from India has witnessed a growth of 2.4% CAGR between Fiscal 2018-24



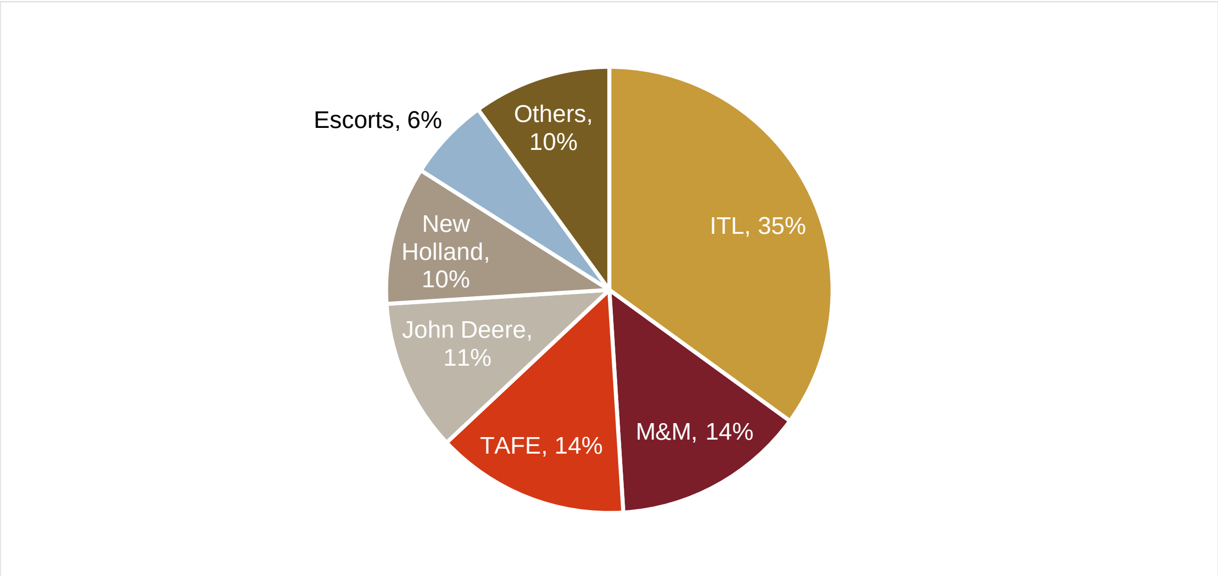
Source: TMA, CRISIL MI&A

>51 hp segment dominates tractor exports

More than 51 hp tractors accounted for about 62% share in India's tractor export basket for fiscal 2023, the share has come down to 49% in FY24 as demand for lower hp tractors rise. Rising demand for Indian tractors the US and Europe for hobby farming has fuelled demand for lower hp tractors. International tractors limited (ITL) is the largest player in <30 hp tractors while John Deere leads in >51hp tractors.

ITL, John Deere and Escorts have been focusing on growing exports to insulate themselves from the cyclic domestic market demand. Market share of ITL has increased from 25% in fiscal 2021 to 35% in FY24. Escorts reduced exports from its Poland factory and has started exporting from India. Mahindra is a dominant player in exports to the United States and Asian nations. John Deere has been using its Indian manufacturing plant to export to the US, its home country.

Figure 57: Player-wise share of tractor exports (fiscal 2024)



Source: TMA, CRISIL MI&A Consulting

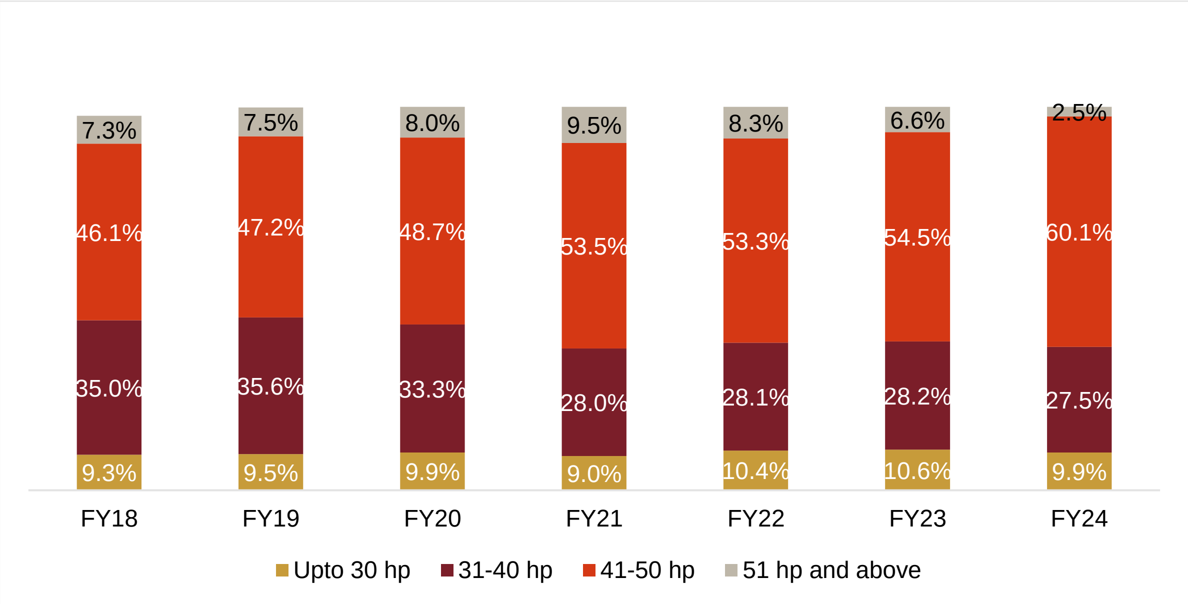
3.2.3 Segment wise domestic tractor industry

Segment-wise tractor sale shows a shift towards higher horsepower

41-50 hp segment has continued to maintain its dominant share because of multiple applications in agriculture and haulage. Bulk of the implements available are also better suited for 41-50 hp tractors. The move towards 51 hp and above has declined over last few years, as these are less amenable to multi-purpose applications, unlike the 41-50 hp tractors. Moreover, there is a considerable, ~Rs 100,000, price differential between a 40 hp and a 55-60 hp tractor.
Also, with application of TREM IV, the price of more than 51 hp tractors has gone up by Rs 1-1.5lacs further dampening demand with farmers shifting towards 41-50 hp tractors. For this reason, share of >51 hp tractors has gone down to 2.4% while the average for last 20 years has been 8%.

However, since fiscal 2021, a sudden shift towards higher hp tractors was observed mainly due to increased usage of implements which require higher hp tractor to operate and increased affordability of farmers on the back of government support and lack of any other investment opportunities in the absence of any social events amid pandemic. Tractors in the sub-20 hp category target specific applications such as orchard farming and inter-cultivation. However, owing to economic and functional considerations, these tractors also find favour among farmers with 0.8-2.0 hectares of land.

Figure 3: Segment wise domestic tractor sales between Fiscal 2018-24



Source: TMA, CRISIL MI&A

Key historic regulatory/ macroeconomic trends impacting tractor industry
Improving farm income and pick-up in commercial activity to drive domestic tractor demand

Parameters	Impact			
	FY21	FY22	FY23	FY24
Farm income	**F**	**N**	**F**	**N**
Crop prices (minimum support price or MSP)	F	N	F	N
Crop output	F	N	F	N
Kharif output	F	N	F	N
Rabi output	F	N	F	N
Demand indicators	**NF**	**N**	**N**	**N**
Infrastructure development	NF	N	F	F

Parameters	Impact			
	FY21	FY22	FY23	FY24
Sand mining	N	N	N	N
Finance	**N**	**N**	**N**	**F**
Agri credit, finance availability	N	N	N	F
Supply	**F**	**NF**	**NF**	**N**
Channel inventory	F	NF	NF	N
Player action: Pricing and products	F	F	N	N

F- Favourable, N- Neutral, NF- Non-Favourable

Source: CRISIL MI&A

Irrigation intensity and monsoons

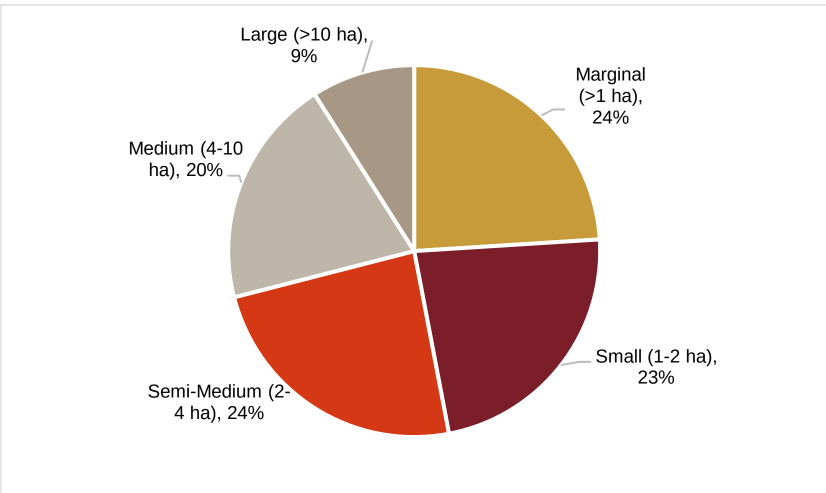
Irrigation plays a vital role in determining the demand for tractors. A farmer will prefer to invest in costlier assets such as tractors only when he is assured of receiving essentials for farming such as water supply. The irrigation spends which increased significantly in last two decades have aided both irrigation and cropping intensity, thus leading to higher and stable farm incomes. Irrigation intensity is expected to improve further over the medium term, thus supporting tractor sales.

Punjab and Haryana have the highest irrigation intensity and also account for the highest tractor penetration in India. Thus, as irrigation facilities improve in other parts of India, tractor penetration will see a corresponding increase. However, extremely fragmented land holdings in certain states may deter them from reaching higher tractor penetration. Besides, deficient monsoons also impact reservoir levels and, in turn, irrigation intensity.

Landholding pattern

The average land holding size in India is very low at 1.16 hectares (ha) as against a world average of 3.7 ha, with about 68% of farmers being marginal farmers (holding less than 1 ha). This has been a deterrent for tractor demand. Moreover, the average landholding size has been declining due to socio-economic factors such as the break-up of joint families and division of ancestral land. This has both positive and negative impact on tractor demand. With the division of larger landholdings into smaller ones, the number of tractors required is expected to rise. However, the purchase of a tractor would become uneconomical for small farmers due to a reduction in farm size (as a result of the sub-division of already small landholdings). But with the proportion of landholdings below 2 ha being very high, consolidation of landholdings will drive demand in the long run.

Figure 2: Break-up of landholdings in India (by area)



Source: CRISIL MI&A

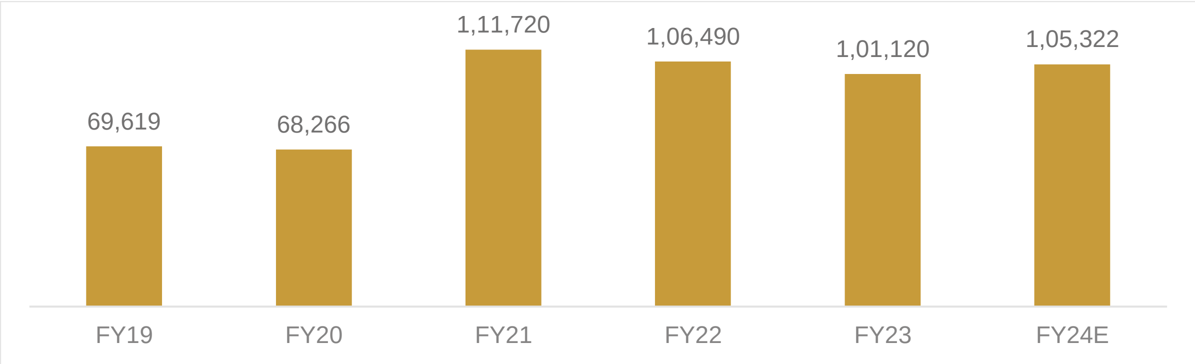
Availability of credit

In India, around 70-75% of tractors purchased are on credit, so its availability becomes a key demand driver for the industry. Hence, any major changes in financing norms directly impact the demand for tractors. Agricultural credit usage in farm mechanization has been growing steadily over the years, thus enhancing the farmers' ability to buy tractors. Public sector banks and non-banking financial companies (NBFCs) are major financiers. Over the last decade, the cumulative share of public sector banks (PSBs), co-operative banks, and regional rural banks has come down from about 75% to 15-20%, with NBFCs now accounting for about 50-55% of the market.

MGNREGA spending

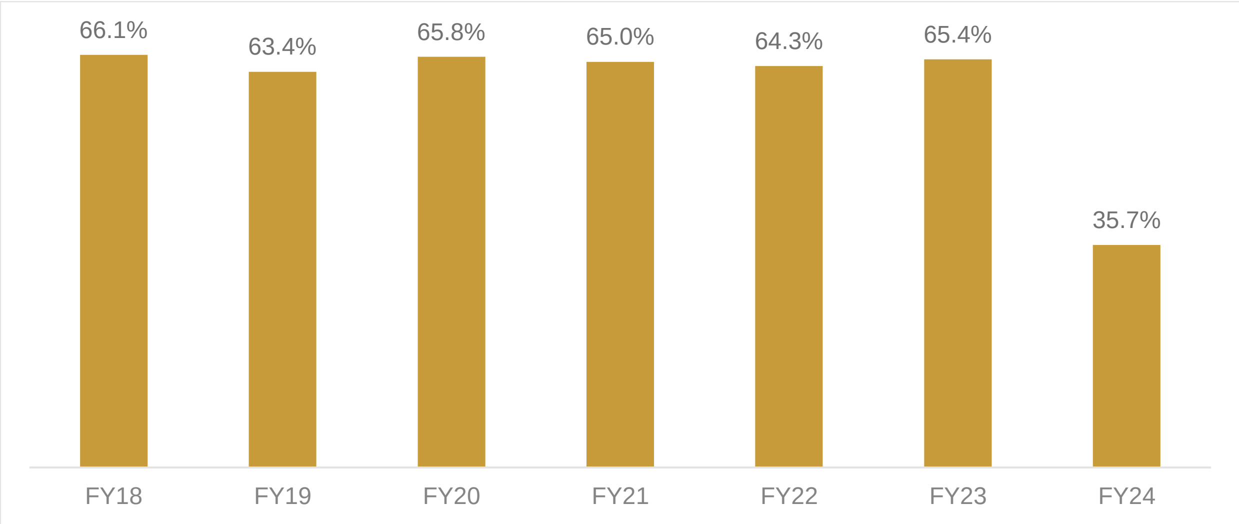
MGNREGA is an employment-generating and asset-creating scheme of the central government and make up a large portion of the expenditure budget of the Department of Rural Development. It is a social safety net scheme and is driven by demand. So, periods of rural stress or shocks result in higher-than-budgeted spending under this scheme. In fiscal 2024, the budget allocation for MGNREGA was Rs 86,000 crore. In fact, the actual spends under the scheme have on average been higher than the budgeted amount in the past.

Figure 3: MNREGA expenditure (in INR crores)



Source: Ministry of Rural Development, CRISIL MI&A

Figure 4: MNREGA expenditure as a per-cent of total agriculture and agriculture allied works



Source: Ministry of Rural Development, CRISIL MI&A

MNREGA spending indirectly boosts the demand for commercial use of tractors - demand comes from government spending on infrastructure development like roads, etc

Minimum support prices of food grains

The Government's price policy for major agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encouraging higher investment and production and safeguarding the interest of consumers by making available supplies at reasonable prices. Towards this end, Government announces Minimum Support Prices (MSPs) for twenty-two (22) mandated crops and Fair and Remunerative Prices (FRP) for sugarcane at all India level recommendations of the Commission for Agricultural Costs & Prices (CACP) after considering the views of concerned State Governments and Central Ministries/Departments. The 22 mandated crops include 14 Kharif crops viz. paddy, jowar, bajra, maize, ragi, tur (arhar), moong, urad, groundnut, soybean (yellow), sunflower seed, sesamum, Niger seed, cotton and 6 Rabi crops viz. wheat, barley, gram, masur (lentil), rapeseed & mustard, safflower and two commercial crops viz. jute and copra. In addition to that, MSP for toria and dehusked coconut are also fixed on the basis of MSPs of rapeseed & mustard and copra respectively. While recommending MSPs, Commission for Agricultural Costs & Prices (CACP) considers important factors like cost of production, the overall demand-supply situation of various crops in domestic and world markets, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sector, likely effect of price policy on rest of the economy and a minimum of 50 percent as the margin over the cost of production.

- **MSP for Paddy and Maize (2017-18 to 2023-24):** Going by the trends, it could be noticed that there has been an exponential rise in MSP for Paddy and Maize. The MSP for Paddy which was Rs. 1550/- per quintal in 2017-18 has increased to Rs. 2183 /- per quintal in 2023-24, a CAGR increase of 5.9% between fiscal 2018-24%. Similarly, MSP for Maize which was Rs. 1425/- per quintal in 2017-18 has increased to Rs. 2090/- per quintal in 2022-23, a CAGR increase of 6.6%.
- **MSP for major Oil Seeds (2017-18 to 2023-24):** The MSP for groundnut which was Rs. 4450/- per quintal in 2017-18 has increased to Rs. 6377/- in 2023- 24 which is a growth of 6.2% CAGR. Similarly, Sunflower seeds and Soyabean witnessed a CAGR of 9.3% and 7.1%, respectively.

- **MSP for Wheat (2017-18 to 2023-24):** The MSP for Wheat which was Rs. 1625/- per quintal in 2017-18 has increased to Rs. 2275/- per quintal in 2022-23, a CAGR increase of 5.8% between fiscal 2018-23.

The government fixes the procurement prices of food grains. These prices affect market prices, as they are used as a base for their calculation. Change in procurement prices directly affects the farmer's income as it impacts his loan repayment capability. This has reduced volatility in farm incomes, notwithstanding some fluctuations in agricultural production arising from deviation in rainfall. In fiscal 2019, the MSP hike was around 15-20% on-year, coupled with good crop output, which resulted in higher farm income across all the major regions. However, in fiscal 2023, hike in MSP was only 4-6% on year. Going forward, high growth in minimum support prices is unlikely to continue in view of the central government's fiscal constraints and fixing of inflation control emerging as the central pillar of economic policy.

Cropping pattern

Farmers are being encouraged and educated by state governments to improve farm productivity, and consequently increase their incomes. To improve farm productivity, farmers are practicing multiple cropping. Consequently, the use of tractors helps the farmer to complete operations quickly, following which he can move on to the next crop.

Increase in cash crop production

Extensive cultivation of cash crops has yielded higher incomes for farmers and boosted tractor demand. Over the years, cultivation of cash crops has been rising in terms of the land area and the share of output.

Nature of soil

Smaller tractors are more suitable for soft soil conditions, as conducting agricultural operations in such conditions requires lower-powered tractors. In India, the northern states of Punjab, Haryana and the western parts of Uttar Pradesh have relatively soft soil. Hence, the demand for small tractors is high in these regions. In the southern and western regions, the soil is relatively hard, thus requiring medium and large-sized tractors.

Crop mix

The crop mix and the nature of crops cultivated have a significant role in determining the choice of a tractor. Medium and large tractors are preferred for the cultivation of cash crops such as sugarcane and cotton, where the agricultural activity involved is high, and the timeliness of operations is significant. Similarly, high-power tractors are preferred in the case of intensive farming and multiple cropping, land bed preparation, harvesting and when transportation needs to be quick.

Replacement demand

The lifespan of a tractor is estimated at 18-20 years, though the actual usage could vary, depending on the soil and cropping conditions. Usually, the farmer who is replacing a tractor would want to upgrade to a higher-powered tractor. Hence, given the increasing income levels and the existing numbers of lower-powered tractors, the replacement demand in states such as Punjab and Uttar Pradesh would be high for higher-powered tractors.

Purpose of use

The choice of a tractor depends on whether the customer is a farmer, who is purchasing the tractor for agricultural purposes, or a contractor, who would use it for commercial purposes such as in construction projects for the transportation of goods and materials. The higher-powered tractors are preferred in construction projects.

Resale price of tractors

A tractor is typically replaced after 6-8 years of use. But it is estimated that it still continues to be useful for around 18-20 years. Since the farmer tries to cover the margin money payment for a new tractor from the sales proceeds of the existing tractor, he takes into account the resale price, which a particular tractor is expected to earn after it has been used for a certain number of years.

PMGSY completion trend

Pradhan Mantri Gram Sadak Yojana (PMGSY) is a one-time special intervention to provide rural connectivity, by way of a single all-weather road, to the eligible unconnected habitations in the core network with a population of 500 persons and above (Census 2001) in plain areas. The Pradhan Mantri Gram Sadak Yojana (PMGSY) phase 1 was launched in 2000. Under the scheme, the Centre recognized 178,184 habitations as requiring all-weather roads, of which 97% of the eligible and feasible habitations have been connected as of November 2019.

Further, the Government launched a new intervention in the scheme namely PMGSY-II in the year 2013-14 for consolidation of total 50,000 km existing Rural Road Network to improve its overall efficiency as a provider of transportation services for people, goods and services. 41,434 kms of rural roads are sanctioned under PMGSY-II as of date, of which, 75% have been completed. The umbrella scheme involves construction/upgradation of over 800,000 km of rural roads. In PMGSY-I, 97% of target has been achieved. In PMGSY-II, 75% of the target has been achieved. PMGSY III target km are lower by 40% as compared to roads constructed over the last 5 fiscals.

Under the PMGSY-III scheme, announced in the Union Budget 2019-20, it is proposed to consolidate 125,000 km road length in states over the next five years. The scheme will also include 'through routes' and 'major rural links' that connect habitations to Gramin Agricultural Markets (GrAMs), higher secondary schools and hospitals.

It will entail an estimated cost of Rs 80,250 crore (Central share Rs. 53,800 crore, states' share Rs 26,450 crore).

The road length in km to be constructed under PMGSY-III is significantly lower than the 218,000 km constructed under the umbrella scheme between fiscals 2015 and 2019. CRISIL Research expects investments in rural roads to slow down by ~10% over the next five years, due to the lower targets.

Rural road construction (in kms) was almost half in fiscal 2020 at ~27,000 kms construction, as compared with ~49,000 kms in the previous year. Fiscal 2021, saw construction of ~37,000 kms, while fiscal 2022 construction was ~42,000 kms. In fiscal 2023, rural road construction remained muted and failed to achieve the year's target. In fiscal 2024, the target for rural road construction has been slashed to 38,000 km.

After fiscal 2017, budgetary allocation by the Central government to the scheme was kept at Rs 190 billion, budgetary allocation for FY23 has been increased to Rs 195 billion. The actual expenditure has been lower than the allocation, achievement ratio has slipped to 74% from 81% in fiscal 2019. Total investment in PMGSY, both state and Centre, was Rs 234 billion in fiscal 2019, up 35% from Rs 173 billion in fiscal 2018, because of an uptick in length being constructed as well as higher cost per km.

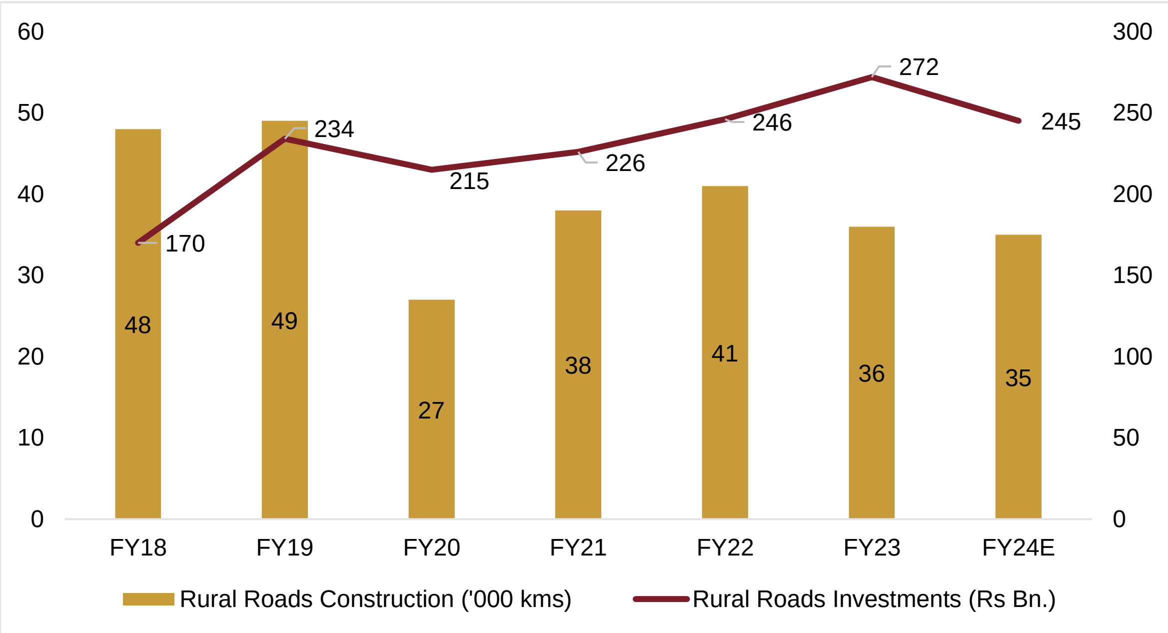
Despite the challenges faced, the progress under PMGSY has been satisfactory. The vertical-wise details of achievement under PMGSY (overall) are as follows:

Vertical	Launch date	Sanctioned			Completed		
		No. of Roads	Road Length (in km)	No. of bridges	No. of Roads	Road Length (in km)	No. of bridges
PMGSY-I	2000	164806	645605	7516	159783	613030	5864
PMGSY-II	2013	6700	49885	765	5755	46468	562
RCPLWEA	2016	1030	10231	463	363	5310	135
PMGSY-III	2019	9972	77129	708	1984	29773	96
Total		182508	782850	9452	167885	694581	6657

Note: Road Connectivity Project for Left Wing Extremism Affected Areas (RCPLWEA)

Source: PIB, CRISIL MI&A

Figure 7: Rural Road construction investments



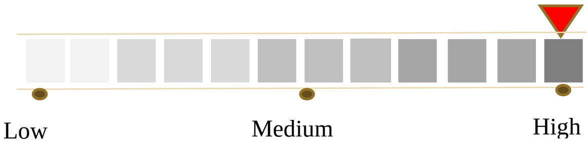
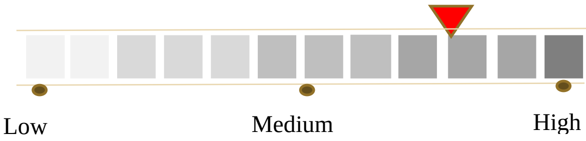
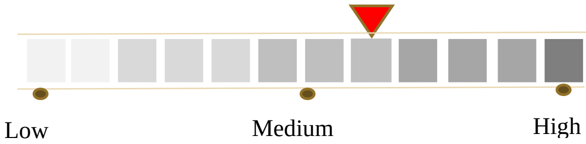
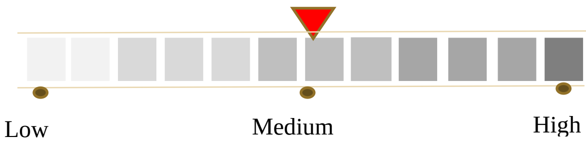
Source: Ministry of Rural Development, CRISIL MI&A

Residual construction target under PMGSY II and future targets under PMGSY III are largely concentrated in northern and eastern states in the country. It is expected that Odisha would see 15-20% of targeted rural road construction under PMGSY. Followed by Assam, which would see 9-11% of the total PMGSY target construction. Arunachal Pradesh, Bihar and Uttarakhand would each see 5-10% of the total construction under PMGSY. Other states such as West Bengal, Jammu and Himachal Pradesh also have potential for rural road construction under the scheme.

3.2.4 Growth Drivers

Tractor demand in the country is mainly dependent on farmer incomes from agricultural operations, which in turn gets impacted by various factors - monsoon, crop prices, procurement, etc. Government regulation over rural infrastructure development also affects non-farm tractor demand, which accounts for roughly 20-25% of overall domestic demand. Additionally, the availability of formal financing channels also helps in supporting demand.

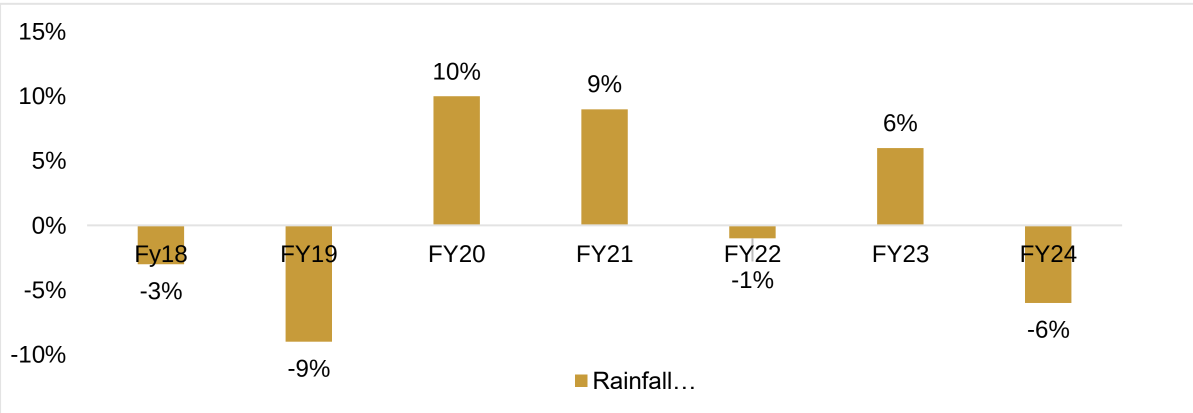
Monsoon Performance

Risk Factor	Impact
Monsoon Performance	
Crop Prices	
Government Regulation	
Finance Availability	

The south-west monsoon (Jun-Sep), as well as the north-east monsoon (Oct-Dec) to some extent, is very critical for the Indian farming community, as its performance decides the overall crop production in the country. A poor monsoon with uneven geographical spread, and even unseasonal rainfall, can severely dent the rural economy by impacting farm incomes, which would result in tractor demand getting affected. Monsoon therefore presents the highest risk for the tractor industry.

The consecutive droughts in fiscal 2015 and 2016 left the rural economy in high distress, with Agri GDP growth of -0.2% and 0.7%, and domestic tractor sales also declining by 13% and 11%, respectively. However, a normal monsoon in fiscal 2017 & 2018 led to a revival in tractor demand, with sales increasing by a healthy 18% & 22% respectively during the fiscals. In fiscal 2021, 9% above normal monsoon and positive retail sentiments contributed towards a substantial 27% on-year increase in tractor sales. In fiscal 2023 and fiscal 2024, uneven rainfall distribution with monsoon being 6% below normal for the season has led to slower pick-up in the retail market.

Figure 7: Rainfall deviation



Source: IMD, CRISIL MI&A

Crop prices

The central government announces Minimum Support Price (MSP) for majority of crops, however only paddy and wheat crops get procured at scale. Other crops (pulses, oilseeds, vegetables, etc.) are mostly sold to mandis/private traders, and thus subject to high price volatility and cartelization. As a result, despite surplus production, subdued crop prices can have a negative effect on farmers' cash flow, and in turn impact ability to purchase tractors.

Government regulation

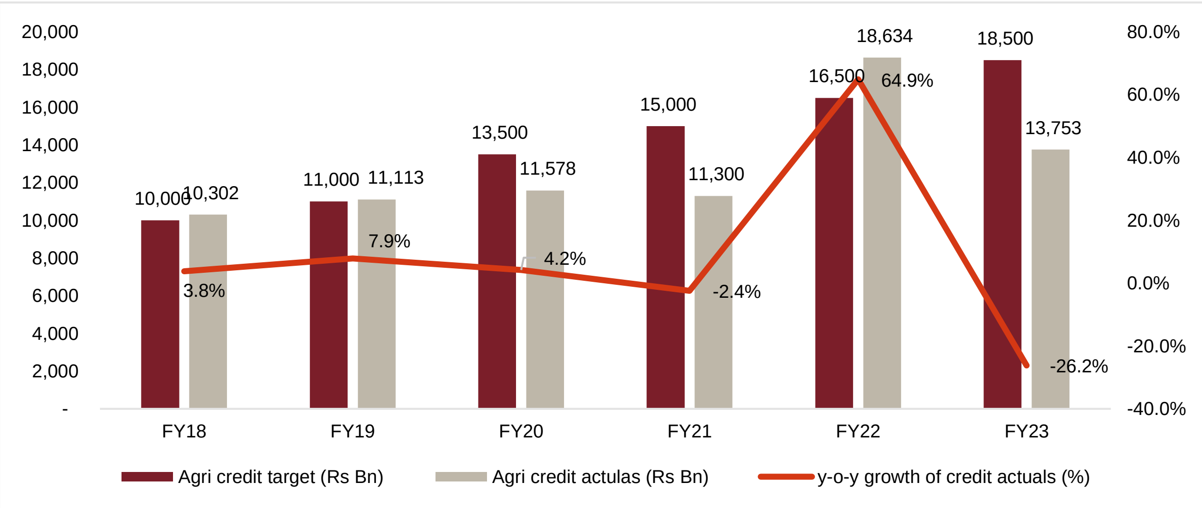
There is significant government intervention in both the agri and non-agri aspects of the rural economy. While marginal increase in MSP hurts farm sentiments, government monitoring of sand mining activities and funds disbursal towards rural infra development, key drivers for non-farm tractor demand (commercial/non-farm demand of tractors accounts for 15-20% of total tractor demand), can also have a significant impact on the industry.

In fiscal 2021 and 2022, illegal mining activities were at a standstill in states such as Bihar, Jharkhand and Uttar Pradesh which is has impacted commercial demand negatively. In fiscal 2023, decline in construction activities led to slower growth in commercial demand along with ban on illegal mining and change in rules and regulations for operation of brick kilns which are impacting commercial demand in fiscal 2024 as well.

Finance & Credit availability

The availability of formal financing channels also plays a very important role in enabling industry growth, as nearly 70% of tractors purchased are backed by loans. However, as farm incomes are dependent on vagaries of monsoon, rise in NPA levels results in financiers taking a cautious stance towards disbursing tractor loans, which impacts tractor sales, and this has been witnessed in fiscals 2023 and 2024 majorly in the states of Andhra Pradesh and Telangana where financers have reduced the funding due to increase in delinquency levels.

Figure 7: Agri credit availability



Source: CRISIL MI&A

Banks (Public, Private and other banks) account for 35-40% of the total tractor loan book, rest 55-60% is accounted by NBFCs (Non-Banking Financial Company). However, NPAs are more prominent in public banks as compared to private banks and NBFCs.

Owing to the low purchasing power of most farmers in India, credit availability is the key to a rise in tractor demand. Currently, about 70-75% of the tractors are purchased on credit, this steady growth along with the government's emphasis on increasing agriculture credit has helped boost the domestic tractor demand. Tractor loans are easy to come by since agricultural credit is a part of priority sector lending.

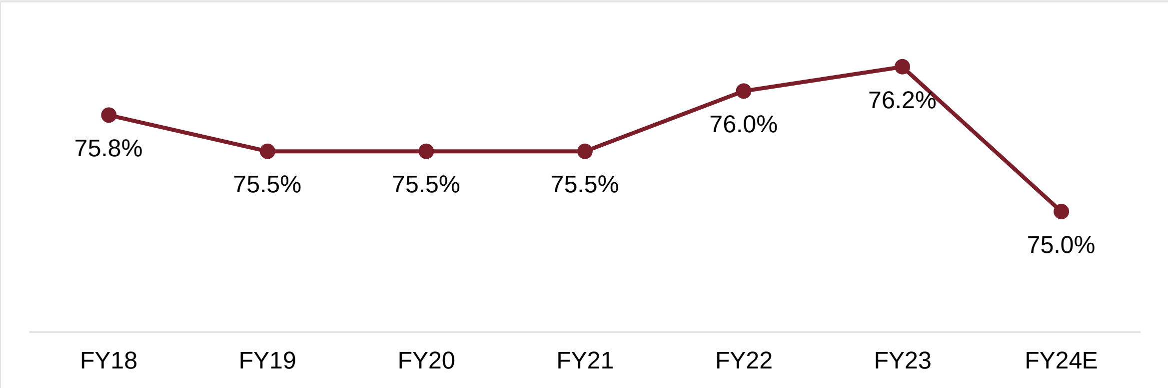
Following are some scheme proposed by the government and fund allocations:

- In Budget 2023-24, provision of Rs 450 crore has been made for the Digital Agriculture Mission started by the Modi Government, and about Rs. 600 crore allocated for the promotion of Agriculture sector through technology.

- The total budget of the Ministry of Agriculture and Farmers Welfare, including Agricultural Education and Research, is about Rs 1.25 lakh crore in FY24. Out of this, provision of Rs. 60,000 crore has been made for the Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)

- Target for Agricultural credit has been increased to Rs 20 trillion from Rs 18.5 trillion in FY24

Figure 7: LTV (Loan to Value Ratio) rates



Note: E - estimated

Source: CRISIL MI&A

3.2.5 Growth drivers for Indian tractor exports and key export destinations

India's tractor industry gets 10 per cent of its revenue from exports.

Since 2014 the government has taken several proactive and effective steps to boost India's exports. A new Foreign Trade Policy (FTP) 2015-20 launched on 1 April 1, 2015, rationalized the earlier export promotion schemes. Two new schemes: Goods Exports from India Scheme (MEIS) to improve export of goods and Services Exports from India Scheme (SEIS) to increase exports of services were also introduced, as per the report. Reasons for the growth in exports is the government's support for agriculture in those countries where farm mechanization and food security have larger interest. The trend of surge in tractor exports has been seen in Europe and America where the volumes and demand has gone beyond expectations.

Growth drivers in key markets in FY24, are as detailed below:

North America

- Average land holding size in the US is among the highest in the world, translating into demand for higher hp tractors, where Indian players have minimal presence so far.
- Indian tractor manufacturers mainly cater to hobby or weekend and livestock farmers who require lower hp tractors.
- Replacement sales constitute bulk of sales in the US and Canada due to high tractor penetration.

Africa

- Africa is termed the 'future food basket' due to its large arable land parcels, favorable climate, and significant potential over the long term. It has low tractor penetration (estimated at 13/sq km compared with the global average of 200/sq km).
- Tractors of a higher horsepower (up to 600 hp) are used in large farms owned by corporates and government entities.
- Indian companies are investing in distribution and after-sales network due to the potential demand and lack of domestic competition. However, fluctuating demand because of institutional purchases and low retail demand with underdeveloped financing channels are the key deterrents.

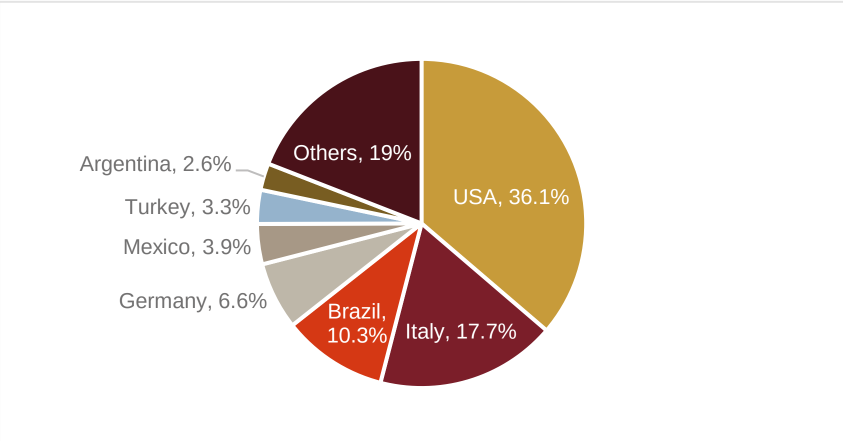
Europe

- Major tractor segments used in Europe are 110-120 hp, while Indian tractor exported to the region are used for some of the less rigorous farm activities.
- Germany, Spain, France, Italy, and the United Kingdom have average farm sizes of 54 acres, resulting in demand for higher hp tractors, thereby limiting exports of the primarily low-hp Indian tractors.
- India's tractor exporters are better placed to cater to East Europe, which has smaller landholdings of 15 acres.
- New Holland as well as TAFE have set up a base in Turkey to cater to demand from this region, and Mahindra, via acquisitions of farm machinery players in the country, now has a significant presence in assembly plant and distribution network.

Asia

- Indian tractors find more acceptance in the neighboring countries of Nepal, Bangladesh, and Sri Lanka, due to similar climatic conditions, soil conditions, land size and agricultural patterns.
- Bangladesh is one of the biggest markets for Indian manufacturers and accounts for ~38% of overall exports and is one of the fastest growing economies. The economic growth is expected to be supported by private consumption.

Figure 7: Key export destinations FY24



Source: DGFT, CRISIL MI&A

3.2 Outlook of Indian Tractor industry (FY24 – FY29P)

3.3.1 Production outlook

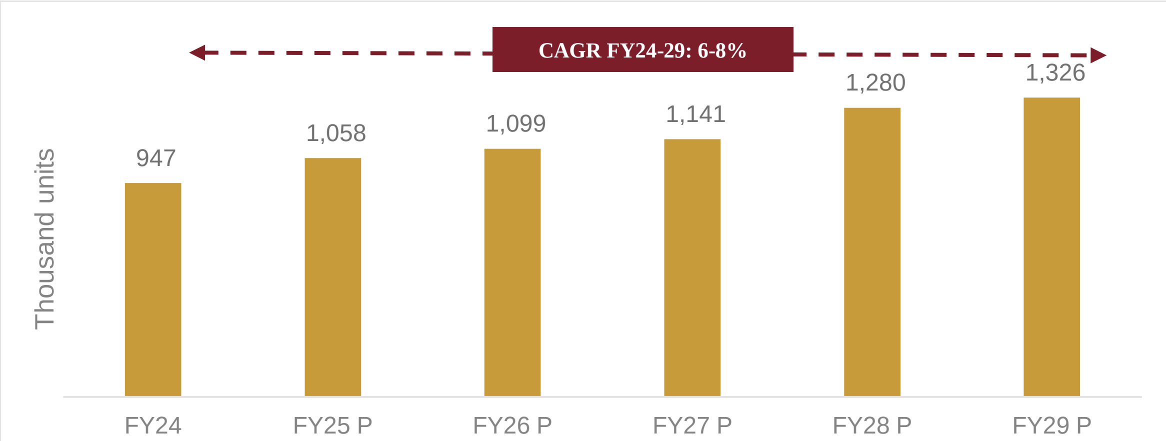
Tractor production to decline by ~11.6% in fiscal 2024 on a high base of fiscal 2023 due to de-growth in domestic tractor sales which have been impacted by delayed and erratic monsoon this year.

By fiscal 2029 tractor production is expected to grow at a CAGR of 4% on-year to an all-time high of ~13,26,000 units. This increase signifies a growth of 6-8% CAGR over the 5-year period.

Several factors contribute to this optimistic outlook. India's agricultural sector remains a cornerstone of the nation's economy, and tractors are indispensable for increasing farm productivity and supporting the country's food security objectives. Government initiatives, technological advancements, and evolving farming practices are expected to drive demand for tractors in the coming years.

The projected production figures are based on the role that the tractor manufacturing industry will play in India's agricultural modernization and economic development. As the industry grows and evolves, it is expected to contribute significantly to the mechanization of farming practices and further strengthen India's position as a global agricultural powerhouse.

Figure 7: Tractor's production expected to grow by 6-8% between fiscal 2024-29P



P - projected

Source: CRISIL MI&A

3.3.2 Domestic tractor sales and exports

CRISIL Consulting projects domestic tractor sales to expand at 4-6% compound annual growth rate (CAGR) during fiscals 2024 to 2029, after factoring in one to two years of erratic monsoon during the period along with healthy sales expected in the remaining years. From fiscal 2018 to 2023, the industry registered a CAGR of 5% due to healthy sales in fiscals 2017, 2018, 2021 and 2023.

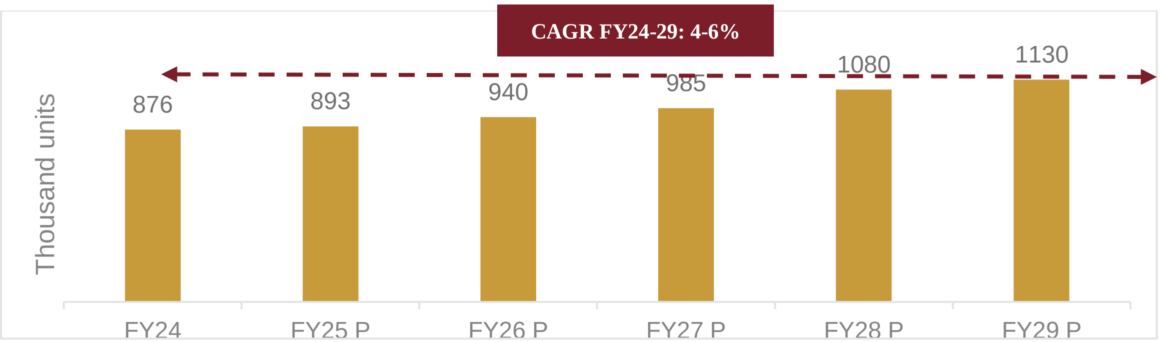
However, anticipated decline in rabi profitability, low subsidy disbursement in the first quarter amid general elections and slower growth in commercial demand to prevent further growth.

In FY25, with IMD's (Indian Meteorological Department) prediction of a normal monsoon season, domestic tractor sales are expected to grow by 1-3% on-year in volume terms. A normal monsoon season is expected to lead to healthy reservoir levels thereby positively impacting farmer sentiments. A 8-10% on-year increase in volumes up for replacement to further support growth in the fiscal. Anticipated healthy rainfall is expected to lead to higher festive demand in the second and third quarters. Healthy reservoir levels to boost rabi acreage and thereby crop profitability which, in turn, is expected to boost tractors sales in the last quarter of the fiscal.

Growth up to fiscal 2029 will be on the back of low tractor penetration in the country (three tractors per 100-hectare area), government's focus on improving farm incomes through various schemes, promotion of farm mechanisation, and investments to improve rural infrastructure.

Tractors are a cyclical industry and has been observed that whenever the industry gets into a downturn, it takes 4-5 quarters for the industry to recover. Thus, assuming that the industry will be impacted by poor monsoon for one to two years between fiscal 2024 and 2029 with the industry taking 4-5 quarters to recover, our long-term assessment suggests that the tractor industry will grow at a CAGR of 4-6%. The growth will be supported by low tractor penetration in India (3 tractors per 100-hectare area); government's focus on improving farm incomes through various schemes, promoting farm mechanization; and investments to improve rural infrastructure.

Figure 7: Tractor industry expected to grow by 4-6% between fiscal 2024-29



Note: Graph represents sales volumes | E – estimated, P - projected
Source: CRISIL MI&A

India's tractor market has undergone significant expansion and transformation, driven by its growing utilization

in both farming and non-farming activities. This growth is facilitated by improved credit facilities for farmers and various government policies aimed at meeting the rising demand for tractors. Furthermore, the emphasis on infrastructure development by the government has spurred the use of tractors in non-farm activities.

Replacement demand is expected to be higher by 4-6% on-year in fiscal 2024 and rise by 8-10% on-year in fiscal 2025 with healthy sales registered in fiscals 2017 and 2018.

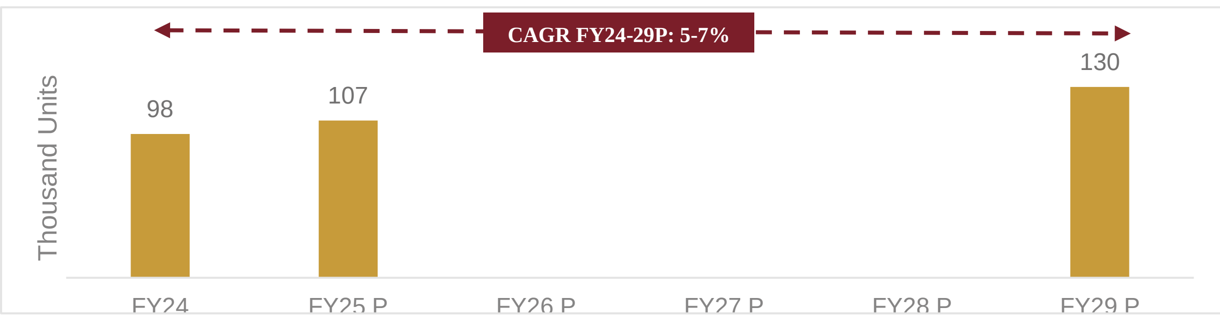
Tractor exports

Exports are projected to grow by 5-7% year-over-year to 100,000-110,000 units in fiscal 2025, up from a low base of 90,000-100,000 units following a 23-25 % year-over-year decline in fiscal 2024. Revival in demand from the US, Europe and Asia to further support growth.

Strategic push, such as setting up a base in foreign countries, by players to cater to the global demand would aid export sales. ITL's Solis brand has also been gaining popularity in the European markets. With most of the global companies de-risking exports from China due to the complexities and disruptions in the nation, India has become the natural hedge against Chinese exports. Further, with most of the companies equipped to comply with TREM IV norms, exports have bloomed in the past few years.

The compounded annual growth rate (CAGR) between fiscals 2024 and 2029 is expected to be 5-7%. The USA, Europe & Asia are likely to remain the focal regions for long-term exports. Further, with India emerging as an export hub for relatively small tractors (30-75 horsepower/hp), and major companies increasing focus on international markets with the launch of 90-120 hp tractors, we expect sustainable export growth over the next five years. Rising demand for <30 hp tractors for gardening and hobby farming purposes is also expected to support growth.

Figure 7: Exports expected to grow at a CAGR of 6-8% from fiscal 2024 to fiscal 2029



Note: E – estimated, P - projected
Source: CRISIL MI&A

More than 51 hp tractors accounted for about 62% share in India's tractor export basket for fiscal 2024, the share has come down to 49% in FY24 as demand for lower hp tractors rise. Rising demand for Indian tractors the US and Europe for hobby farming has fueled demand for lower hp tractors. International tractors limited (ITL) is the largest player in <30 hp tractors while John Deere leads in >51hp tractors.

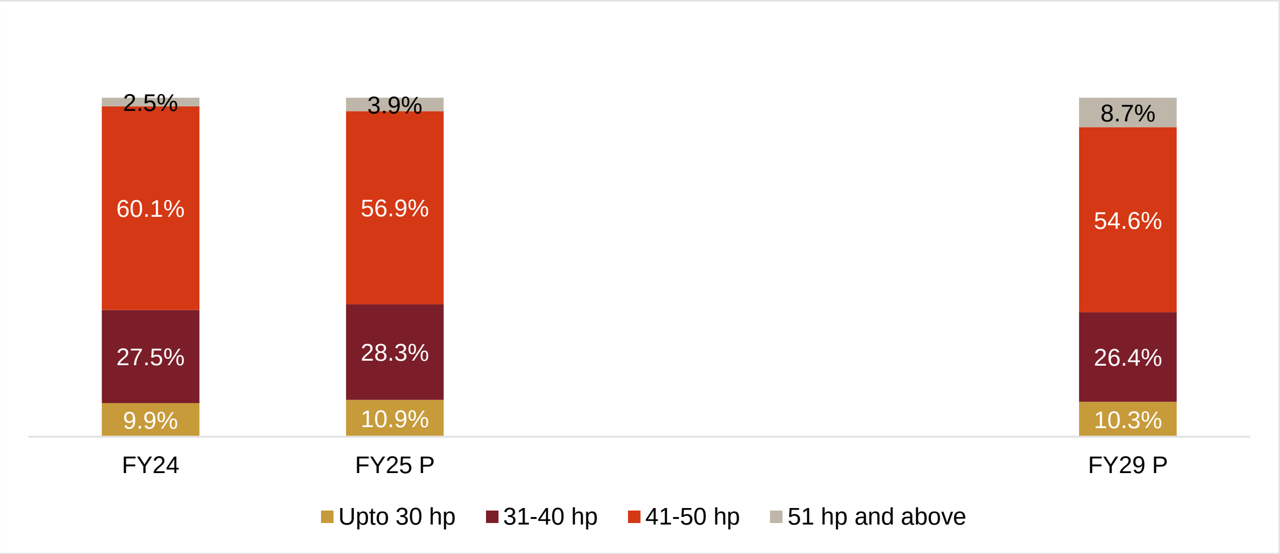
3.3.3 Segment wise outlook of domestic tractor industry

41-50 hp segment has continued to maintain its dominant share because of multiple applications in agriculture and haulage. Bulk of the implements available are also better suited for 41-50 hp tractors.

We expect upgradation from 31-40 hp tractors to 41-50 hp tractors over the next five years, as farmers are likely to upgrade to higher hp segments, realizing the benefits of mechanization and higher productivity from increased usage of implements along with tractors. Additionally, the growing trend of collaborative farming, increasing commercial usage, and higher irrigation intensity will boost usage of higher hp tractors. However, in case of a decline in farm incomes on account of weak monsoon, farmers tend to shift towards lower hp tractors (below 40 hp). We expect a more gradual movement towards 51 hp and above tractors, as they are less amenable to multipurpose applications (like the 41-50 hp) and the price gap is big (at least 10-15% between a 50 hp and a 55-60 hp tractor since emission norms change at 50 hp).

The market for 70-75 hp tractors is niche and is still evolving in India. These tractors are used mainly for farming along with implements, while 41-50 hp tractors can also be used for haulage and commercial activities such as sand mining. This increases their viability as these can be used for at least 700 hours a year.

Figure 7: Segment wise tractor industry between fiscal 2024-29



Note: P - projected

Source: CRISIL MI&A

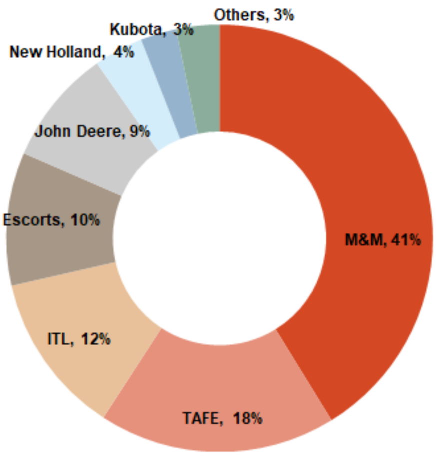
The four major factors that cumulatively influence hp demand are:

- Irrigation: Higher irrigation leads to higher and stable income streams to purchase higher hp tractors. For instance, Punjab and Haryana (despite soft alluvial soil) have migrated to higher hp tractors.
- Soil type: Extremely hard soil necessitates use of higher hp tractors. Western Maharashtra, for example, has hard black cotton soil, where 41-50 hp tractor is preferred. However, some pockets of Vidarbha have soft red soil and small farm size, so 31-40 hp tractor is preferred.
- Farm size: States having more marginal and fragmented land holdings, drives sales of lower hp tractors.
- Commercial usage: High commercial usage of tractors in eastern and southern states also hikes demand for relatively higher hp tractors.

Competitive Profile

The competitive scenario in tractors industry has remained unchanged in the last 6-7 years, with large players having cemented their position on the back of a pan-India distribution channel and presence across all product segments.

Fig: Top 4 players constitute >80% of domestic market



Note: Market share in fiscal 2023 domestic sales
Source: TMA, CRISIL Research

Capital intensive nature of business as well as competitive intensity are the key entry barriers to the industry. Hence, the top 3 companies account for ~70% of the domestic market. Mahindra & Mahindra (M&M) retains its leadership position in fiscal 2023. A strong pan-India network, strategic manufacturing locations, and a comprehensive product range have been the major factors behind M&M's consistent market dominance. In fiscal 2023, International tractor Ltd was the top exporter of tractors followed by John Deere.

3.3.4 Key growth drivers for tractor industry

Replacement demand expected to be higher

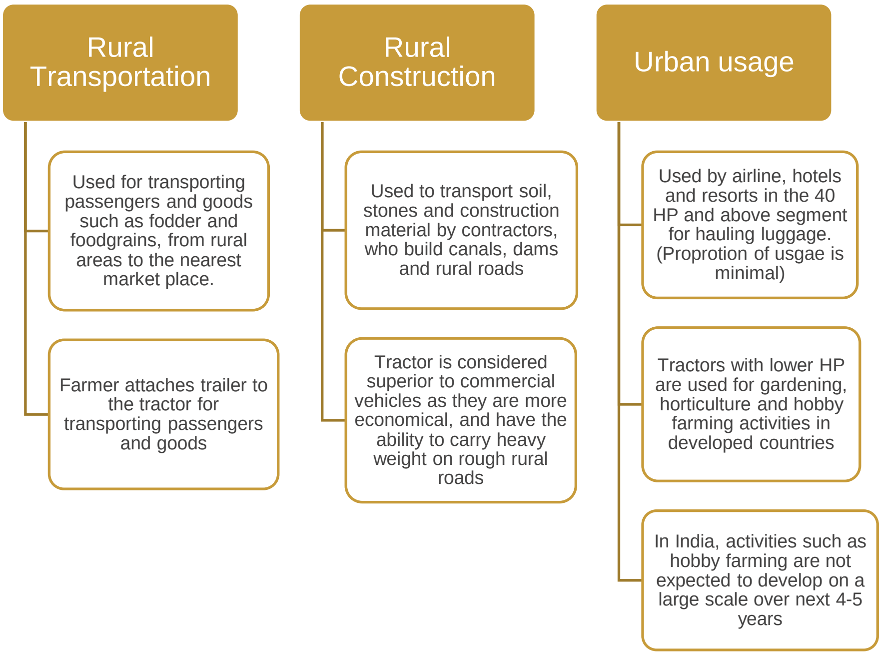
A large part of domestic sales is driven by replacement demand. Typical holding period for a tractor is around 6 to 9 years with most of the tractors being replaced in the country within 7-8 years. Of the overall domestic demand, 50-60% of the sales are replacement demand. For states having high penetration of tractors such as Punjab and Haryana, the replacement demand accounts for about 70-80% of the total sales. While states where farmer incomes are lower as compared to Punjab and Haryana have a lower replacement cycle (higher age tractors) compared to the industry average.

Replacement demand is expected to be higher by 4-6% on-year in fiscal 2024 and rise by 8-10% on-year in fiscal 2025 with healthy sales registered in fiscals 2017 and 2018.

Increasing non-farm usage of tractors

Farmers primarily purchase tractors for agricultural operations but also use them for commercial purposes. Taking into consideration the short period of time that tractors are used on the farm, farmers look for alternate uses such as renting it out to other farmers or rural contractors involved in construction activities. Currently, non-farm usage accounts for 30-35% of domestic tractor demand. As tractors are used only for short periods on farming activities, it is not economically viable for farmers to deploy them solely for farming purposes.

Figure 7: Various non-farm usage of tractors

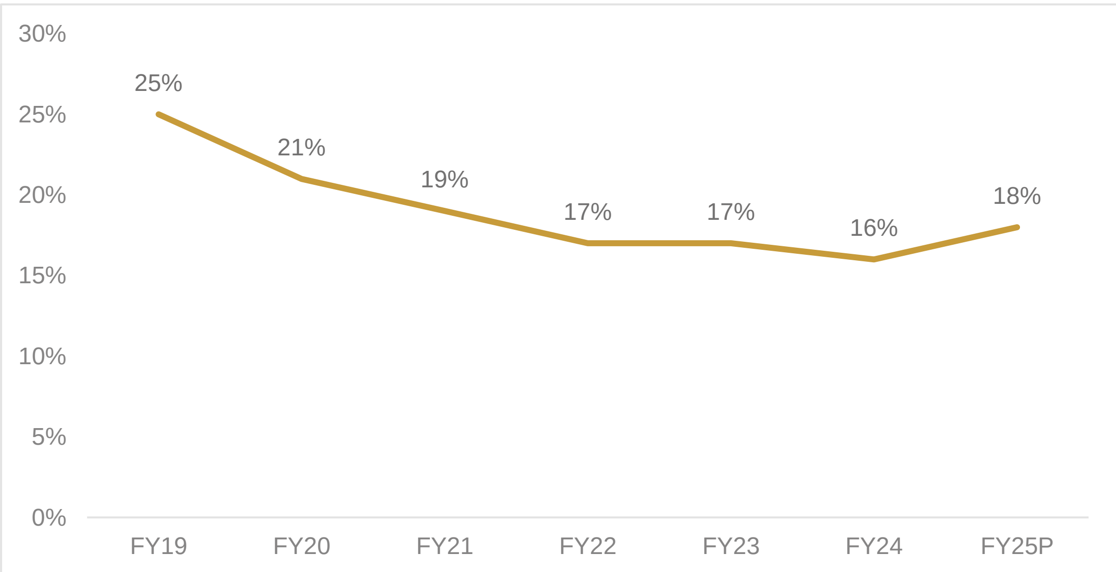


Source: CRISIL MI&A

Going forward, tractors are expected to continue being largely be used for agriculture activities, while rural construction, and transportation purposes are expected to continue contributing to a secondary use case.

Commercial demand expected to remain rangebound in fiscal 2025

Figure 7: Share of commercial demand in tractor industry



Note: P - projected

Source: CRISIL MI&A +69-

Commercial demand for tractors account for 18-23% of overall tractor demand. Apart from their primary application in agriculture operations, tractors are also used to haul bricks, sand, and farm produce. In poor crop years and in months when there is no agricultural activity, renting out tractors for commercial purposes provides farmers an alternate source of income, thereby proving to be a good hedge. Some tractors are designed specifically for haulage operations and are used exclusively in commercial activities. Based on our industry interactions, tractors are also used as an alternative to pickups for haulage purposes.

In fiscal 2024, commercial demand is expected to rise due to anticipated increased in construction activities and sandmining activities. In fiscal 2023, with slower retail momentum in eastern states coupled with complete ban on sandmining activities, commercial demand remained rangebound.

Illegal mining activities have been at a standstill in states such as Bihar, Jharkhand and Uttar Pradesh which had impacted commercial demand negatively in last two fiscals.

Rental models and low-cost tractors key to penetrating fragmented land holdings in India

Despite the huge potential total arable land offers, the fragmented land-holding pattern in India remains a hurdle. With over 80% of land holdings being small and marginal (less than 2 ha), most farmers are unable to afford tractors. They depend on renting tractors or buying small tractors to improve productivity, a trend which is rapidly gaining hold.

Custom Hiring Centers (CHC) are a major component of the government's 'Sub-Mission on Agricultural Mechanization (SMAM)' policy. These centers maintain farm equipment and machinery which can be rented out, especially to small and marginal farmers who cannot afford them. The state governments of Karnataka, Andhra Pradesh, Madhya Pradesh, Telangana, Odisha, and Punjab have been promoting CHCs on public-private partnership (PPP) basis through training, demonstration, and financial incentives. Private sector participation via unique business models is also improving farm mechanization.

- EM3, a new entrant in the farm machinery industry, is creating a pan-India network of Samadhan Kendras which operate as CHCs, with its focus currently on Madhya Pradesh, Rajasthan, and Uttar Pradesh.
- Zamindara Farm Solutions uses a combination of library and radio taxi models to provide farm equipment services, with major operations in Punjab.
- OLAM India is using CHC in collaboration with agri-tech service providers for sugarcane harvesting in Madhya Pradesh.
- India’s agriculture ministry has developed a farm equipment rental app for Indian farmers, which lets them hire tractors, rotavator and other farm related machinery on rent with flexible tenures.
- Highest number of CHCs are found in Punjab, UP, Tamil Nadu and Andhra Pradesh followed by Haryana and Odisha. Under SMAM (Sub-Mission on Agricultural Mechanization), ~13 lakhs of agricultural machinery have been distributed while ~15,180 Custom Hiring Centers have been established.

CHCs face challenges such as lack of awareness among consumers about farm equipment usage, availability issue, high initial investment cost, maintenance of farm machinery, and providing equipment specific to local cropping patterns. Monitoring of CHCs remains a major challenge. However, involvement of key stakeholders and introduction of favorable schemes and policies can make the CHC concept successful in India.

3.3.5 Factors influencing long-term demand for tractors

Apart from cyclical factors such as stable farm incomes, which depend on the monsoon and crop prices (minimum support prices and mandi prices), structural factors drive tractor sales. These include:

- Rising cost of farm labour due to employment schemes such as Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)
- Farmers are increasingly aware of the benefits of mechanized farming, leading to a rise in the replacement of non-mechanized farming methods, such as animal labor
- Growing commercial use of tractors (including transport of farm produce, haulage and personal transport applications, and transport of materials for road construction and other infrastructure projects)

Credit availability and affordable rates of finance, increasing budgetary allocation towards the rural sector, and government support for farm mechanization also encourage growth.

Rise in farm incomes to push up tractor sales in long term

Tractor sales expanded at 5% CAGR over past 10 years. Over the past decade, growth in tractor sales primarily tracked growth in farm incomes, except for fiscal 2010 when tractor sales were more influenced by debt relief and debt waiver schemes announced by the government. Farm incomes, thus, are an important indicator of tractor sales. We expect farm incomes to grow moderately going forward, with improvement in irrigation facilities, increase in mechanization and crop yields, and continued government support.

Other farm-related factors

Irrigation investments have risen considerably in past 10 years, resulting in a consistent increase in irrigation intensity. This, in turn, heightened cropping intensity has led to higher and stable farm incomes over the period. Irrigation intensity is expected to continue to improve over the medium term, supporting tractor sales.

Irrigation intensity is the highest in Punjab and Haryana, which have the highest tractor penetration in India. As irrigation facilities improve in the rest of India, tractor penetration will see corresponding increase. One limitation, however, is that fragmented land holdings in certain states may deter the states from reaching average tractor penetration levels despite high irrigation intensity.

Average land holding size in India is 1.5 ha as against world average of 3.7 ha, with ~65% of farmers being marginal farmers (holding less than 1 ha). We do not expect a major change in land-holding patterns. However, increased allocation for foreign direct investment in retail is expected to favor tractor sales with growing instances of farming operations being consolidated and output being contracted to large retailers.

3.3.6 Growth drivers for tractor exports

CRISIL MI&A Research estimates exports to grow in Africa following improved output of major crops such as wheat, cassava and maize, and an increased funding mechanism to support demand. According to IMF, GDP growth in South Africa (largest contributor to exports in Africa), is expected to grow by 1.8% and 0.1% in 2024 and 2023 respectively after rising by 3.7% on-year in 2022. Indian tractors are currently implementing Bharat (TREM) Stage III A norms (India follows the European standard of emission norms), but have made manufacturing provisions for advanced emission norms, mainly to cater to international markets. According to IMF, in Europe, GDP is expected to grow by a slower 0.6% and 1.5% in 2023 and 2024 respectively after a 1.8% on-year growth in 2022. Growth of Indian tractor exports in Asia will be driven by strong demand from neighboring countries such as Myanmar, Bangladesh, Nepal, and Sri Lanka, while Indian exports will expand their position in bigger markets such as Thailand. According to IMF, in Asia, GDP is expected to grow by 4.4 in both 2023 and 2024 after a 4% on-year growth in 2022.

3.3.7 Impact of regulatory changes on tractor sales

Pollution control norms have increasingly become stringent

TREM IV norms came into effect from 1st January 2023 after being pushed multiple times over last 2 fiscals. The norms are applicable only for more than 50HP tractors which contribute only ~3% to overall tractor sales (as of FY24), thus we expect limited impact on tractor industry. Although major technological changes are available with OEMs (original equipment manufacturer). However, the pass through of the incremental cost, related to the technological changes, to the farmers is likely to be a challenge, given the price sensitive nature of the farming community. Cost escalations to the tune of 10-15% is expected. John Deere, Mahindra, and Sonalika accounts for about 66% in more than 51 hp tractors in the domestic market.

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Trem IV rules are driving companies to develop cleaner and more efficient engines for Trem IV Tractors. Furthermore, prominent brands like John Deere, Sonalika Tractors, New Holland, and Farmtrac are actively manufacturing tractors that adhere to these regulations. This ensures that Trem IV Tractors are not only environmentally friendly but also incorporate advanced technologies for improved performance. All the major OEMs are equipped to comply with TREM IV which is equivalent to US (Tier 4) and Europe (Stage IV) norms. Players have been able to export more higher hp tractors after complying with the new norms.

Over next few years (fiscals 2024 to 2029), the following structural factors to support growth:

- The government's objective of supporting farmers through direct income support and improvement in land productivity via soil health cards. These measures should improve farmers' crop yields and affordability, improve purchasing capacity and support tractor penetration.

- The government's renewed thrust on enhancing irrigation intensity and making the nation more drought-proof is expected to support agriculture growth and increase mechanization.

- After the huge downward revision seen in irrigation spends in fiscal 2021, the industry is set to recover 20-25% in fiscal 2022 with pent-up investments in delayed projects. Investments are expected to grow at a 14% CAGR over the next 3 years with them surpassing pre-covid levels in fiscal 2022 itself.

- Custom-hiring centers (CHC) are being promoted through government incentives with number of CHCs rising at a CAGR of 18% from fiscal 2017 to fiscal 2022 (latest available data). The trend is catching up in Karnataka, Madhya Pradesh, Andhra Pradesh, Telangana, and Orissa and encouraging farmers to lease tractors. States such as Karnataka, Madhya Pradesh, Andhra Pradesh and Punjab are promoting such hiring centers through training, demonstrations and financial incentives.

- Tractor rental services made available on mobile applications by manufacturers -- such as Jfarm by TAFE and Trringo by Mahindra -- to prop up demand for tractors in long term. Global companies such as Hello Tractors in association with Aeris, a California-based technology company, is also planning to launch a pay-as-you-use tractor service for Indian farmers.

- With increasing government focus on infrastructure, demand for haulage is also expected to rise boosting tractor sales

- Higher government focus on agriculture and on farmers to lead to healthy crop prices impacting tractor demand positively.

4 Review and outlook on the Indian railways industry

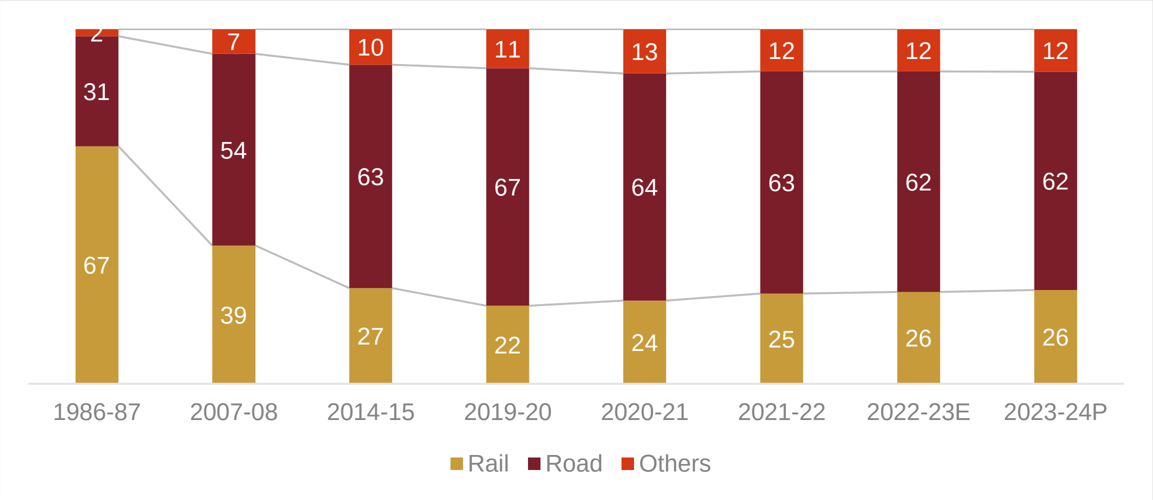
4.1 Review and outlook of the Indian Railways industry in value terms

4.1.1 Modal mix of rail FY18 to FY23 and projection for FY24

Transporting ~1.59 billion tonne of freight and carrying over eight billion passengers a year, India's railway network is the fourth largest in the world, spanning over 68,103 route km.

The behemoth, however, is plagued by challenges of underinvestment in infrastructure augmentation and technological upgradation. Its share in freight modal mix has slipped over the years to less than 30%, which is sub-optimal considering the size of the country.

India's freight modal mix (% of tonne km travelled)



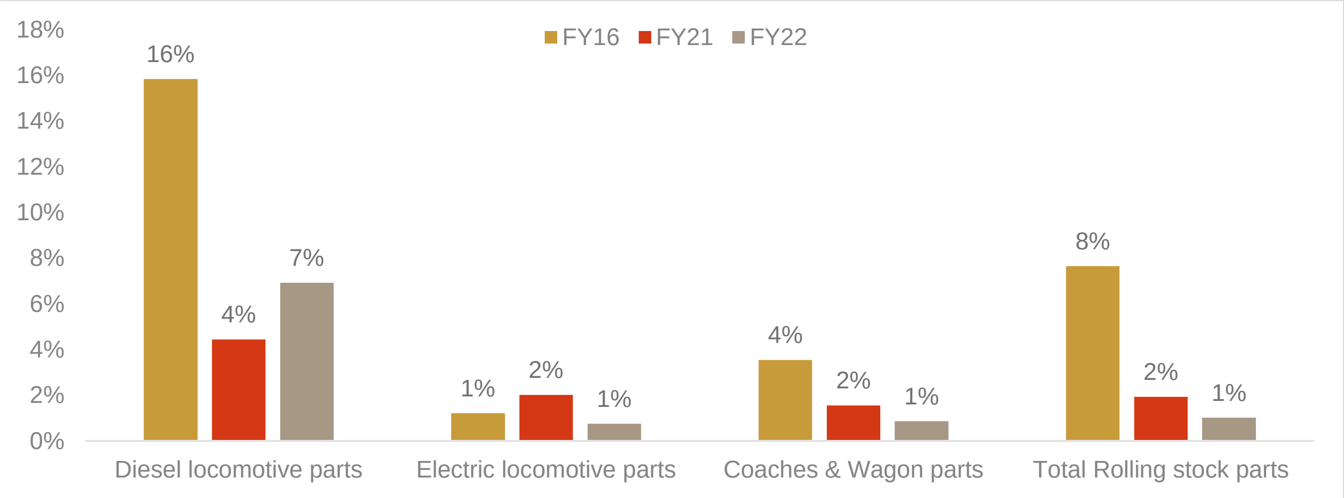
Source: RITES, NTDPC, CRISIL

Indian Railways is an important pillar in the nation's growth. The total budgetary allocation on capital expenditure in infrastructure for FY24 saw a 37% increase from FY23 at ~Rs 10 lakh crore. Railways capex for fiscal 2023-24 is ~50% higher than fiscal 2023RE. With most of the electrification targets across the country having been already met by the Railways, the focus is now expected to shift towards improving the existing infrastructure with government identifying redevelopment opportunities worth ~Rs 1 lakh crore.

4.1.2 Indigenisation of coaching and wagon parts relatively better

The share of imports for rolling-stock parts declined from 7.7% in fiscal 2016 to 1.9% in fiscal 2022.

Share of import purchases (as a % of overall purchases) by Indian Railways



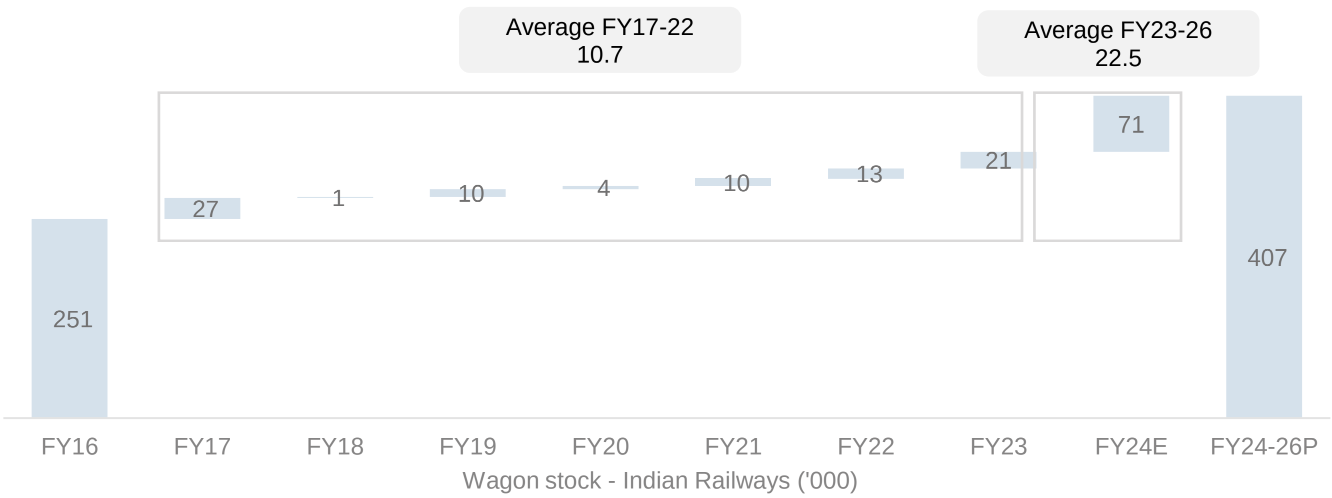
Source: Annual Statistical Statements, Indian Railways – FY2022, CRISIL

In consonance with the 'Make in India' initiative of the central government, has led to sustained indigenisation efforts with major rolling stock being manufactured in India along with boosting establishment of ancillary units and helping to generate employment.

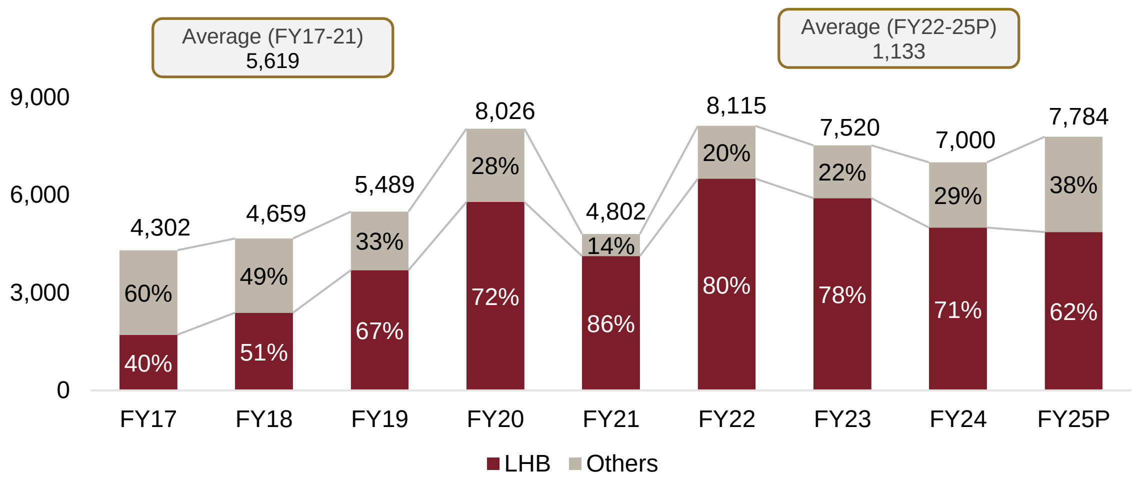
4.1.3 Wagon procurement ramped up significantly

Indian Railways has put out orders for the procurement of ~72,000 wagons, as a part of the procurement plan of 90,000 wagons until fiscal 2026. Indian Railways' annual wagon addition plan for fiscals 2023-2026 period is already more than double the fiscal 2017-2022 level.

Annual wagon addition ('000 units) for Indian Railways



Annual coach production plans

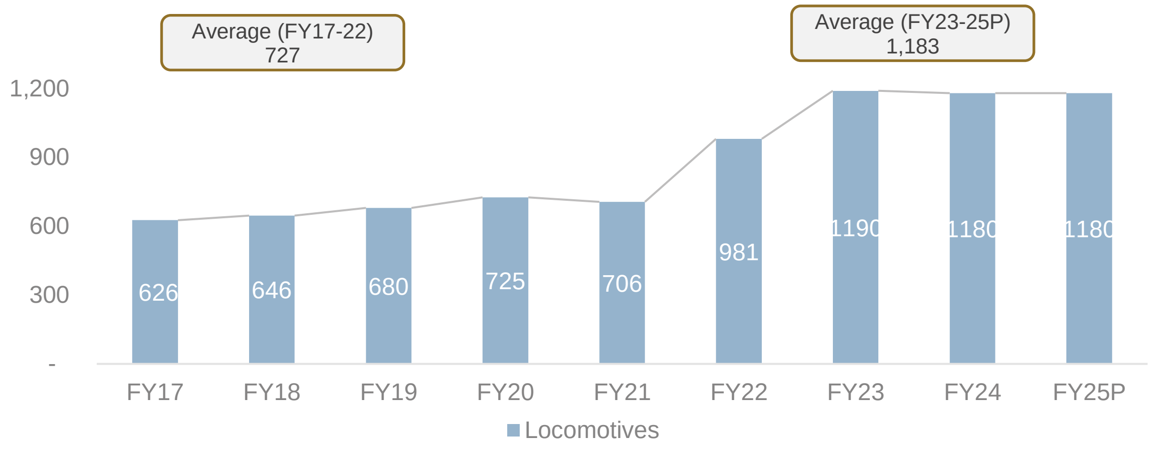


Source: Coach production plans (Indian Railways), CRISIL

4.2 Indian Railways has ramped up electric-locomotive production

Indian Railways has switched fully to production of electric locomotives across its production units at Chittranjan, Dankuni, Banaras and Patiala. Annual production has also increased from 727 locomotives on average during fiscals 2017-2022 to 1,183 for the fiscal 2023-2025P period.

Locomotive production



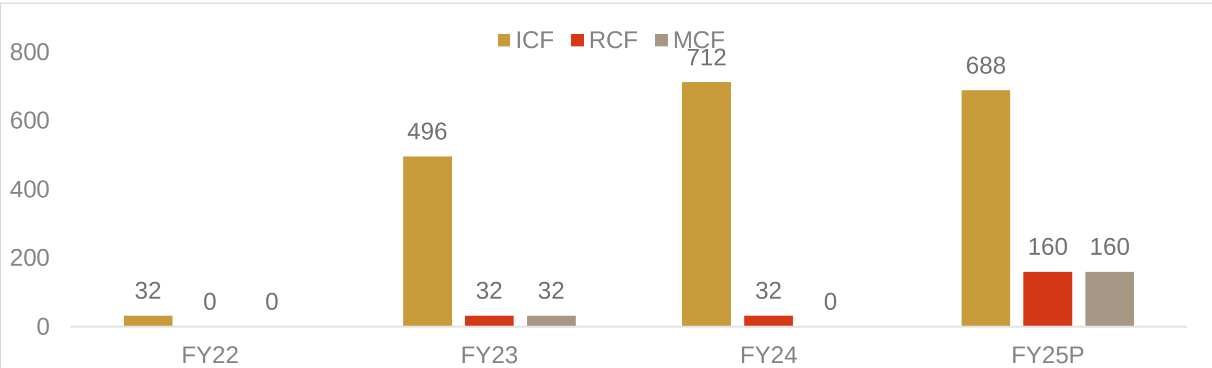
Source: Locomotive production plans (Indian Railways), CRISIL

4.3 Vande Bharat trainsets speeding up

4.3.1 ICF to lead the production of trainsets

Trainsets comprise self-propelled LHB (Linke-Hofmann-Busch) coaches, which will be used in 75 Vande Bharat trains to be inducted by fiscal 2024. As per coach production plans of Indian Railways, Integral Coach Factory in Chennai will manufacture the majority of 'trainsets'. Indigenisation will rise, and unit cost will decline with scaled-up production of trainsets.

Trainset manufacturing plans

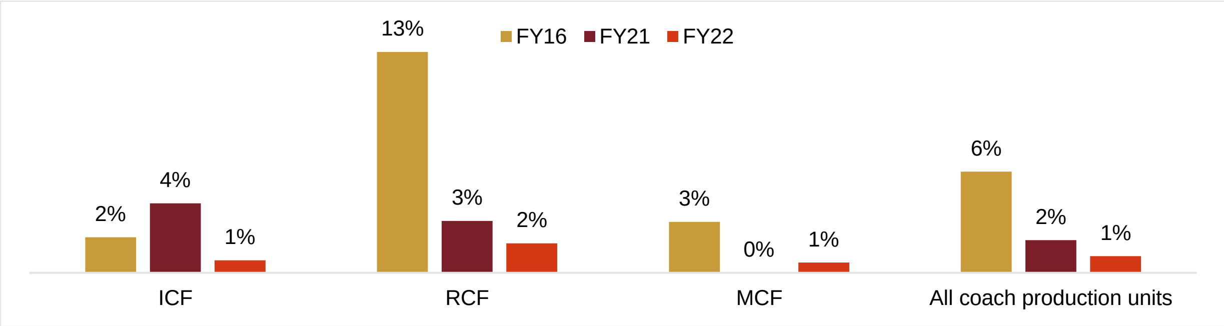


Source: Annual coach production plans – Indian Railways

4.3.2 Continued improvement in Indigenisation expected over the long term

The share of imports has declined across coaching-production units across the country. With Indian Railways' plan to induct 75 Vande Bharat trainsets, the share of indigenisation will touch 100% in the next few years.

Share of imports – Coaching parts

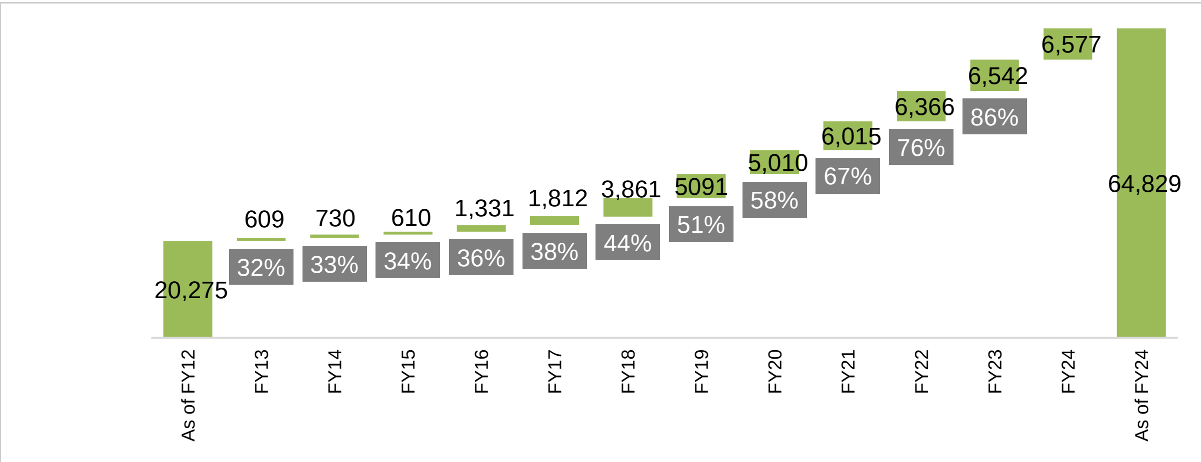


Source: Annual coach production plans – Indian Railways

4.4 Electrification of tracks ramped up

Indian Railways has set a target of 100% electrification of tracks by fiscal 2024. In line with this, annual electrification had crossed 6,000 route kilometres by fiscal 2022. Indeed, average annual electrification during fiscals 2018-2024 was ~5.6x vis-à-vis fiscals 2013-2018.

Electrification in tracks

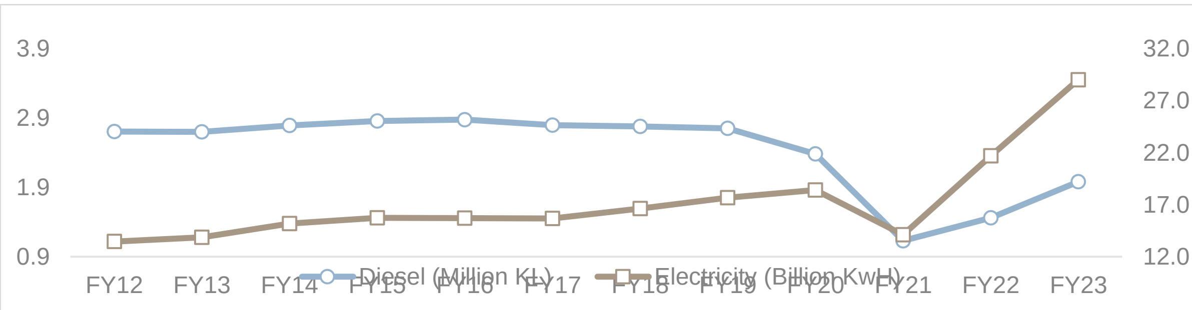


Source: Indian Railways – Statistical Summary, PIB, CRISIL

4.4.1 Diesel usage has fallen continuously over the years

Diesel usage by Indian Railways declined by 5% over fiscals 2016-2020. With electrification on the rise, the electricity consumed increased by ~4% during the same period.

Fuel consumption of Indian Railways

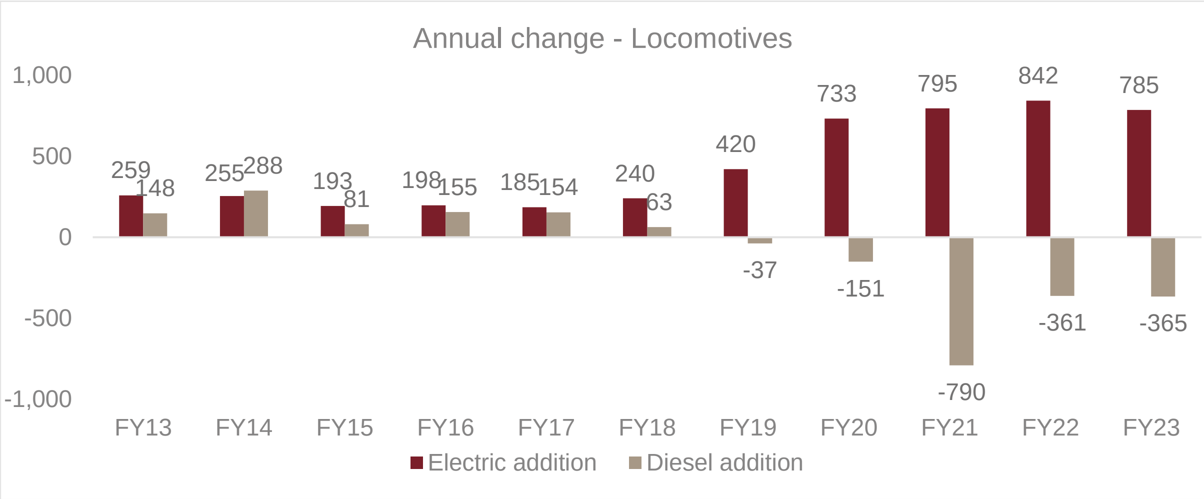


Source: Indian Railways – Statistical Summary, Indian Railways Annual Report FY23, CRISIL

4.4.2 Diesel locomotives are also gradually discarded in favour of electric locomotives

Indian Railways is also retiring diesel locomotives to electrify the railway network. In fiscal 2021 itself, railways discarded ~800 diesel locomotives, when ~800 electric locomotives were effectively added to loco fleet. The aim is to have about 10,000 electric locos for train operation with gradual switching over to electrical traction and subsequent withdrawal of diesel locos.

Locomotive fleet of Indian Railways



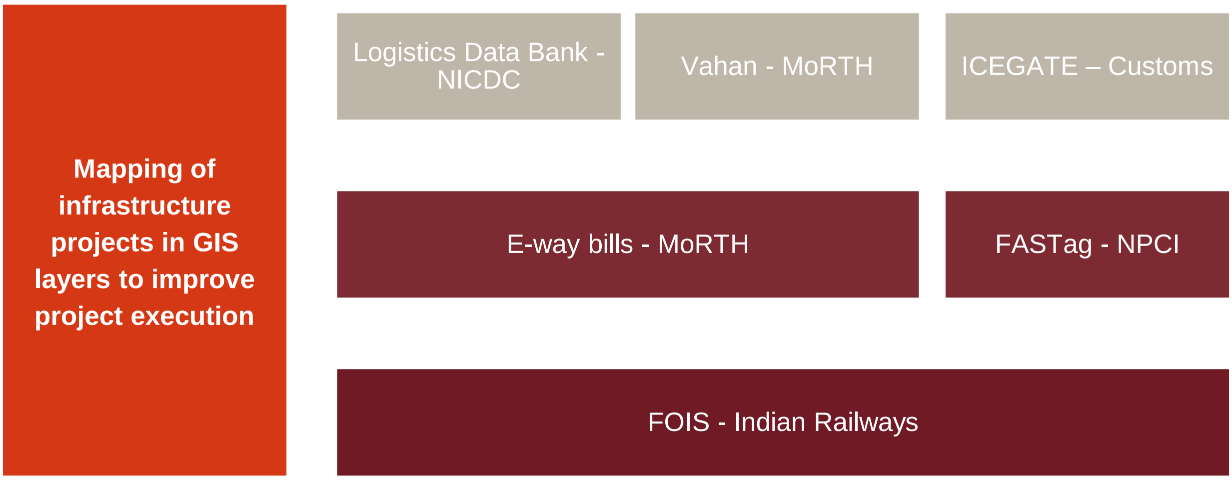
Source: Indian Railways – Statistical Summary, CRISIL

4.5 GatiShakti and National Logistics Policy among spurs

4.5.1 FOIS data can aid in filling cargo trackability void

GatiShakti portal will integrate the various real-time logistics data sources available with different ministries, through a Unified Logistics Interface Platform (ULIP). As per news articles, the government has signed the first round of agreements with industry stakeholders for the usage of ULIP. The comprehensive FOIS data, otherwise, disjointed from other data sources can significantly improve the traceability and trackability for cargo.

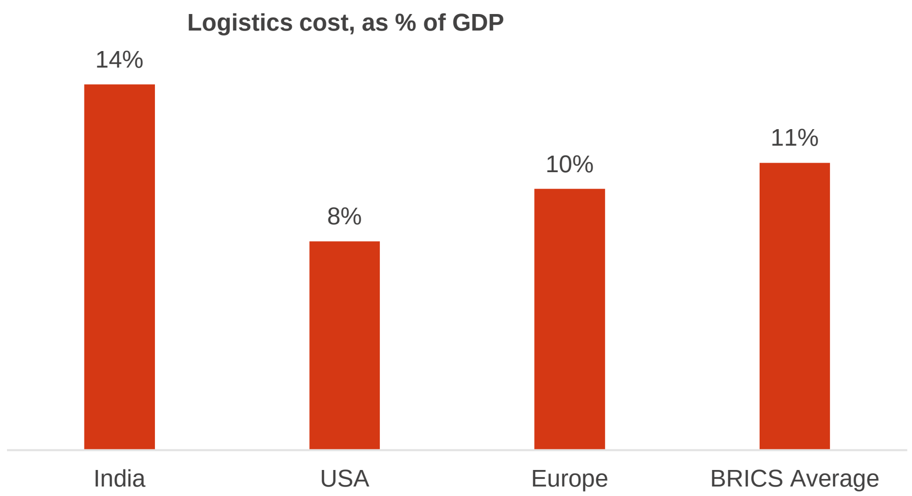
Key pillars of GatiShakti/ULIP



Source: Industry, CRISIL

4.5.2 Indian Railways' role imperative in achieving National Logistics Policy targets

Modal-mix optimization, with an increased share of Indian Railways in primary transport will also be critical to achieve the target of logistics cost reduction and improve the Logistics Performance Index (LPI) scores of the country.

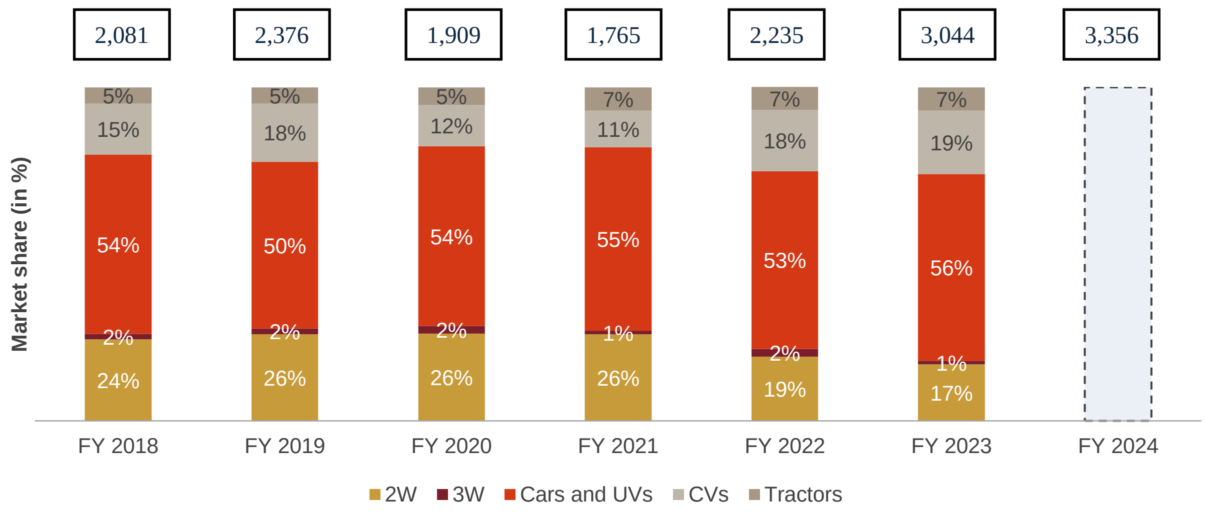


5. Review and outlook of the Indian auto components industry

5.1 Review of the Indian auto component sector in value terms (FY18-FY24)

5.1.1 OEM auto component industry split by vehicle categories in value terms

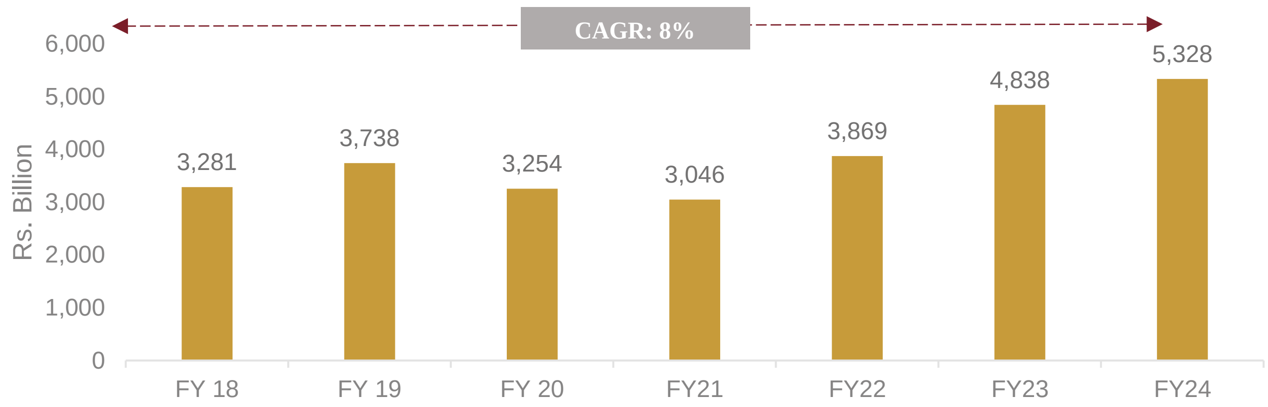
OEM auto component have the highest contribution to auto component revenues. In OEM auto component Passenger Vehicles (Cars and UVs) is dominating the industry from years accounting for 56% in FY23 followed by Commercial Vehicles and 2W respectively. OEM accounted for Rs 3,356 Bn of the overall sales in FY24



Source: CRISIL MI&A

Trend of auto component industry by OEM, export and aftermarket in value terms

Trend in domestic production of auto components (fiscals 2018-24)



Source: CRISIL MI&A

Auto component production increased at 8% CAGR between fiscal 2018-2024 was aided by recovery in economy, buoyant demand from OEM and replacement market as well as increase in exports. CRISIL estimates domestic auto-component production revenue to increase by 8-10% in fiscal 2025.

Production of automotive components depends on consumption by different end-user segments: original equipment manufacturers (OEM), exports and the replacement market. OEM demand can be further segregated based on various vehicle segments. In fiscal 2023, OEMs accounted for almost 62% of auto-component production by value. Among OEMs, cars and utility vehicle manufacturers remain the largest consumers.

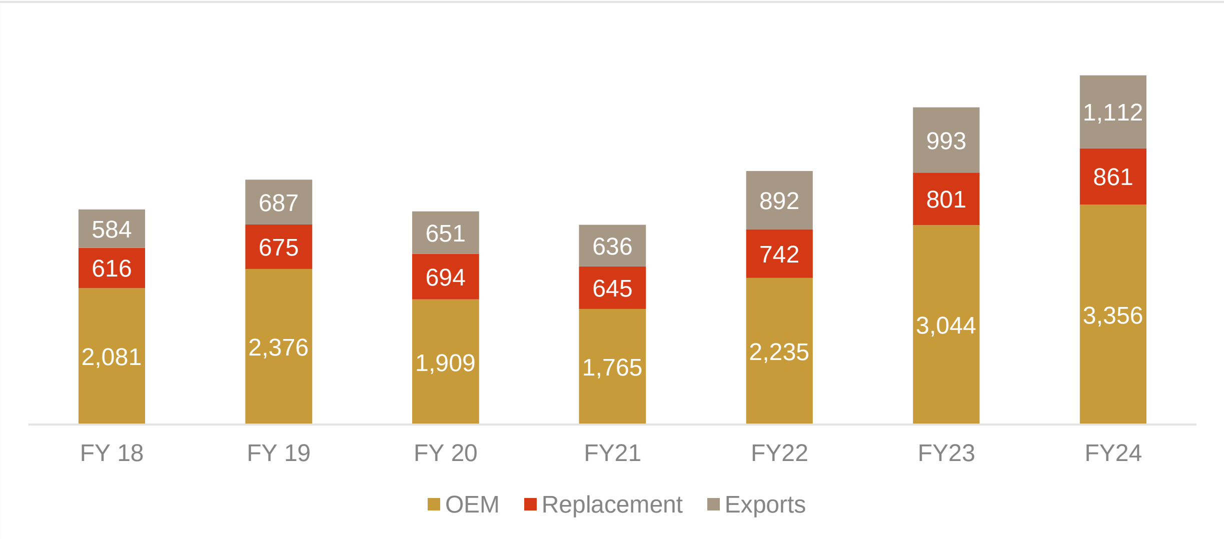
Automotive component players are prone to risk due to the dependence on a few select clients or vehicle category and are highly dependent on demand from the OEMs.

The domestic auto components industry largely consists of small and medium enterprises. The industry is composed of 780+ organized players and 5,800 unorganized players. In terms of revenue, however, the organized segment dominates the industry. Auto Component Manufacturers Association (ACMA) members represent 85% of the overall industry turnover. Over the past few years, more and more auto component companies have been registering as members of the ACMA.

The use of semiconductors in automobiles has increased significantly in recent years. These components are now integral to engine control units, power steering, airbags, reverse parking assist, smart keys, telematics, in-car entertainment, and other applications. The intensity of semiconductor use is higher for passenger vehicles (especially high-end models) and moderate for commercial vehicles, while it is lower for two-wheelers (except premium motorcycles) and tractors due to their lesser electronics usage. Semiconductor supplies were heavily impacted in the Covid-affected fiscals 2021 and 2022 due to increased demand from electronics, surging freight costs, lockdowns, and natural calamities. Despite improvements in supplies after two years of shortages, ongoing disruptions in the global semiconductor supply chain have persisted, affecting the production of various vehicles. The Ukraine conflict further exacerbated supply chain issues, although there has been an improvement since early 2023, with larger microchip volumes easing bottlenecks in FY23. However, long-standing relations between OEMs and suppliers remain crucial for the stability of the sector.

Semiconductor manufacturing in India has received significant attention, requiring substantial investment and government incentives to ensure a sustained increase in production. The government's efforts include PLI schemes promoting the domestic manufacturing of electronic components. Companies like Vedanta and Foxconn are investing heavily in setting up semiconductor manufacturing plants in India. Abu Dhabi-based Next Orbit Ventures' ISMC is also participating in this initiative, aiming to bolster the country's capabilities in the semiconductor sector and reduce reliance on imports.

Trend in domestic consumption of automotive components (fiscals 2018-24)



Source: CRISIL MI&A

OEM demand, which is the largest contributor to auto component revenue is pegged to grow at a healthy pace over the next 5 years over a low base of fiscal 2021. Replacement market to witness a slower growth in long term. With Indian safety and emission norms approximating global standards and domestic companies gaining technology capabilities through joint ventures, it is expected exports will benefit in next five years. Implementation and effectiveness of production-linked (PLI) scheme will be the key monitorable criteria and may have an upward bias to the export calls

In fiscal 2024, the replacement segment clocked 6-8% growth supported by the economic growth supported by the economic growth. In fiscal 2023, replacement demand growth was on the back of healthy OEM demand witnessed between fiscals 2017 and 2019. Assuming a two to three years of lifespan of automotive components, pent-up demand from fiscal 2020 and 2021 is likely to have translated into replacement opportunity in fiscals 2022 and 2023. Additionally, demand in the replacement market is expected to grow due to an increase in penetration of cab aggregator services in the overall stock of passenger vehicles in the medium term.

Auto component production revenue has surpassed the levels witnessed in FY19, wherein the industry reported a robust growth across all segments. Passenger vehicles, commercial vehicles and tractors are seen surpassing pre-Covid levels of production in fiscal 2023 while 2W, 3W will recover from slump in fiscals 2021 and 2022, albeit still below pre-Covid levels. Healthy demand from OEMs will drive auto-component demand followed by replacement and export markets.

Outbreak of second wave of COVID in the domestic market since April 2021 and the resultant state-wide lockdown impacted industry's revenues in Q1 of fiscal 2022. Post unlocks, some recovery was seen in the industry in H2 fiscal 2022. The growth in fiscal 2022 was aided by recovery in economy, buoyant demand from key export destinations like North America and Europe and increased demand from replacement market led by pent-up demand. CRISIL MI&A estimates that production revenue increased 27% in fiscal 2022.

In fiscal 2024, imports increased by ~10% on year growth. Fiscal 2022 saw big spike of 37% in imports on lower base of FY21. In fiscal 2021, imports declined by ~20% owing to subdued demand from OEMs and aftermarket amid the pandemic. Besides, the domestic auto component manufacturers also operated at below-normal utilization levels in the first half owing to subdued demand and nationwide lockdown.

5.1.2 Review of exports of auto components (fiscals 2018-24)

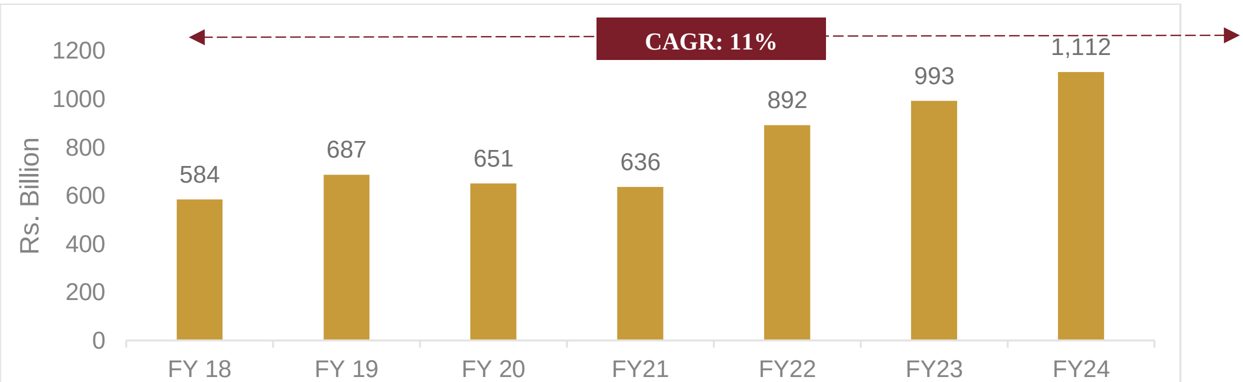
Auto component exports witnessed a strong growth at 11% CAGR during fiscal 2018-2024 period. Even during fiscal 2017-2020 period, exports witnessed a healthy growth at 11% CAGR. Fiscal 2021 witnessed a contraction amidst the pandemic and the restrictions.

Auto component exports accounts for 21% of the overall demand in FY24 and is projected to record a 7-9% on year growth in fiscal 2025 post expected growth of 11-13% in fiscal 2024. The growth would be on the back of demand from North America and Europe which together contributed ~45-50% to the export demand during April-Jan fiscal 2024. As per S&P Global Ratings, global light vehicle sales are expected to grow by 5-7% in calendar year 2023. Export revenues are also expected to be supported by increased global demand and China +1 strategy. However, rising inflation and global economic slowdown remains key monitorable.

Exports witnessed growth in fiscal 2023 despite higher base of fiscal 2022. Demand from North America surged by 19% whereas Europe witnessed modest growth of 3% on-year during fiscal 2023 over a high base. From April to May 2024, demand form North America and Europe grew by 8% and 21% respectively.

India's top exports destinations are USA (27.8% of total exports), Germany (6.9%), Turkey (5.4%), Brazil (3.7%). Export demand has shown a strong recovery post unlock. However, demand from Europe has been under pressure due to recessionary fears and global slowdown.

Review of exports of auto components (fiscals 2018-24)



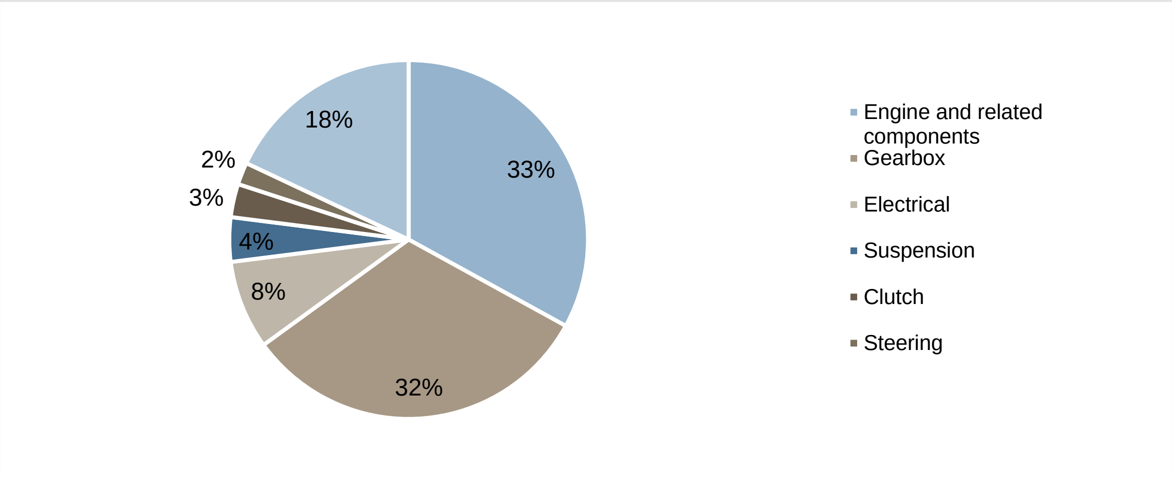
Source: CRISIL MI&A

Split by major auto component categories in value terms (includes engine parts, drive transmission, suspension and braking parts and body & chassis)

Major auto component from the revenue share is Engine component followed by suspension and breaking, drive transmission and steering etc.

Critical components, such as engine parts, drive transmission and steering, and electrical, are technologically more complex compared with lower-margin components, which were earlier the preserve of Indian players. They offer higher margins to manufacturers, but require greater investment in research and development, as well as high-precision engineering to adhere to the stringent quality standards of global OEMs.

Fig: Split by major auto component categories in value terms (Rs.billion) and percentage share (FY24)



Source: CRISIL MI&A

Historic growth drivers for Indian auto component industry

Passenger vehicles, commercial vehicles and tractors are seen surpassing pre-Covid levels of production in fiscal 2023 while 2W, 3W will recover from slump in fiscals 2021 and 2022, albeit still below pre-Covid levels. Healthy demand from OEMs has been driving auto-component demand followed by replacement and export markets.

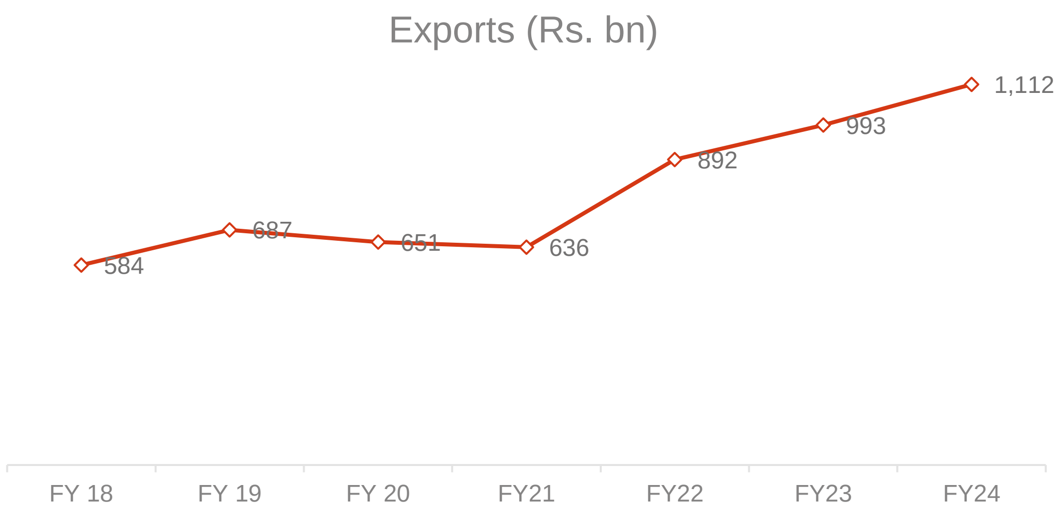
The Indian auto component industry is expanding quickly, fuelled by rising domestic demand for vehicles, increased localization by international automakers, and a focus on exports. India's burgeoning middle class is driving up demand for all types of vehicles, which is in turn boosting the need for auto components. To meet this demand, global automakers are increasingly localizing their production operations in India and sourcing more and more components from local suppliers. This has benefited Indian auto component manufacturers, who are now supplying components to some of the world's leading automakers. Indian auto component manufacturers are also focusing on exports, sending their products to a variety of countries, including developed markets like the United States and Europe. This has helped to further fuel the industry's growth.

Under the automated route, 100% FDI is permitted in the auto components business. PLI schemes on automobiles and auto components are estimated to generate a capex of Rs. 74,850 crore (US$ 9.58 billion) over the next five years. The Bharat New Car Assessment Programme (BNCAP) will not only enhance the auto component value chain, but it will also push the production of cutting-edge components, inspire innovation, and nurture global excellence.

Major auto component from the revenue share is Engine component followed by suspension and breaking, drive transmission and steering etc.

Auto component export trend in value terms over FY18-FY24 period

Auto component exports witnessed a strong growth at 11.3% CAGR during fiscal 2018-2023 period.

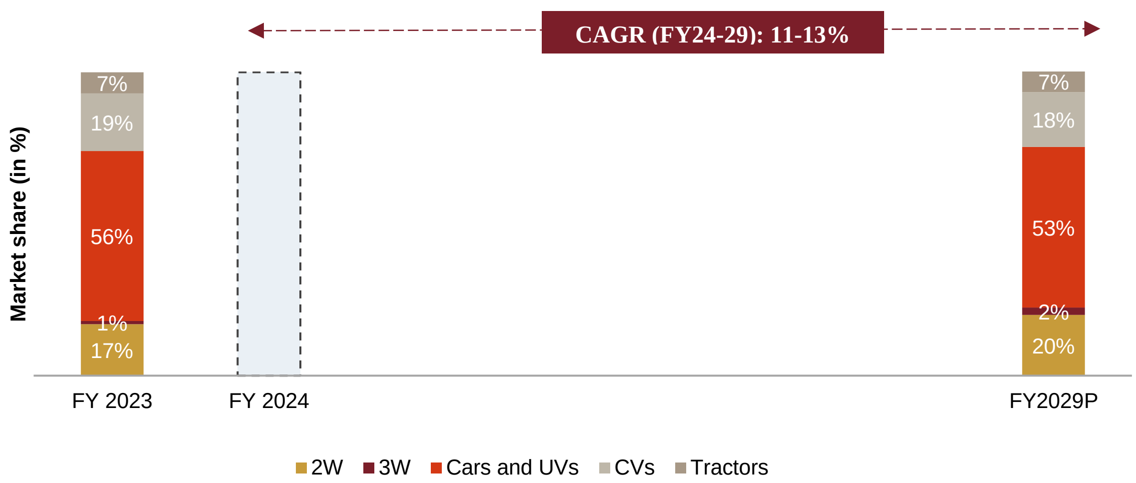


Source: CRISIL MI&A

5.2 Outlook of the Indian auto component sector in value terms (FY23-FY29)

5.2.1 OEM auto component industry split by vehicle categories in value terms

OEM auto component have the highest contribution to auto component revenues. In OEM auto component Passenger Vehicles (Cars and UVs) will continue dominating the industry in FY29 contributing to 53% followed by 2W at 20% and CVs at 18% respectively.



Source: CRISIL MI&A

5.2.2 Growth drivers for Indian auto component industry

Demand side drivers:

As middle class people gain employment, they buy more cars and other vehicles. In addition, an increasing number of people in India are purchasing electric vehicles. By 2025, India is predicted to be the third largest auto component market in the world.

The Indian auto component sector is the third largest in the world, and it is anticipated to develop much more in the future years. This is because more and more people in India are purchasing cars and other vehicles, and the popularity of electric vehicles is expanding.

Supply side drivers:

India has a cost advantage in auto component production since it has cheap labour costs, is the world's second largest producer of steel, and is close to important automotive markets. This makes it an ideal location for businesses to source vehicle components.

India exports a significant amount of car components, which is likely to increase in the future years. India excels at manufacturing particular types of vehicle components, such as shafts, bearings, and fasteners, giving it a competitive advantage over other countries.

Policy support:

PLI schemes on automobiles and auto components are estimated to generate a capex of Rs. 74,850 crore (US$ 9.58 billion) over the next five years. Under the automated route, 100% FDI is permitted in the auto components business. The Bharat New Car Assessment Programme (BNCAP) will not only enhance the auto component value chain, but it will also push the production of cutting-edge components, inspire innovation, and nurture global excellence.

115 companies applied for the Rs 25,938 crore Production Linked Incentive (PLI) scheme for the automotive and the auto component sector and 75 companies have been approved for the Component Champion Incentive scheme. Incentives are applicable for vehicles and auto components manufactured in India from 1st April 2022 onwards for a period of 5 consecutive years. The proposed incentives for original equipment manufacturers range from 13% to 18% of determined (incremental) sales value, while those for component manufacturers vary from 8% to 13%

The government has reaffirmed its support for EVs and its goal of achieving 30% electric transportation by 2030. Customs duty exemptions on the import of capital goods and machinery essential for the manufacture of lithium-ion batteries, which commonly power EVs, were announced in the budget.

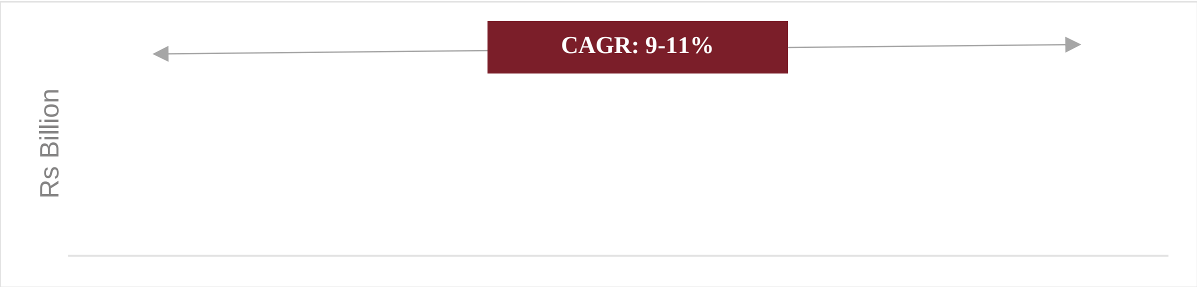
As FAME Scheme concluded on March 31, 2024, the EMPS 2024 (Electric Mobility Promotion Scheme) was introduced by Ministry of Heavy Industries with a total outlay of Rs. 500 crore for 4 months, w.e.f. 1st April 2024 till 31st July 2024, for faster adoption of electric two-wheeler (e-2W) and three-wheeler (e-3W) to provide further impetus to the green mobility and development of electric vehicle (EV) manufacturing eco-system.

Auto component domestic production outlook (fiscals 2024-29P)

CRISIL MI&A expects auto component market size to grow at 9-11% CAGR between fiscals 2024 and 2029 to reach Rs. 8,000-9,000 billion. This is more than 8% CAGR observed during fiscal 2018 to fiscal 2023. Long term growth to appear higher over a low base wherein the auto component industry witnessed a significant decline in the preceding two fiscals (FY20 and FY21). Demand from all segments is expected to grow further post fiscal 2023.

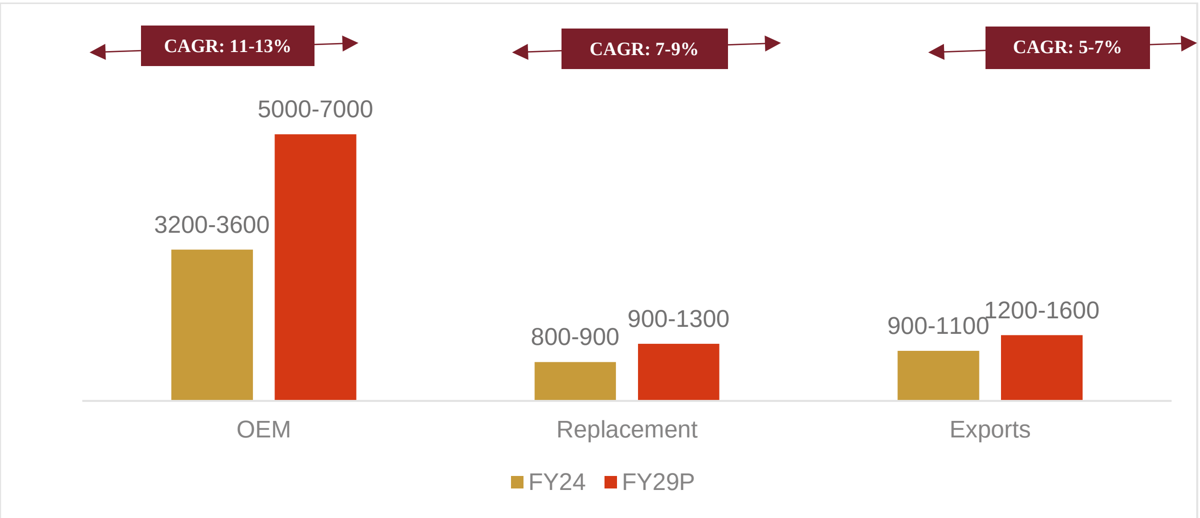
CRISIL MI&A projects that domestic auto component production revenue to grow in fiscal 2025, even on high base of fiscal 2024. Auto component revenue is expected to increase by 9-11% on-year after an estimated growth of ~9-10%% in fiscal 2024. This can be attributed to increase in OEM demand, driven by the recovery in commercial vehicles (CV) and passenger vehicle demand. On the export front, Auto component exports (accounting for 21% of the overall demand in fiscal 2024) are projected to witness growth going ahead post higher double-digit growth in fiscal 2024.

The growth in FY25 is expected to be aided by recovery in economy (GDP growth of ~6.8%), buoyant demand from OEM and replacement market.



E: Estimated, P: Projected
Source: CRISIL MI&A

Outlook on domestic consumption of automotive components (fiscals 2024-29P)



E: Estimated, P: Projected
Source: CRISIL MI&A

OEM demand is expected to clock 11-13% CAGR between fiscals 2024 and 2029 on the back of robust production growth across asset classes in the medium term (on a low base) and aided by realisation growth via OEM price increases.

- Commercial vehicle production is expected to grow by 2-4% CAGR between fiscal 2024 and 2029 on account of improvement in infrastructure expenditure and lower penetration in light commercial vehicles. Demand is expected to increase during the period with medium & heavy commercial vehicles leading the growth in the upcoming five years. The growth can be attributed to an improvement in industrial activity, rising replacement volume and government's thrust on rural transportation.

- The passenger vehicle production is expected to witness 6-8% growth between fiscal 2024 and 2029 on all-time highs in fiscal 2023. Demand is expected to pick up bolstered by moderate macroeconomic growth, increasing disposable income, improving semiconductor issue and shift towards personal mobility. Other factors that would aid demand are increasing urbanization, government support, and improved availability of finance. However, increasing congestion in metro cities and rising popularity of shared mobility services are likely to restrict car sales in the long term.

- Two-wheeler production is expected to grow by ~11-13% CAGR (between fiscal 2024 and 2029). 2W wholesales witnessed recovery in fiscal 2023 driven by pent-up demand, revival in both urban and rural demand and increasing EV adoption. In the medium term, demand is likely to be supported by improving rural infrastructure, especially as the government continues to invest in developing rural roadways. EV penetration in two-wheeler segment is ~5-7% in FY24. However, increasing shift towards EV two-wheelers to impact ICE two-wheeler sales in the long term. 2W segment has already witnessed significant EV adoption in the last 2 years, driven by government incentives, OEM product launches and customer interest. We expect a more rapid penetration of E-2W post fiscal 2023.

- Tractor production is expected to increase by 6-8% CAGR between fiscals 2024 and 2029 aided by a predicted normal monsoon boosted by the impact of La Nina in fiscal 2025. The increase is post a decline in fiscal 2024 due to lower domestic demand as poor distribution of monsoon, low reservoir levels, elevated inventory levels and impacted rural incomes had restricted demand in FY24.

The proportion of manufacturing activity outsourced to auto component makers is highest for cars and utility vehicles, explaining this segment's high contribution to OEM revenue. Outsourcing in the commercial vehicle segment is lower than for cars, but is expected to increase in the future, owing to growing technological spends by auto component players due to BS VI and safety norms. We expect localization by certain OEMs to increase, in turn supporting growth in domestic OEM offtake.

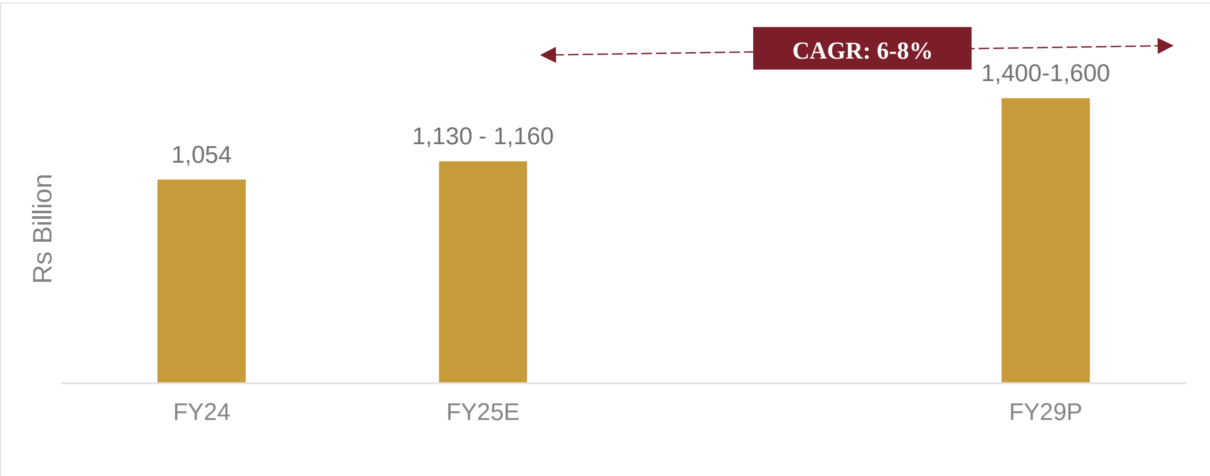
Healthy replacement demand along with an increase in realisations, to support replacement demand

The auto component replacement market is projected to increase by 7-9% CAGR between fiscal 2024 and 2029. This is expected to be driven by the increased OEM demand seen between fiscals 2017 and 2019, which is expected to contribute to the aftermarket segment going ahead. Moreover, auto component players undertook price hikes in recent months to offset the uptick in commodity prices. Besides, demand in the replacement market is expected to grow due to an increase in penetration of cab aggregator services in the overall stock of passenger vehicles. Nonetheless, increased durability of components (better quality), better road infrastructure and increase in service intervals would restrict the robust growth.

'Make in India' push is likely to put brakes on import growth in the long term.

Imports are expected to grow by 6-8% between fiscal 2024 and 2029, however government's high focus on electric vehicles (EVs) and imports of batteries and cells, battery management systems (BMS) is expected to drive indigenisation growth in the long term, although to be restricted by low EV penetration in the near term. Government's initiatives of production linked incentive scheme to provide Rs 18,100 crore for advanced chemistry cell batteries is expected to increase localization of battery manufacturing. This will in turn reduce such imports going ahead.

Outlook on imports of auto components (fiscals 2024-29P)



E: Estimated, P: Projected
Source: CRISIL MI&A

CRISIL expects growth in imports will be restricted by the growing research and development (R&D) efforts by local players, as well as anti-dumping and customs duties levied by the Government. Further, the Government lowering the tax rate for new manufacturing units in the country that start production before 2023, to 15% from 25% (effective tax rate of 17% including cess) is likely to boost production in India.

As Indian players focus on localization backed by better corporate tax rates and policies, growth in imports is expected to remain muted in the long run. However, localization increases only as volumes ramp up. Lower research and development capabilities of Indian auto component makers and long gestation periods for obtaining acceptance of parts (18-24 months) deter upfront localization. Moreover, CRISIL MI&A expects India to continue to depend on imports of high volume and low-value auto component products.

Further in the EV components front, government have introduced PLI and PMP schemes to boost local production and lower the import of components. Share of import as percentage of consumption to gradually come down in the long term with increased focus on localization. As per the production linked incentive scheme, the government has earmarked Rs 25,938 crore towards the auto and auto components industry. The move is initiated to reduce imports of auto components and promote exports from India. India imports mainly from China, South Korea, Germany, Japan, USA, and Thailand. Imports from South Korea, Germany, Japan, and USA mainly cater to OEM demand. Whereas imports from China and Thailand are primarily for the aftermarket. China and Thailand enjoy low-cost advantage, the countries' cost-competitiveness ranges from 20% for low-value parts (plastic components, springs, and fasteners) to 50% for critical components (pistons and other engine components).

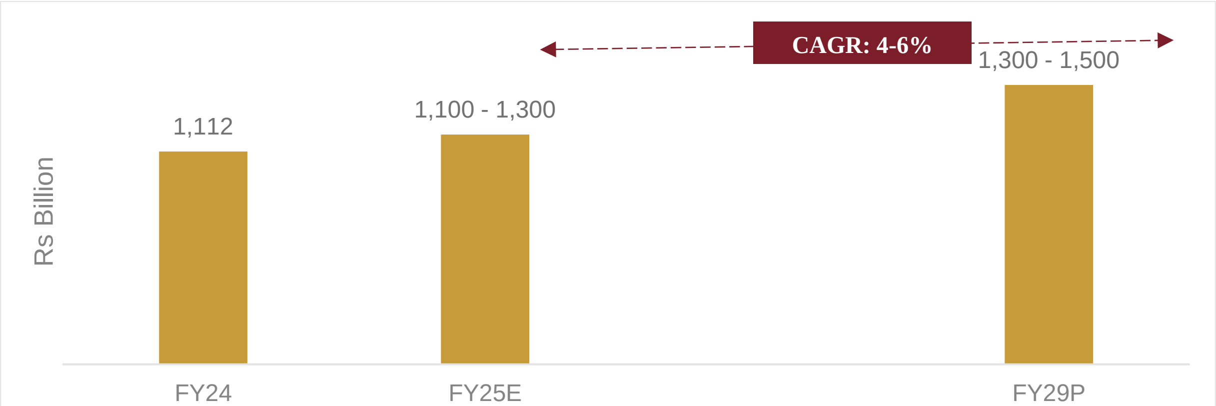
5.2.3 Export potential for Indian auto components players

Exports to grow in the long term despite near term headwinds

Auto component exports are expected to grow by 4-6% between fiscal 2024 and 2029 driven by diversification strategies being adopted by auto component players to cater to larger geographies. Exports are expected to grow at a slower pace in short term due to recessionary pressure and global slowdown but are expected to grow over the long term. Implementation of PLI scheme remains a key monitorable.
Over the past decade, India emerged as an automotive component hub (particularly for small / compact cars) for global automakers, given its scale, and, hence, lower manufacturing cost. Superior product quality and shift to high-tech products have helped Indian component makers compete better with other low-cost destinations, thus giving a boost to exports. In the auto component industry, cost optimization remains a critical factor. The share of exports to total production has almost doubled from 11% in fiscal 2010 to 21% in fiscal 2024 and this increase in share is aided by increasing export contribution to foreign OEMs.

India's credibility has also driven global automakers to increasingly source components from the country The growth would be on the back of demand from North America and Europe which together contributed 58% to the export demand during fiscal 2023.

Outlook of exports of auto components (fiscals 2024-29P)



E: Estimated, P: Projected
Source: CRISIL MI&A

The spread of COVID-19 will impel OEMs across the world to diversify their supply chain and Indian auto component manufacturers may stand a chance to be a major automotive component supplier as global OEMs plan to diversify their dependence on single geographies.

In the next five years as well, exports will be majorly driven by the US heavy truck segment, German car industry, and demand from other key destinations such as Italy, Turkey, and Brazil. A certain proportion of growth will also be supported by the electric parts segment, as European countries gradually shift to electric / hybrid cars, which could offer a huge opportunity for low cost producing countries, such as India.

Critical component mix is increasing in the auto component exports basket

Critical components, such as engine parts, drive transmission and steering, and electrical, are technologically more complex compared with lower-margin components, which were earlier the preserve of Indian players. They offer higher margins to manufacturers, but require greater investment in research and development, as well as high-precision engineering to adhere to the stringent quality standards of global OEMs. Typically, automotive OEMs are highly selective in qualifying suppliers with respect to critical products given the risks of switching suppliers, especially where product reliability is critical. Thus, reliable suppliers who have industry credibility would be go-to for OEMs

Indian manufacturers have been able to gradually increase their proportion of exports of critical components as they faced relatively less competition from other low cost producing countries in this segment. Many of these countries supplied more basic components, which were not as cost and quality intensive. India stepped up its share of exports of critical components significantly. This was possible since the domestic automotive market is increasingly attaining global technological intensity levels and component manufacturers continue to acquire greater technological prowess. Critical components are mainly exported to the US, Germany, Turkey, Italy, and Brazil. Also, off-late Indian safety and emission norms have been nearing global standards, and domestic companies have been gaining technology capabilities through joint ventures. Hence, critical component exports are projected to grow in the medium term.

6. Review and outlook of US Ductile Iron pipes Industry

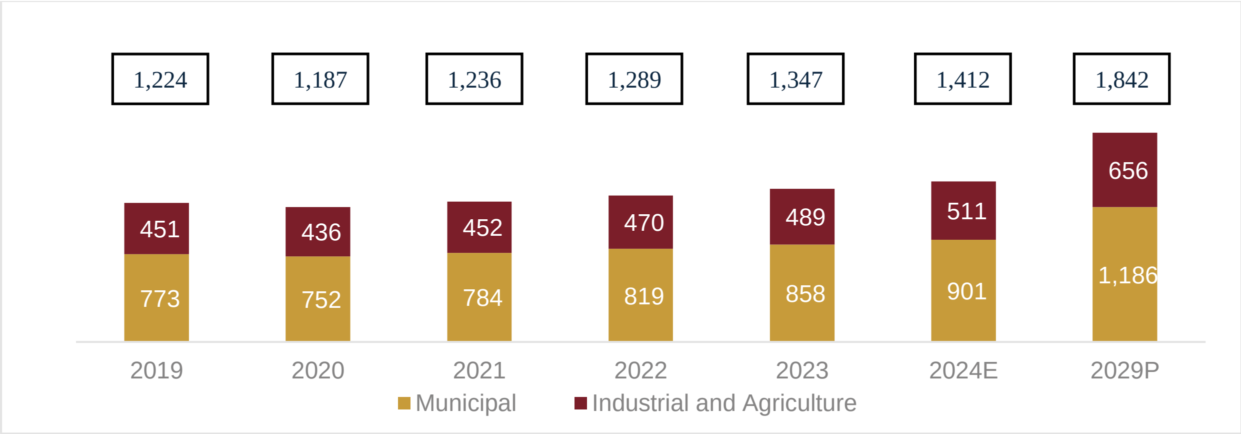
6.1 Review and Outlook of the Ductile Iron pipe market in value terms (CY19-CY24)

Ductile iron pipes are the most used pipes across the United States for water supply and pressure sewerage applications. These pipes have substantial pressure-bearing ability, impact resistance, and capacity to sustain external static/dynamic loading. Ductile iron pipes are used in multiple applications due to their impact resistance, high yield strength, ductility, pressure tightness, wear resistance, heat resistance, and corrosion resistance, among other properties.

The municipal application segment holds the major share of the market. Among the municipal application segment, transportation/water work pipes account for the largest market share of the US ductile iron pipes market. The use of ductile iron pipes has ensured the quality of drinking water supply to consumers for decades. They are majorly used in the transportation of potable water from surface water sources like rivers, lakes, reservoirs, etc., to households as rising mains, pumping mains, gravity mains, and distribution pipes.

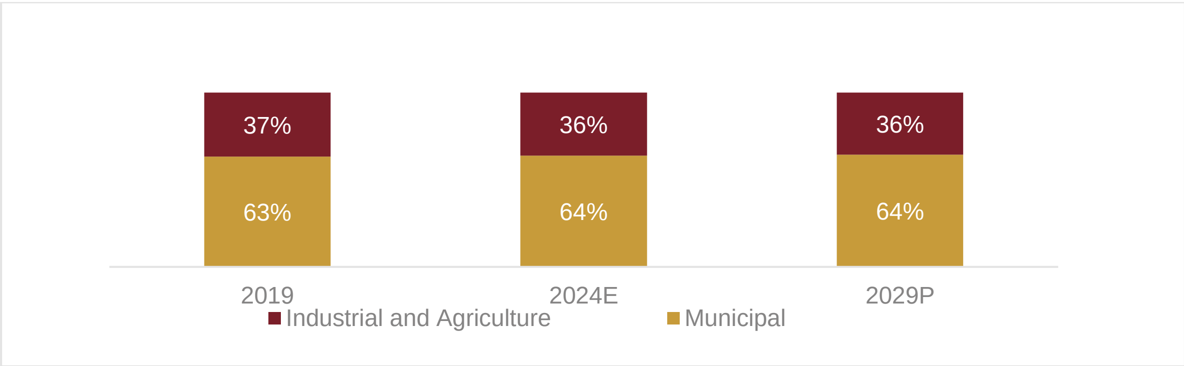
Some of the major players in the US ductile iron pipes market include McWane Ductile, U.S. Pipe, Electrosteel USA, C&B Piping Inc., and American Cast Iron Pipe Company. McWane Ductile holds the leading position in the market. The company has been the leader in manufacturing of water distribution and infrastructure products over the years.

Fig: Ductile Iron Pipes Market, Revenue in USD Million, By Application, United States, CY 2019-2029P, CAGR (2024-2029): 5-6%



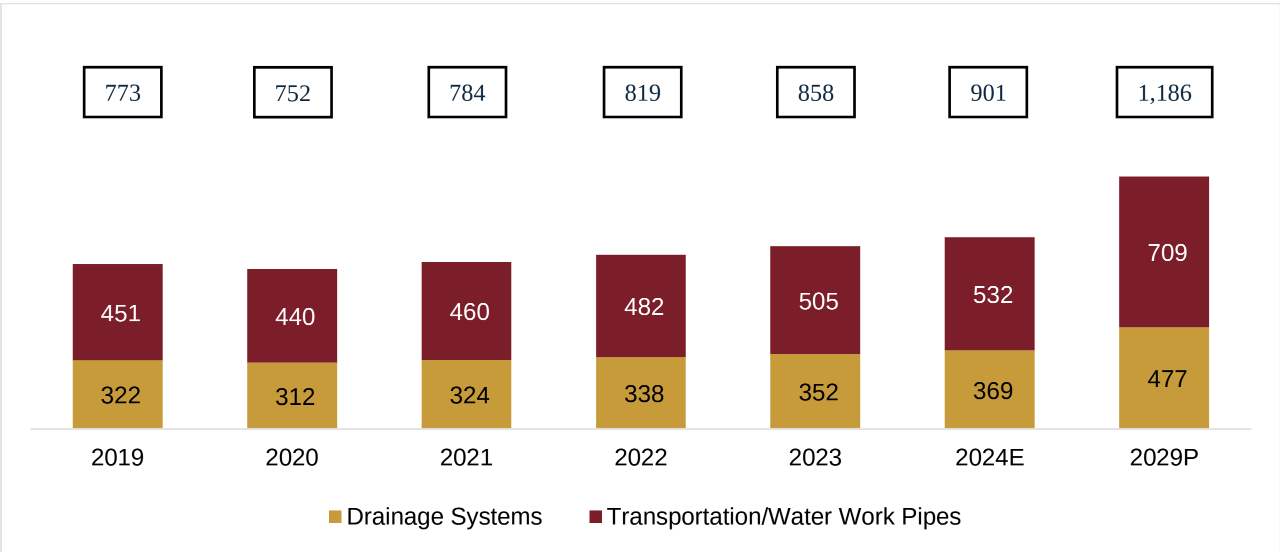
Source: Mordor Intelligence

Fig: Ductile Iron Pipes Market, Revenue Share (%), By Application, United States, CY 2019-2029P



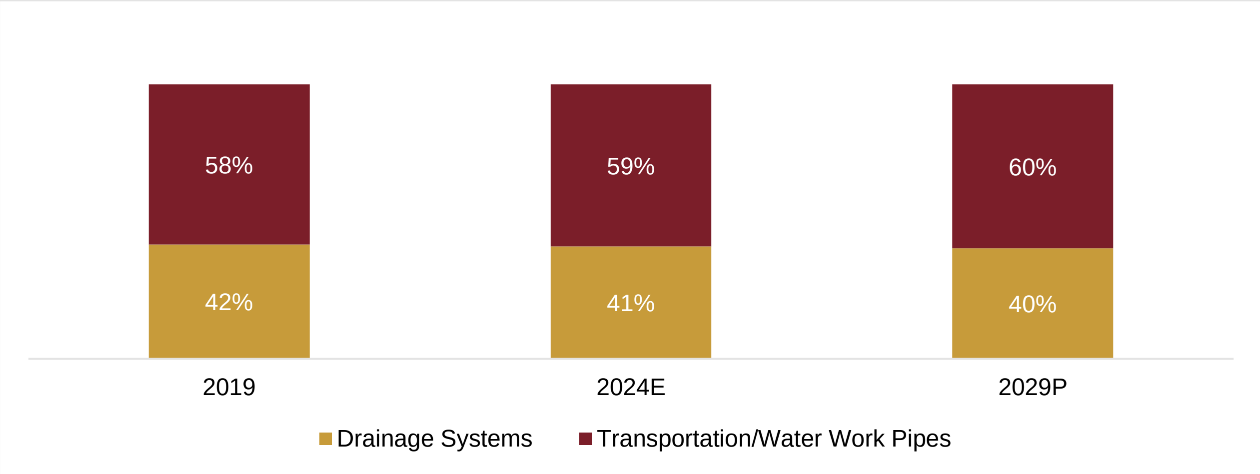
Source: Mordor Intelligence

Fig: Ductile Iron Pipes Market, Revenue in USD Million, Municipal, United States, CY 2019-2029P, CAGR (2024-2029): 5-6%



Source: Mordor Intelligence

Fig: Ductile Iron Pipes Market, Revenue Share (%), Municipal, United States, CY 2019-2029P



Source: Mordor Intelligence

Drainage Systems (Wastewater)

Ductile iron pipes are widely used in sewerage and wastewater systems, offering efficient and continuous flow with

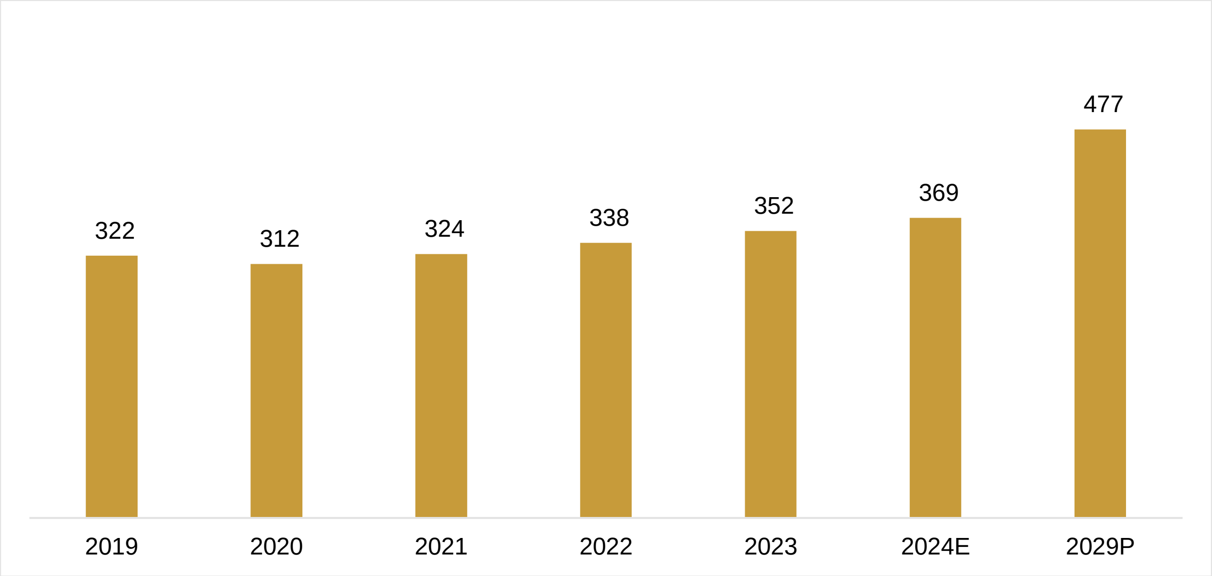
minimal internal blockages. These pipes find specific applications in wastewater treatment plants, industrial wastewater disposal, force mains, manholes, access points, and combined sewer systems.

Properties, Applications, And Industry Trends

- Ductile iron pipes are constructed with robust materials and provide exceptional reliability for all sewage and wastewater management systems. They also exhibit resistance to chemicals and are eco-friendly.
- With their smooth internal surfaces, these pipes enable efficient water passage and contribute to the smooth operation of sewerage and wastewater systems.
- Due to its durability and excellent flow characteristics, many treatment facilities utilize ductile iron pipes for effluent discharge. This use includes not only land-based outfalls but also outfalls into oceans.
- According to the US Census Bureau, the public sector in the United States spent approximately USD 32 billion on the construction of sewage and waste disposal projects in 2022, an increase of approximately 12.8% compared to the previous year.
- According to estimates from the US Environmental Protection Agency (EPA), roughly 23,000 to 75,000 sanitary sewer overflows happen each year. An estimated 3 billion to 10 billion gallons of untreated waste is released from sewage treatment plants annually.
- In addition, hundreds of municipalities across the United States have combined sewer systems and stormwater in one set of pipes rather than two separate pipelines. These systems can discharge untreated sewage into nearby water bodies during heavy rainfall or snowmelt.
- The upcoming wastewater projects in the United States are expected to boost the demand for ductile iron pipes in the market.
- In January 2023, the City of Irving began construction on the replacement of a 48-inch diameter wastewater line and a 36-inch diameter wastewater line that run along the east side of Riverside Drive between Northwest Highway and Las Colinas Boulevard. The construction work started in QI 2023 and is expected to be completed in 02 2024.

Such factors are projected to drive the demand for ductile iron pipes in drainage systems.

Fig: Ductile Iron Pipes Market, Revenue in USD Million, By Application, Drainage Systems (Wastewater), United States, 2019-2029P



Source: Mordor Intelligence

Transportation/Water Works Pipes

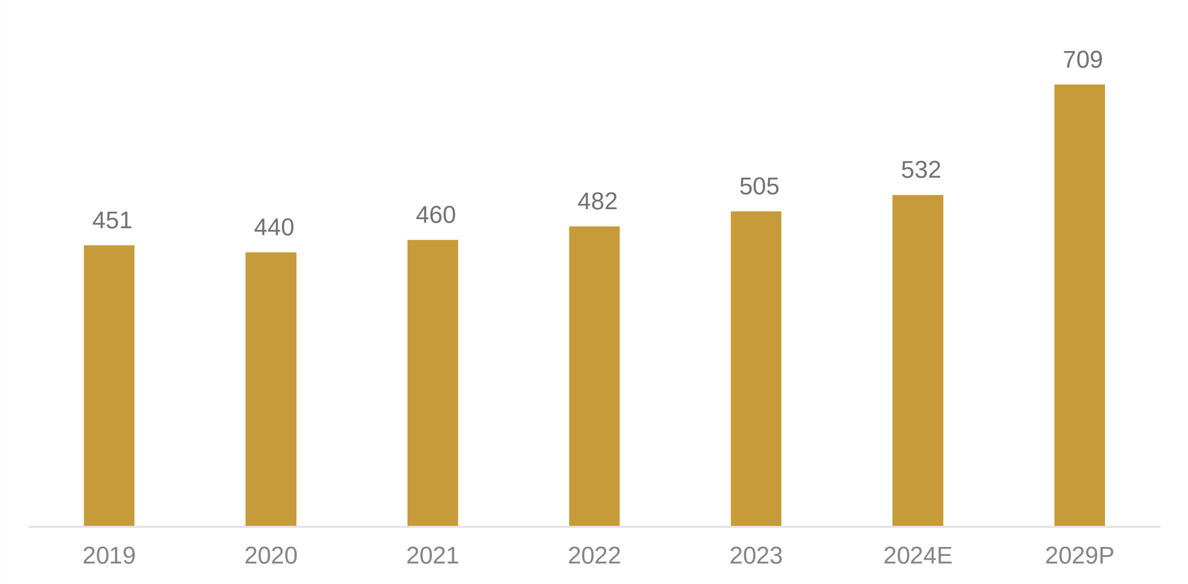
Water supply/transportation is one of the most common uses of ductile iron pipes. This is due to its high resistance to corrosion, which is essential for delivering clean drinking water. Ductile iron pipes are also known for their strength and durability, making them a reliable choice for underground water mains and fire hydrant systems.

Properties, Applications, and Industry Trends

- With their ability to endure high water pressure and resist corrosion and external impacts over prolonged periods, they are highly suitable for a diverse range of fluid transmission applications. These water transportation applications include transporting potable water, supplying municipal power, operating pumping stations, facilitating plumbing systems, storing water in tanks, supporting water irrigation, enabling crossings, transmitting water over long distances, serving water treatment plants, facilitating industrial water usage, and facilitating road drainage.
- According to a University of Michigan report, ductile iron pipe is the more cost-effective material over a pipeline's service life with lower operational and maintenance costs and lower energy costs. The United States is one of the highest water consumers in the world. Approximately 80% of the US water and wastewater treatment industry is owned and managed publicly.
- Approximately 152,548 publicly owned water systems provide piped water for human consumption in 2022, of which roughly 50,000 (33%) are community water systems (CWSs).
- The Drinking Water Infrastructure Needs Survey and Assessment 2023 found that the US water systems need USD 625 billion of investment by 2041 to continue providing clean, safe drinking water.
- In FY 2022-23, the Environmental Protection Agency (EPA) announced over USD 9 billion in funding for states, tribes, and territories to upgrade America's aging water infrastructure, sewerage systems, pipes, and service lines, and more through their State Revolving Fund (SRF) programs, including targeting resources to disadvantaged communities, making rapid progress on lead-free water for all, and tackling dangerous chemicals such as PFAS.
- The United States is one of the leading countries for wastewater treatment, along with Mexico, China, Japan, and Germany, which are among the top five countries. The development of water treatment plants in the United States is expected to boost the demand for ductile iron pipes in the coming years.

Therefore, the above-mentioned factors are projected to boost the demand for ductile iron pipes in water transportation applications.

Fig: Ductile Iron Pipes Market, Revenue in USD Million, Transportation/Water Works Pipes, United States, 2019-2029P



Source: Mordor Intelligence

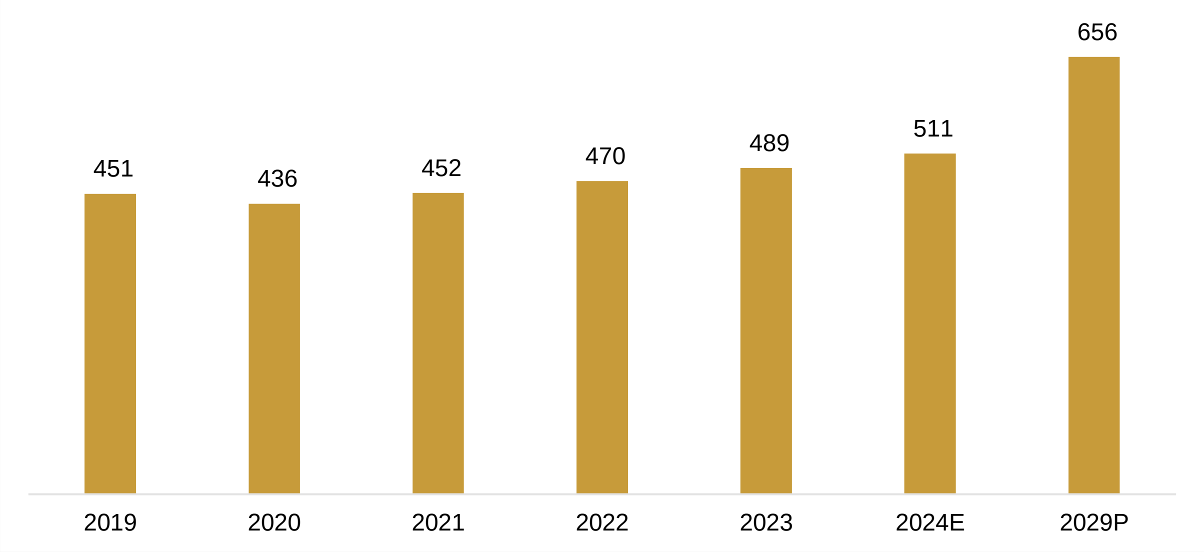
Industrial and Agriculture

Ductile iron pipes find extensive use in industries such as manufacturing, chemical processing, mining, and power generation. These pipes facilitate the safe and efficient transfer of liquids, including water, chemicals, slurry, and wastewater. They are utilized in industrial cooling systems, fire protection networks, and process piping. With their ability to withstand high pressures, temperatures, and abrasive substances, ductile iron pipes are well-suited for the demanding conditions present in industrial operations. Their reliability and longevity significantly contribute to the smooth and uninterrupted functioning of industrial facilities.

Properties, Applications, and Industry Trends

- Ductile iron pipes are used as water distribution pipes and for various other uses in several industries and power plants as raw water intake pipelines and other in-plant piping solutions.
- Ductile iron pipes are utilized for transporting water and various materials, including slurries from mining and quarry sites composed of solid particles suspended in water. Since they demonstrate exceptional durability and resistance to corrosion, it makes them well-suited to handle abrasive substances and withstand the harsh environmental conditions typically encountered in mining operations. Ductile iron pipes are also used for pumping slurries and sewage and processing chemicals in the chemical industry. According to the American Chemistry Council (ACC), the chemical sector had one of its best years in a decade, and the United States strengthened its position as the world's leading manufacturer of chemical goods, although growth has slowed in recent months. After a strong start to the year 2022, chemical output in the United States increased by 3.9% in 2022.
- They are also extensively used in gas distribution systems due to their remarkable strength, durability, and resistance to external elements. These pipes play a crucial role in transporting and distributing natural gas, ensuring a safe and dependable supply of this vital energy source to residential, commercial, and industrial sectors.
- These pipes are specifically designed to withstand high-pressure environments and the corrosive nature of natural gas, making them ideal for gas mains, service lines, gas meters, and other components of the gas distribution infrastructure.
- Hence, ductile iron pipes are essential, as they are more cost-effective compared to other piping materials. They also offer ease of installation due to their flexibility and durability

Fig: Ductile Iron Pipes Market, Revenue in USD Million, Industrial And Agriculture, United States, 2019-2029P



Source: Mordor Intelligence

The gas industry is also a significant consumer of ductile iron pipes in the country. According to the US Energy Information Administration (EIA), dry gas production is expected to rise to 103.68 billion cubic feet per day (bcf/d) in 2023 and 105.12bcf/d in 2024, up from a record 99.60bcf/d in 2022. With the increase in gas production, the demand for ductile iron is also expected to surge in the coming years.

- The increasing application of ductile iron pipes in power plants is also expected to drive the market demand. As per the International Energy Agency report, nearly 4,243 billion kilowatt hours (kWh) of electricity was generated at utility-scale electricity generation facilities in the United States in 2022. Around 61% of this electricity generation comes from fossil fuels, such as coal, natural gas, petroleum, and other gases. Nearly 19% came from nuclear energy, and around 20% came from renewable energy sources. Ductile iron pipe is used in the renewable energy sector, particularly in the transportation of geothermal fluids. Geothermal power plants use hot water or steam to generate electricity, and ductile iron pipe's high temperature resistance and durability make it a reliable choice for transporting these fluids over long distances
- Currently, there are 93 commercial nuclear reactors that are operating in the United States at 55 locations in 28 states. Most nuclear reactors are in the eastern portion of the United States and 25 reactors are in the phase of decommissioning. Furthermore, the US Environmental Protection Agency revised the existing regulations on wastewater discharge from thermal power plants. This new rule, which sets the first federal limits on the level of toxic metals and other harmful pollutants in wastewater discharged from power plants, considers zero discharge as the preferred option for pollutants in fly ash transport water, bottom ash transport water, and wastewater from flue gas mercury control systems. Compliance with these stringent wastewater discharge standards provides new regulatory incentives for wastewater treatment plant installations in United States power plants. Therefore, this is likely to propel the demand for ductile iron pipes in water transportation.
- Ductile iron pipe is widely used for irrigation systems due to its durability and resistance to corrosion. Irrigation systems typically involve long stretches of underground piping and the toughness and strength of ductile iron pipe make it a reliable choice for this application.
- The United States addresses agricultural and food policy through a variety of programs, including commodity support subsidies, nutrition assistance, and conservation. Such factors are responsible for driving the agriculture industry in the country. The growing demand for mineral nutrients and high-performance fertilizers to boost productivity is expected to drive the market for ductile iron pipes for irrigation during the forecast period.

- According to the US Department of Agriculture (USDA), the Biden-Harris administration is increasing US-made fertilizer production to counteract and counter the rising prices caused by the war in Ukraine for the farmers. In September 2022, the government announced that it would offer a grant of USD 500 million to boost domestic fertilizer production. The administration's fertilizer expansion program is part of a government-wide effort to increase competition in the agricultural market.

All the above-mentioned factors are expected to impact on the growth of the market studied during the forecast period.

Market Ranking Analysis

The US ductile iron pipe market has a presence of established ductile iron pipe manufacturers that have been operating in the country for a long time. The market is consolidated with the presence of key players, including McWane Ductile, U.S. Pipe, Electrosteel USA, C&B Piping Inc., and American Cast Iron Pipe Company, holding a strong position in the market. McWane Ductile holds the topmost position in the US ductile iron pipe market.

The company has been the leader in manufacturing of water distribution and infrastructure products over the years.

US Pipe is the second largest player in the market studied. The company offers water and wastewater products and is supported by local governments, municipalities, water departments, and businesses across the United States and

the world. Electrosteel USA holds the third position in the market studied. It has a widespread distribution network spread across the United States.

C&B Piping Inc. ranks fourth in the market studied and offers ductile iron pipes that cater to the water and wastewater treatment plant construction industry. AMERICAN (American Cast Iron Pipe Company) ranks fifth in the market and

offers ductile iron pipe and fittings for the waterworks industry.

7. Market sizing and outlook of Shivalik’s specific auto components

7.2 Overview of Ferrous casted components

Casting involves pouring hot liquid metal into a mold with a hollow cutout or cavity to create the desired geometric design. Melted iron poured into a mold, is then allowed to cool, and solidify in ferrous casting. The end products are strong, resilient, and able to survive challenging working environments, which qualifies them for usage in automobiles. This method makes use of low melting point alloys to produce massive, complicated components in huge quantities. Sand Casting, Gravity Casting, High-Pressure Die Casting (HPDC), Low-Pressure Die Casting (LPDC) are the different types of processes by which ferrous components are cast.

The casting industry is growing due to the government's implementation of strict emission regulations. The production of pollution control systems, which reduce vehicle emissions, relies heavily on iron castings for components such as exhaust manifold and turbocharger housings.

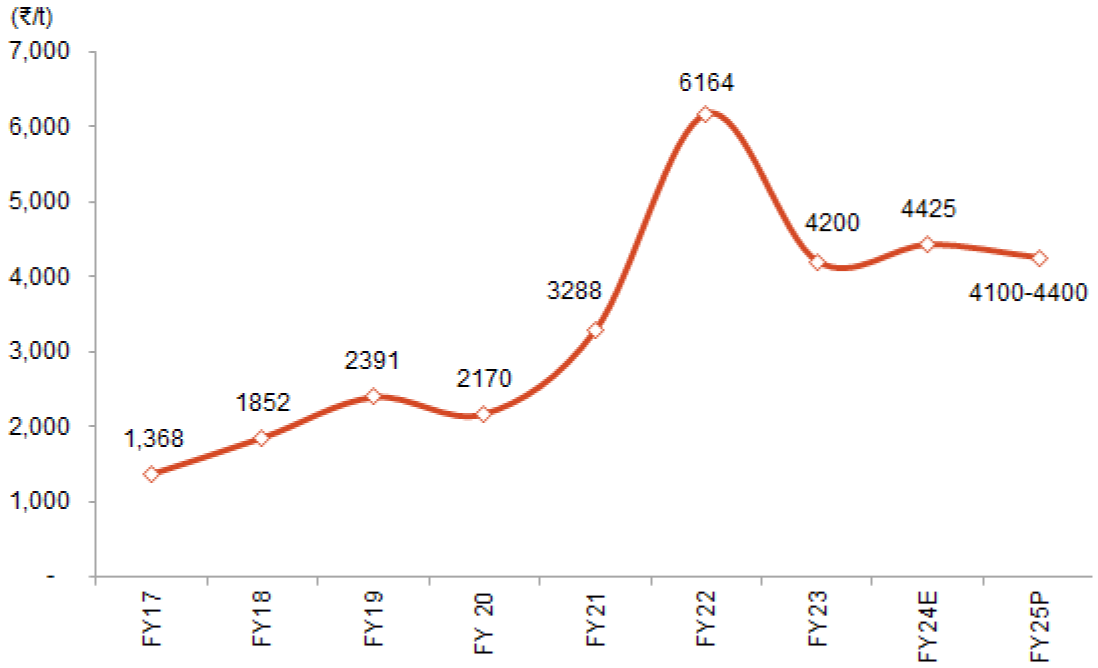
Automotive iron castings are becoming more effective and of higher quality because of developments in casting technologies, such as automated molding and high-pressure molding. These developments enable the creation of elaborate and complicated designs with increased dimensional accuracy.

Global Iron ore prices: Iron ore prices in CY 2023 average around in the range of $115-125 per tonne and are expected to moderate marginally to $110-120 per tonne in 2024. Lower Chinese iron ore imports are the major contributors to this correction. Anticipated positive sentiments at the start of calendar year 2023 turned down with realty hitting. From Jan'23 to Aug'23 prices corrected by 11%. With government's intervention in boosting property sector in second half of the year, the iron ore demand to likely see pick up. Jan'23 to Aug'23 months saw crude steel production rising by 2.6% y-o-y.

Domestic Iron ore prices: In FY25, iron-ore prices are expected to stabilize to touch Rs 4100-4400 per tonne amid moderation in steel demand growth and anticipated increase in global and domestic iron-ore output as new mines are in progress.

In FY24, iron-ore prices are expected to have increased on low base averaging around ~Rs 4425 per tonne, a rise of 9% on year. After export duty removal, iron-ore prices started rising. But due to falling global iron-ore prices and weak steel markets prices started falling since May'23. However, prices started rising in H2FY24 due to strong domestic and export steel demand.

Fig: Outlook on domestic iron ore prices



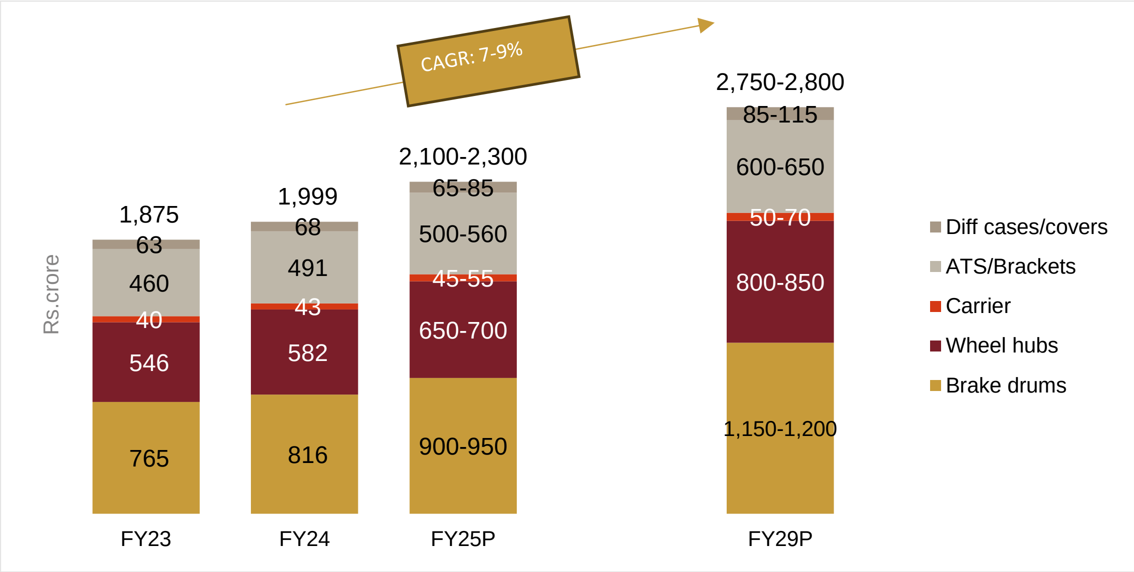
Source: CRISIL MI&A | E:Estimated , P:Projected

In FY24, iron-ore prices are expected to rise on low base to touch Rs 4200-4500 per tonne, a rise of 7-9% on year. After export duty removal, iron-ore prices started increasing. However, due to falling global iron-ore prices and weak steel markets prices started falling since May'23. Prices started rising since in the month of September due to strong domestic steel demand and 8MFY24 prices would have touched Rs 4200-4400 per tonne (IBM prices). Prices are expected to be strong in the near term amid healthy steel demand. In FY25, iron-ore prices are expected to stabilize to touch Rs 4100-4400 per tonne amid moderation in steel demand post elections and anticipated increase in global and domestic iron-ore output as new mines are in progress.

The specific ferrous cast auto components covered in this report includes Brake drum, Wheel Hub, Carrier, Nodo brackets, ATS Brackets, Differential cases and covers for commercial vehicles; Trumpet, Transmission housing, Gear Box housing, Clutch housing, Front axle support for Tractors; Fitted back ring, End cap cover, Adaptor in Railways segment; and Steering axle, Modular axle, King post, Gear Case/front case in Off-highway vehicles.

7.3 Ferrous casted components: Commercial vehicles

Fig: Market size of ferrous casting industry for MHCVs`



Source: CRISIL MI&A consulting

Brake drum

The function of a drum brake is to use friction caused by a set of shoes or pads that press and grip the rotating cylinder-shaped part called a brake drum. Drum brake components include the backing plate, brake drum, shoe, wheel cylinder, and various springs and pins. The brake drum is generally made of a special type of cast iron that is heat conductive and wear resistant. The main activity involved is to cast the metal of suitable grade and machining to specifications. It rotates with the wheel and axle. This braking friction generates substantial heat.

For commercial vehicles, brake drums are widely used due to their capability to deliver strong braking forces, cost-effectiveness, and lightweight nature compared to disc brakes.

Source: Shivalik

The automotive industry has been experiencing a gradual transition towards disc brakes, primarily driven by the safety features they offer. However, disc brakes are preferred in passenger cars segment than in commercial vehicles due to their light weight and higher stopping power. In commercial vehicles, that frequently face heavy loads and continuous braking, drum brakes offer better heat dissipation than disc brakes due to their larger surface area. The demand for drum brakes is driven by their widespread usage in commercial vehicles. The growth of the commercial vehicle sector, encompassing trucks, buses, and trailers, directly contributes to the increasing demand for drum brakes. For each axle in the commercial vehicle typically there are two brake drums. For example, a 42 tonner (5-axle / 14 wheel) vehicle would have 10 brake drums.

With manufacturers focused on extending the driving range of their EVs and lowering production costs, drum brakes may gain some merit in the world of electrification, however no immediate changes are expected.

Wheel Hub

Wheel hubs are located between the drive axle and the brake drums or discs. The hubs house the individual components that keep the wheels securely fastened to the vehicle and running smoothly, including the spacers, seals, and nuts. Wheel hubs are heavily stressed by vertical, lateral, and braking forces and hence cast iron is best suited for manufacturing wheel hubs. Nevertheless, to reduce weight, wheel hubs made of ductile iron have forayed into the market, designed with special gaps and ribs - to enable lower fuel consumption and a higher payload of the vehicle.

Source: Shivalik

For each axle in the commercial vehicle typically there are two wheel-hubs. For example, a 42 tonner (5-axle / 14 wheel) vehicle would have 10 wheel-hubs.

Carrier

The differential carrier is essential for distributing torque between the front and rear wheels, allowing for smooth and efficient operation, especially in vehicles with rear-wheel or all-wheel drive configurations. The carrier assembly is designed to accommodate a range of ring and pinion gear ratios for various tire sizes and vehicle applications, ensuring optimal performance and efficiency. The rear differential carrier is a crucial component of a commercial vehicle's drivetrain system. It is responsible for housing the rear differential gears and bearings, which allow the wheels to rotate at different speeds while receiving torque from the engine. The forward differential carrier, also known as the center carrier assembly, is responsible for transmitting the power and torque coming out of the transmission to the front and rear carrier assemblies, also known as the transfer case. The central carrier assembly handles torque distribution between the front and rear axles, while the rear differential carrier distributes torque between the rear wheels.

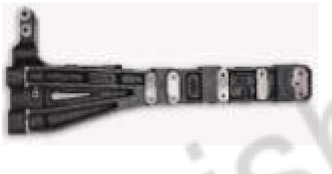
Source: Shivalik

A commercial vehicle typically has one carrier irrespective of the vehicle tonnage.

Nodo /ATS Brackets

Nodo ATS brackets are used in commercial vehicles to mount various components such as running boards, awnings, steering stabilizers, driver assistance systems, air compressors, ABS, stability systems, air dryers, and exhaust after-treatment devices. These brackets are designed to provide a secure and stable mounting solution for the specific components.





Source: Shivalik

Commercial vehicles typically have five carriers on an average, to mount various components as mentioned above.

Similar to Carrier, Brakes component contributed a Rs 52 cr worth of sales in fiscal 2024 for the commercial vehicle segment with ~120,000 units sold

Differential cases / covers

A differential case in its most basic form comprises two halves of an axle with a gear on each end, connected by a third gear making up three sides of a square. This is usually supplemented by a fourth gear for added strength, completing the square. This basic unit is then further augmented by a ring gear being added to the differential case that holds the basic core gears – and this ring gear allows the wheels to be powered by connecting to the drive shaft via a pinion.


Source: Shivalik

This gearing arrangement makes up the open type - differential and is the most common type of automotive differential from which more complicated systems are derived. The locked or locking differential is a variant found on some vehicles, primarily those that go off road. It is essentially an open differential with the ability to be locked in place to create a fixed axle instead of an independent one. This can happen manually or electronically depending on technology in the vehicle. The benefit of a locked differential is it can gain a considerably greater amount of traction than an open differential. Limited slip differential, viscous slip differential, Torque sensing differential, active, torque vectoring differential are some other types of differentials based on the method of torque being transferred

Every commercial vehicle typically has one differential cover irrespective of the vehicle tonnage.

Review and outlook of ferrous casting components in commercial vehicle industry FY23-FY29

As mentioned above, ferrous casting components in this report include Brake drums, Wheel hubs, Carrier, ATS/Brackets, Differential cases/covers catering to commercial vehicle segments.

Table : Components considered in commercial vehicle segment

Product	Market	Channel
Brake drums	Domestic	OEM
Wheel hubs	Domestic	OEM
Carrier	Domestic	OEM
ATS/Brackets	Domestic	OEM
Differential cases	Domestic	OEM

The CV market is expected see a constant rise in vehicle tonnage, which is expected to significantly change the industry’s landscape. Market dynamics are changing significantly as the industry's average payload rises, especially in the ferrous casting market for CV trucks.

The driving force behind this transformation is the escalating demand for higher tonnage vehicles. Heavy-duty trucks, weighing 42-tonne or 48-tonne, are becoming more commonplace on the roads. Unlike their lighter counterparts, these massive vehicles require a greater number of parts and components to operate. This fundamental shift translates into a notable increase in production costs for these CV trucks. To put this into perspective, a typical 19-tonne or 28-tonne truck may consist of 2-3 axles, while a 42-tonne or 48-tonne truck can have as many as five axles.

A crucial component of a truck is the brake drum. It provides a strong braking effect due to its large contact area and high friction surface, contributing to the vehicle's safety and control. Moreover, they are long-lasting and durable, requiring less frequent replacement compared to other braking systems which is crucial for heavy duty applications. The market size of brake drums used in trucks was ~Rs 800-850 crore in fiscal 2024.

The wheel hub assembly is integral to the vehicle's braking system, as it houses the wheel speed sensor that controls the anti-lock braking system (ABS) and the traction control system. The hub keeps the wheel securely attached to the vehicle, enabling the wheels to turn freely, which is essential for safe steering and vehicle control. The wheel hub market was valued at ~Rs. 550-600 crore in fiscal 2024

Wheels hubs are followed by brackets which serve various purposes, such as mounting heavy items, saving bumpers from getting damaged, and providing a stable attachment for different components. Brackets mount various components including running boards, awnings, steering stabilizers, driver assistance systems, air compressors, ABS, stability systems, air dryers, and exhaust after-treatment devices. Typically, there are five brackets used in a commercial vehicle for engine mount, exhaust system mount, suspension system, bumper mount and other parts like awning, air compressor etc. The market for brackets used in commercial vehicles was valued at Rs 480-520 crore last fiscal.

The carriers’ market in commercial vehicle segment is estimated at Rs. 40-45 crore as of fiscal 2024. This market is expected to grow at 5-7% CAGR.

The differential cases market in commercial vehicle segment is estimated at Rs. 60-80 crore as of fiscal 2024. The market size for each of these components is expected to grow at 5-7% CAGR in the next 5 years.

Electrification would not impact goods segment of MHCV brake drum market

Typically, electric vehicles would require light weight braking solutions and hence disc brake is preferred over drum brake.

However, the electrification in commercial vehicle segment currently is limited within buses segment driven by the State transport Undertakings owing to government subsidy and to some extent in the SCV segment.

The key growth driver in SCV segment has been the launch of Tata Ace EV in FY23 post which there is has been a pickup in electric vehicles in SCV segment.

Going ahead, there is expected to be a gradual adoption of EV in LCV segment, while MHCV segment is expected to lag the LCV segment, primarily on account of the cost and range constraints of the electric powertrain.

Although most of the modern EVs uses regenerative braking systems, traditional braking systems, which are compatible with these new technologies, are expected to play a major role. Advanced braking systems in the CV segment include brake lining and body (modulator/park relay). Intensity of brake linings used in each vehicle changes with the number of axles. A single axle would have eight brake linings and one body (modulator/park relay). CVs in the Indian market is equipped with a drum brake assembly on all axles and, penetration of Disc brake pads (DBPs) in the Indian market is negligible. However, R&D activities are underway by various OEMs in this space to check the viability of DBPs in CVs used in the Indian market. In CVs, unlike in cars and two-wheelers, brake linings can be replaced once worn out without replacing the entire brake shoe, hence drum brakes make more sense in CVs. In contrast, if disc brakes are used in CVs, brake linings are combined with brake shoe/brakes pads and if worn out, entire unit is to be replaced which would incur higher cost to the vehicle owner.

Of late, brake drum manufacturers are innovating the component to the extent that it matches the performance offered by a disc brake. For example, at the Auto Expo 2023 on January 12, Brakes India, introduced their newly designed and developed Motor on Drum brakes specifically for the passenger car segment. In Nov 2022, Continental launched the innovative lightweight design of the drum brake reducing its overall mass by approximately 35%. This significant reduction brings the EPB-Si with a Lightweight Drum brake system closer in mass to a caliper and disc brake assembly.

Developed economies: CVs in developed economies such as Europe and North America use DBPs, whereas in India, the use of disc brakes is yet to pick up. CVs in export markets are equipped with four DBPs in the front axle. Adoption of DBPs is increasing slowly and is majorly by large fleets. Higher upfront cost is one hinderance for the wide adoption of DBPs; however, lower cost of maintenance and resistance to brake fade are added advantages of DBPs.

Upcoming trends and impact on Ferrous casted components

Integrated sensors for wheel hubs: The relatively recent development of sensor technology in wheel hub bearings built into wheel hub bearings, manufacturers and service providers can monitor and identify variations in temperature, vibration, and other factors that may indicate possible bearing issues. This development is expected to drive manufacturers to customise wheel hub designs in line with the OEM requirements.

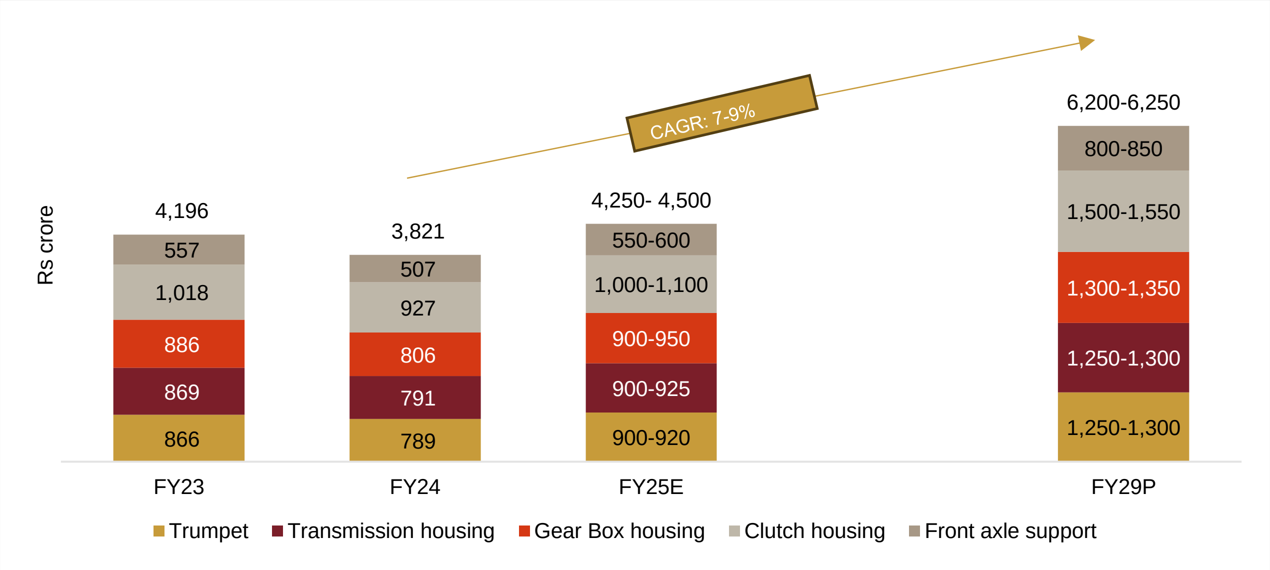
Growing shift towards lightweight: The demand for lightweight and fuel-efficient vehicles has increased the usage of cast components, is especially being seen in engine blocks, cylinder heads, and transmission systems. However, the demand for components such as wheel hubs, carriers, brackets, or differential cases is expected to remain intact since, the sum weight of the components put together, contribute to a small portion of lower single digit share compared to the overall kerb weight of an HCV.

Advanced materials and alloys: Casting players are looking to develop of advanced materials and alloys which are expected to enhance the properties of iron castings. These materials can offer improved strength, corrosion resistance, and thermal stability. The integration of lightweight materials, such as magnesium alloys, with iron castings can lead to components with higher performance and fuel efficiency.

Technological Advancements: The casting industry has witnessed technological advancements that improve the production process, enhance product quality, and reduce costs. Advanced casting methods, such as investment casting and precision casting, allow to produce intricate and complex components with high accuracy. Additionally, the use of computer-aided design (CAD) and simulation software helps optimize the casting process and minimize defects.

7.4 Ferrous casted components: Tractors

Market size of ferrous cast components: Tractors



Source: CRISIL MI&A Consulting

Ferrous casting is commonly used in tractors rather than aluminium due to its strength, durability, and cost-effectiveness. Castings used in agriculture have a specific product size. When producing complex or massive parts in medium- and high-volume numbers, this is the most economical way. Galling resistance, machinability, weldability, fatigue properties, resistance to cracking, electrical conductivity, magnetic properties, thermal conductivity, are some of the key factors considered while casting components specific to Tractors. Sand casting is the primary process used by a casting Foundry to create agricultural castings.

Trumpet

A trumpet in a tractor typically refers to a component of the tractor's driveline, specifically the part of the axle assembly that houses the differential and gear components. The trumpet is located at the rear of the tractor and houses the differential and gear components, which is responsible for transmitting power from the engine to the wheels.

Source: Shivalik

The trumpet is an essential part of the tractor's transmission system, ensuring smooth and efficient operation of the gears and the differential.

Transmission housing

The transmission housing in tractors is a critical component that encases the transmission system, providing protection and support to the transmission's internal components. It is typically made of durable materials such as cast iron to withstand the rigors of tractor operation. The transmission housing serves the following key functions.

Source: Shivalik

- Encasement: It houses and encloses the transmission gears, shafts, and other vital components, protecting them from external elements and impacts.
- Support: The housing provides a stable and secure mounting structure for the transmission, ensuring proper alignment and reducing vibration during tractor operation.
- Sealing: It incorporates sealing elements to prevent the leakage of transmission fluid, maintaining the lubrication and proper functioning of the transmission.
- Attachment Points: The housing often includes attachment points for other tractor components, such as the engine, driveline, and hydraulic systems.

The integrity of the transmission housing is crucial for the reliable and efficient operation of the tractor.

Gear Box housing

The gearbox housing encases the transmission gears, shafts, and other vital components, protecting them from external elements and impacts, while also providing support and attachment points for other tractor components. On the other hand, the transmission housing encases the entire transmission system, including the gearbox, and provides protection, support, and sealing to the transmission's internal components. The transmission housing is typically larger and more complex than the gearbox housing, as it encases the entire transmission system, while the gearbox housing is specific to the gearbox components.

Source: Shivalik

Clutch housing

The clutch housing in tractors is a component that encases the clutch assembly, providing protection and support to the clutch's internal components. The clutch housing is a vital component that safeguards the clutch assembly, provides support, and ensures the proper functioning of the tractor's drivetrain. While all three housings are integral to the tractor's transmission system, they serve distinct purposes, with the gearbox housing and transmission housing focusing on the broader transmission components, and the clutch housing specifically addressing the clutch assembly and flywheel of the engine.

Source: Shivalik

Front axle support

Front axle support in tractors is a crucial component that provides support and stability to the front axle assembly, ensuring smooth and efficient operation of the tractor. There are different types of front axle supports are designed to accommodate various farming needs and field conditions, providing versatility and functionality for different tractor applications. For example: Standard Front End, also known as "regular" or "wheatland," this front end features an axle with a fixed distance between the front wheels. It is well-suited for serious pulling tractors and industrial tractors, as well as for the demands of loader work. High Crop Front End type of front-end features tall spindles on the front axle and drop-down rear axles, allowing the tractor to navigate high crop fields. Tricycle Front End, also known as "narrow," this front end is designed for row-crop tractors, enabling the tractor to work typically for cultivating. It features either a single front wheel or two front wheels narrowly set together, with the front wheels usually angled towards each other in a 'V' shape.

Source: Shivalik

The front axle support typically consists of the following components:

- Axle Housing: The axle housing encloses and protects the front axle assembly, which includes the axle, hub, and other related components.
- Axle Assembly: The axle assembly is responsible for transmitting power from the engine to the wheels, providing steering and stability to the tractor.
- Bearings and Bushings: Bearings and bushings are essential components of the front axle support, as they reduce friction and wear on the axle assembly, ensuring smooth and efficient operation.
- Steering System: The front axle support is an integral part of the tractor's steering system, which relies on components such as the steering box, gear, and linkage to provide responsive and precise steering control.
- Tie Rods and Kingpin: Tie rods and kingpins are used to connect the front axle support to the tractor's frame, ensuring proper alignment and stability during steering and operation.

Review and outlook of ferrous casting components in Tractor industry FY24- FY29

As mentioned above, ferrous casting components for tractors industry in this report include Trumpet, Transmission housing, Gear Box housing, Clutch housing and Front axle support catering to tractor segments.

Table : Components considered in Tractors segment

Product	**Market**	**Channel**
Trumpet	Domestic	OEM
Transmission housing	Domestic	OEM
Gear Box housing	Domestic	OEM
Clutch housing	Domestic	OEM
Front axle support	Domestic	OEM

Farm productivity has been greatly impacted by mechanization since the dawn of modern agriculture. Owing to the agricultural sector's suggestive element, tractors must be improved and enhanced technologically.

Because tractors with more horsepower are more effective for various tasks including rotavating, plowing, and hauling, the demand for high horsepower tractors has grown significantly during the past ten years. A large portion of the tractor system is made up of the gear box and clutch housings, which enclose the mechanical parts of the transmission, including the clutch assembly, gears, and shafts. Additionally, it offers the internal components protection from the outside environment, mechanical support for the moving parts, and a fluid-tight container to keep the lubricant. Tractor housing is impacted by many static and dynamic transmission load types. Therefore, a tractor's strength and lifespan can be significantly increased by employing an efficient clutch housing and gear box housing design. Given this significance, clutch housing, gearbox housing and transmission housing together contribute to ~10% of the overall value of the tractor. The market size for ferrous casted components considered for tractors segment in FY24 is estimated at Rs. 3,500- 4,000 crore.

The market size of clutch housing and gear box housing is estimated at Rs.900-950 crore and Rs.800-850 crore respectively as of fiscal 2024. The market is expected to rise in fiscal 2025 after the slight decline in tractor production in FY24. Transmission housing and Trumpet market size is around the similar range of Rs.750-800 crore as of fiscal 2024. All the product segments are expected to grow at a CAGR of 7-9%, taking the overall ferrous casted components of tractors industry market size to Rs.6,200-6,250 crore by fiscal 2029.

Trends in Tractor’s transmission system

Tactors' transmission systems used to have only sliding or constant mesh gear boxes with a limited number of speeds. However, some manufacturers currently incorporate gear boxes with multiple speeds, either fully or partially synchronized, into their tractors. As such, the transmission represents a tradeoff between what is intended and what can be achieved at a fair cost with current technology.

Transmission systems that were not synchronized were substituted with either synchronization or continuously variable transmissions (CVTs). When matching the engine speed to the intended terminal drive speed, a CVT or synchronized manual gearbox with sufficient available gear ratios—typically with two ranges, high and low—allows the engine to run within the proper speed range for power output. Bajaj Tempo launched fully synchronized gear box technology in their OX-35 & 45 models. A synchronized transmission has the benefit of allowing for simple gear changes—even while the tractor is in motion—without endangering the transmission. The partially engaged synchronized gear box in new Holland tractors allows for speed equalization at greater speeds.

Certain local manufacturers also provide four-wheel drive (4 WD) technology as an optional feature. A 4 WD tractor has a higher net tractive coefficient and tractive efficiency than a 2 WD tractor. As a result, tractors with four wheels may generate greater drawbar power. Indian tractors are increasingly commonly equipped with dual clutch and live Power take off.

Except for such advancements within transmission segments, the tractor industry is not expected to foresee any major changes with respect to the existing internal combustion technology and electrification in this segment is negligible. Consequently, the demand for ferrous cast components contributing to the overall assembly will remain intact.

EV effect

Even though electric tractors were gaining attention as a potential alternative to conventional diesel-powered tractors, there are several factors that could influence whether electric tractors overtake conventional tractors in the agricultural sector:

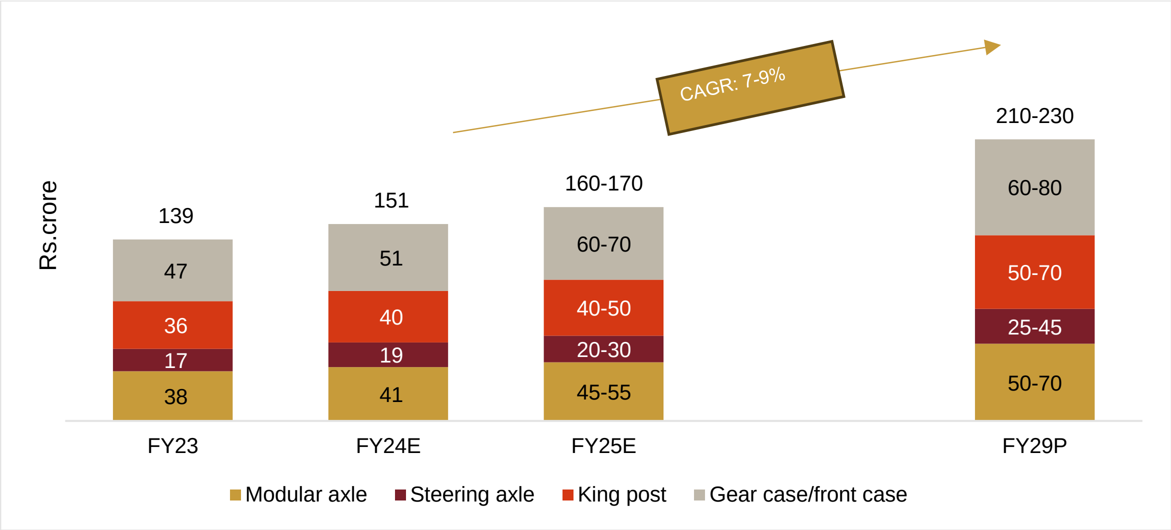
- Technological Advancements: The advancement of battery technology and charging infrastructure will play a significant role in the widespread adoption of electric tractors. Improvements in battery energy density, charging speed, and cost could make electric tractors more competitive with conventional tractors.
- Cost Considerations: The initial cost of electric tractors is typically higher than that of conventional tractors. However, over the long term, lower operating costs and potential government incentives or subsidies for electric vehicles could make them more economically attractive.
- Infrastructure: The availability of charging infrastructure in rural areas where tractors are used is crucial for the adoption of electric tractors. Without a reliable charging infrastructure, farmers may be hesitant to switch to electric tractors.
- Range and Battery Life: The range of electric tractors and the lifespan of their batteries are important factors to consider. Farmers need tractors that can operate for long hours without frequent recharging and batteries that last for many years.
- Performance: Electric tractors need to demonstrate comparable performance to conventional tractors in terms of power, torque, and efficiency to be widely accepted in the agricultural industry.
- Regulatory Environment: Government regulations and policies regarding emissions, energy efficiency, and incentives for electric vehicles can also influence the adoption of electric tractors.

7.5 Ferrous castings for Offload vehicles: Market size (fiscals 2023-29P)

Construction equipment sales in India have experienced a nearly 20% increase since April. The sales are projected to reach a record high of 125,000-130,000 units by the end of the fiscal year. This surpasses the previous peak of 107,779 units recorded in FY23. India currently ranks as the world's third-largest market for construction equipment, following the US and China. The strong double-digit growth is attributed to increased government spending on infrastructure development. This performance follows the industry's record sales of 98,000 units in the pre-pandemic year of FY19.

The market size for the ferrous casted components for offload vehicles segment including construction equipment, which includes which include Modular axle, Steering axle, King post and Gear case/front case is estimated at Rs. 150-170 crore as of fiscal 2024, of which gear case market contributes the highest at ~30-35% owing to the high value of the component. Kingpost contributes ~25% of the total size. Overall market is expected to grow by 8-10% in fiscal 2025 driven by demand for offload vehicles. In the next 5 years, CRISIL expects the market size to grow at 6-8% taking the value to Rs.210-230 crore by fiscal 2029.

Fig: Market size of ferrous casting components: Offload vehicles



Source: CRISIL MI&A Consulting

Even though OHVs can have very different designs, they often have several things in common. To prevent sinking into soft ground, they require low ground pressure, good ground clearance, and the ability of their wheels or tracks to remain in touch with the ground to maintain traction. Wheeled vehicles use high and flexible suspension and big or extra tires to maintain traction. Track vehicles, like half-tracks, use broad tracks and flexible suspension on any wheel to maintain ground contact. Many off-highway vehicles also have low gearing, which allows the engine to continue to produce most of its power even when traveling slowly over challenging terrain. Some vehicles are also including torque converters to further lower the gearing. Hence, though Modular axle and steering axle are standardized designs to some extent, the gears and associated gearbox design for offload vehicles is customized as per the OEM needs.

Globally, many heavy machine manufacturers are currently developing entirely or partially equipped electric equipment. More models are being developed and are starting to be sold commercially. Heavy machine OHV producers are also looking at robotics and autonomy, and some of these products are only now making their way onto the market. Being at inception phase globally, the current penetration in India remains negligible.

Urbanization and mining activities are expanding quickly, which is propelling the off-highway vehicle market in India. Off-road vehicle use is expanding across several industries, including mining, construction, and infrastructure. Off-highway vehicles are identified with large tires with open and deep treads, a flexible suspension, providing them with higher ground clearance and higher power. These features enable these vehicles to access trails and roads that have rough and low-traction surfaces and maintenance of their wheels or tracks on the ground to maintain traction. Additionally, these vehicles require specially designed engines for high power and high load carrying capacities. Due to the need for high load carrying capacity, the components of an off-highway vehicle are largely ferrous casted, providing the durability and reliability for use in heavy-duty off-highway equipment applications. The components considered for market size assessment for offload vehicles segment in this report include Steering axle, Modular axle, King post and Gear Case/front case.

Modular Axle

The function of a modular axle in off-highway vehicles, is to provide stability, load capacity, and manoeuvrability for transporting oversized and heavy cargo. Modular axles are designed to be part of a hydraulic wheel bogie, which consists of the bogie frame, hydraulic cylinder, axle, tire, and rocker arm. They are equipped with a hydraulic suspension system that allows for optimal lengthwise and crosswise leveling, even when the axles have equal loads. This ensures balance and stability, especially when navigating uneven or off-road terrains. The axles are managed and controlled to keep balance when on such terrains, and they can be steered electronically or mechanically to navigate various road and off-road conditions. Additionally, the modular axles can be part of a self-propelled modular transporter (SPMT), which is used for transporting massive objects, such as large bridge sections, oil refining equipment, and cranes.

Source: Shivalik

The axles in an SPMT are individually controllable, allowing for even weight distribution and accurate steering. Furthermore, the modular axles can be part of a series of combinable transport modules with 2-6 axle lines for off-road and on-road operations, equipped with twin tires and available in various trailer modes, including trailer mode, assist-propelled mode, and self-propelled mode.

Steering axle

The steering axle in off-highway vehicles, such as heavy-duty trucks and off-road transport vehicles, serves the essential function of enabling directional control. When the driver turns the steering wheel, the steering axle allows the vehicle to change direction. This is achieved through various steering systems, such as hydraulic steering, electric power steering, and intelligent steering functions. The steering axle is a critical component for providing stability and manoeuvrability, especially when navigating uneven or off-road terrains. Additionally, the steering axle contributes to the vehicle's directional stability and minimizes the impact of external forces on the vehicle's steering.

Source: Shivalik

Some of the common types of steering axles used in off-highway vehicles:

Manually Controlled Hydraulic Steering System: This type of steering system is used in off-road trailers, tankers, and mobile equipment. It provides accurate steering response, better load distribution, stability, and lower deck heights when compared with straight axles on turntable type steering.

Planetary Steering Axles: These axles are used in heavy-duty and commercial vehicles for agriculture, construction, and forestry applications. They allow the wheels to be moved specifically to enable cornering. The axle beam and steering knuckle are connected via steering pins with thrust bearings.

Crossover Steering System: This type of steering system is found on many live-axle Fords, Dodges, and Jeeps. The pitman arm on the steering box rotates in a horizontal plane, or parallel to the ground. The drag link runs parallel to the axle housing and connects the pitman arm to a point on the tie rod or to an arm on the knuckle itself.

FlexTrac Axle: This type of steering axle is used in harvesters and can be adjusted in width. The track width is adjusted via a telescoping mechanism in the axle beam, allowing different tire sizes and widths to be used on the vehicle.

Drive Axles: Drive axles are connected to the driveshaft and gearbox and propel the vehicle forwards or backward. They are usually located at the rear of heavy transportation vehicles.

King post

The kingpost provides a stable base for the gantry crane, ensuring that it remains upright and can safely handle cargo during the offloading process the kingpost supports one end of a gantry crane, contributing to the offloading operation.

Source: Shivalik

The kingpost provides a stable base for the gantry crane, ensuring that it remains upright and can safely handle cargo during the offloading process such as offloading a vehicle onto a floating causeway or unloading cargo from a cargo ship or oiler. By preventing the gantry crane from tipping or swaying under the weight of the cargo being unloaded it helps ensure the safety of the operators and the cargo during the offloading process.

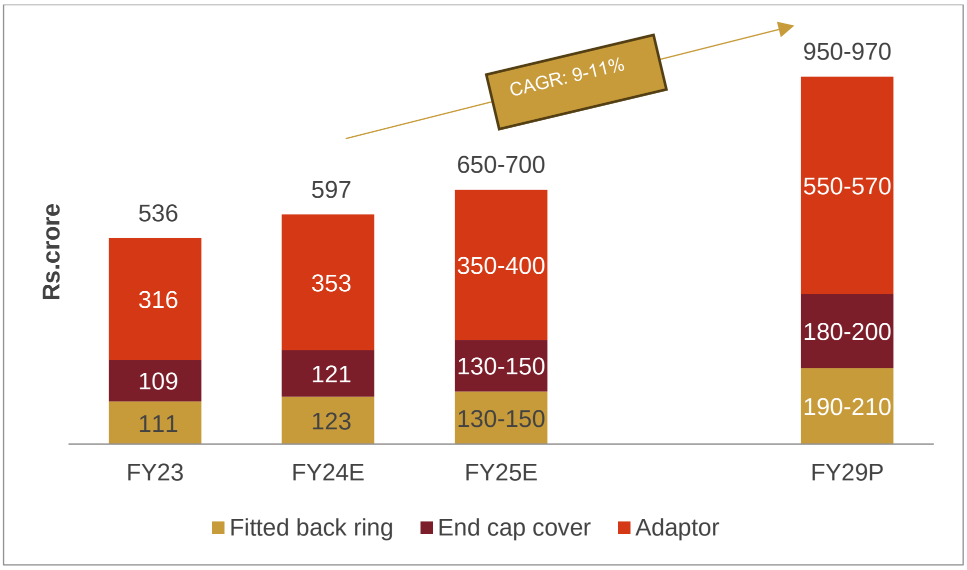
Gear Case/front case

The gear case and front case provide a protective enclosure for the transmission and front axle components, help maintain a balanced weight distribution within the vehicle protect the transmission and front axle components from dust, debris, and other potential damage caused by off-road terrain.

Source: Shivalik

7.7 Ferrous casting industry for Railways (fiscals 2023-29P)

Fig: Market size of ferrous casting components: Railways



Source: CRISIL MI&A Consulting

The market size of ferrous casting components for railways segment (which include Fitted back ring, End cap cover and adaptor) is estimated at Rs.650-700 crore as of fiscal 2024 with ~60% of the share contributed by the Adaptor module due to relatively higher value of the component compared to back ring or end cap cover. This is expected to grow at 10-12% in fiscal 2024 driven by wagon additions planned by Indian railways. The market is expected to see a CAGR of 9-11% in the next five years taking to ~Rs.950-970 crore as of fiscal 2029.

Indian Railways (IR) has been focusing on the 'Make in India' initiative to enhance local manufacturing and procurement of materials, including wagons. Currently, around 85% of the components for the manufacture of Vande Bharat trains are procured locally, with the dependence on imports limited to less than 15% (*Source: Ministry of Railways*) Indian Railways has been working on capacity augmentation in its own units and roping in the private sector to meet its deliverables. The Integral Coach Factory (ICF) is manufacturing 78 Vande Bharat trains along with Punjab-based Medha Engineering. The railway ministry has floated a ₹26,000 crore tender last fiscal, for 200 additional trains and received encouraging responses from major players such as Alstom, Stadler in collaboration with Medha, Siemens-BEML consortium, BHEL-Titagarh Wagons consortium, and Russian major Tranmashholding. Hence the component players supplied to railway wagons are expected to see a demand surge in the coming years. For this report, the ferrous casted components considered under railway segment include Fitted back ring, end cap cover and Adaptor.

Fitted back ring

A backing ring for railcar axles is a part that serves to back an antifriction bearing on the journal of a rail car axle. It includes an annular body that seats against a fillet that is part of the axle structure. The backing ring helps provide a stable and secure base for the axle.

Source: Shivalik

End cap cover

The end cap cover in railway wagons serves as a protective component for the axle bearing. It is designed to fasten the inner ring of the bearing, providing support and protection for the bearing assembly. The end cap cover helps to secure the bearing and prevent the ingress of contaminants, ensuring the proper functioning and longevity of the bearing. Additionally, it contributes to the safe and efficient operation of the railway wagon by maintaining the integrity of the bearing assembly.

Source: Shivalik

Adaptor

An adapter in railway wagons is a component that connects the wheelset and side frame on the bogie, transforming the rolling of the wheels on the track through the side frame into the rolling of the vehicle.

Source: Shivalik

There are different types of adapters used in railway wagons, such as:

- Bearing Adapter: This adapter is an essential part of railway car bogie accessories. During the operation of the vehicle, the bearing adapter bears the pressure from the vehicle body and the torsional force during the rotation of the vehicle body
- Adapter Plus Steering System: This system improves curving and rolling resistance and reduces wear on the side frame pedestal roof, thrust lug, bearing adapter crown, and the bearing adapter thrust lug area. The patented elastomer pedestal pad-liner-bearing adapter design allows controlled motion of the wheelset lowering forces in a curve, enhancing the performance of the railway wagon
- Customized Material Railway Spare Parts: These adapters are customized to fit specific railway wagons, ensuring optimal performance and compatibility with the vehicle's design

8 Basic profiling of the peer companies

Bharat Forge Limited

<table>
<tr><th>Key facts</th><th>Brief profile</th></tr>
<tr><td>Year of incorporation: 1961

HQ: Pune, Maharashtra</td><td>Key product segments
The company is involved in metal forming and serves industrial and automotive business. Industrial business segment includes power, oil and gas, construction & mining, rail, marine and aerospace sector. Within the automotive business, the company serves PV and CV segment.
Key business segments include forging and others. The forging segment includes the manufacture of forged products comprising forging and machined components for automotive and industrial sectors. Others include various new initiatives which the company is carrying out other than forging related activities.
The company manufactures brakes, Gearboxes, Axles, Road Wheels, Suspension Shock Absorbers, Radiators, Silencers, Exhaust Pipes, Catalysers, Clutches, Steering Wheels, Steering Columns and Steering Boxes.</td></tr>
<tr><td colspan="2">Plant locations

It has 15 manufacturing plants spread across India, Europe, and North America with eight, five and two manufacturing plants in each region.

Key clients

The company’s customer base includes virtually every global automotive OEM and Tier-1 supplier. John Deere, Dana, Cummins, Ashok Leyland, Caterpillar, and DAF Trucks among others.</td></tr>
</table>

Key sustainable initiatives *(in power cost savings)*

In FY 2023, Bharat Forge sourced 29% of the energy requirement, from renewable sources – which includes 74,906.640 MWh from solar energy and 30,986.885 MWh from wind energy. The Company has subscribed to 26% of paid-up share capital of Avaada MHVidarbha Private Limited (“Avaada”) in April 2022, as a condition precedent to purchase of solar power on a Single Captive User basis.
Mundhwa Plant – Present Solar Power Capacity is 45.65 MW; Wind Power Capacity is 16.26 MW. An additional Solar Capacity of 10 MW commissioned in January 2023 for Mundhwa Plant.

Baramati Plant – Present Solar Power Capacity is 15 MW and Wind Power capacity is 8.2 MW. 15 MW Solar Power Plant commissioned in January 2023 for Baramati Plant.

Endurance Technologies Limited

Key facts	Brief profile
Year of incorporation: 1990 **HQ**: Aurangabad, Maharashtra	Key product segments The company is a leading manufacturer and supplier of aluminium die casting components (ADCC) for automobiles. Its business segment includes aluminium die casting, suspension, transmission, braking systems, and aftermarket. The company manufactures suspension, transmission, steering columns, clutches, catalysers, silencers, and braking products, which are supplied to two- and three-wheeler OEMs.
Plant locations The company has manufacturing presence in India, Germany and Italy and has more than 30 manufacturing facilities. Its overseas operations are primarily through two direct subsidiaries, Endurance Amann GmbH (Germany) and Endurance Overseas Srl (Italy). They supply casting and machining products to leading four-wheeler OEMs in Europe. Key clients Kia Motors India, Honda Motorcycle & Scooter India, and Royal Enfield. **Key sustainable initiatives *(in power cost savings)*** The company generated 21,320 MWh units of electricity from solar power plants and 9,087 MWh unit from wind power plants during Fiscal 2023 which is 15.4% of total electrical energy used. In Fiscal 2023, the Company has invested Rs. 65.85 million in TP Green (which is 26% of its paid-up equity share capital). TP Green is a special purpose vehicle incorporated by TATA Power Renewable Energy Limited and is engaged in the business of solar power generation with a capacity of 12.5 MW. This investment enables the Company to qualify itself as a captive consumer of TP Green. During the same year, the company installed solar power plants of 3.87 MW.	

Ramakrishna Forging Limited

Key facts	Brief profile
Year of incorporation: 1995 **HQ**: Kolkata, West Bengal	Key product segments The company majorly supplies to automotive, railways, farm equipment, bearings, oil and gas, Power and construction, earth moving and mining both in India and overseas. It is also a critical safety item supplier for screw coupling, bolster suspension, side frame keys and draw gear assembly for railway coaches and wagons. The product category includes Rolled product-crown wheel/ring gear, forged product includes crankshaft, connecting rod, diff case, knuckle, steering arm, and machined product includes rear axle shaft, Knuckle, diff case, coupling flange

Plant locations The manufacturing facilities located in Jamshedpur and Sairakela-kharsawan in Jharkhand, Howrah in west Bengal and warehouse located in Mexico, Detroit, and USA. Key clients Tata Motors, Ashok Leyland, VE Commercial and Daimler in India and overseas clients includes Volvo, Mack Trucks, Iveco, Ford. It also caters globally to Tier1 axle manufacturer such as Dana, Sisamex, Meritor and American Axles. **Key sustainable initiatives *(in power cost savings)*** The Company initiated installation of Solar Projects (PV Solar Plants) of 7.82 MW capacity roof-top solar project at its existing forging plants

Nelcast Ltd

Key facts	Brief profile
Year of incorporation: 1985 **HQ**: Alwarpet, Chennai	Key product segments The Company is involved in manufacturing ductile iron casting and grey iron casting. Key product segment includes commercial components (Bogie suspension bracket, steering/cab mounting bracket, rear differential carrier, differential case, wheel hub, bearing cap, Brake drum, Brake Disc Rotor) Tractor and farm equipment's (Hydraulic lift cover, Axle housing, Four wheel drive, Front axle Housing, Transmission clutch housing, differential housing, front engine support) off highway and Army components (Transmission case, converter housing, Axle housing, differential case)Railways(base plate for Ballastless tack system, Brake Disc) ,SUV and car components (case body, case cap, drive head) and Powertrain components (Gearbox housing, Flywheel housing, exhaust manifold) The company serves majorly to commercial vehicle, Tractor, Railways, and off highway vehicle segments spread across India, Europe, North America and Southeast Asia
Plant locations The company has three manufacturing facilities located in Chennai. Plants are located close to both Krishnapatnam & Chennai seaport to reach out the customer in USA, Italy, Belgium, Sweden, France, Germany and Thailand easily. Key clients TAFE, Tata Motors, Ashok Leyland, Volvo-Eicher Commercial Vehicles, Same Deutz-Fahr India, Daimler, Automotive Axles, Dana, American Axles & Manufacturing, Comer Industries, Meritor, Wabtec, ZF.	

CIE Automotive India Limited

Key facts	Brief profile
Year of incorporation: 1999 **HQ**: Mumbai, Maharashtra	Key product segments CIE Automotive manufacture crankshaft and stub axles, HPDC &GDC Aluminum casting, ductile iron casting, stamping &stamped assembles, gears

	and shafts. These product segments focus majorly on utility vehicles cars, tractors, and two-wheeler. Other products like Thermoset composite focus electrical and switchgear industry. Pioneer in ferrite manufacturing in India and global supplier of Automotive magnets recent entrant in induction lamps. The product caters to different segments such as Cars and Utility vehicles, Medium and heavy vehicles, Agriculture & offroad vehicles, Two-wheeler, Electrical four-wheeler, Electric two-wheeler and electric vehicle portfolio.
Plant locations Manufacturing plant located in Haridwar (forging), Rajkot (Gears), Aurangabad (Aluminum), Nashik (stamping) Mangaon (Composites) Pune (forging, casting, stamping, gears, Magnetic, composite, Aluminum) Patnagar (Stamping, Aluminum) Rudrapur & Zaheerabad (Stamping), Bangalore (forging), Coimbatore (Forging) for respective components. Overseas presence in Europe -Spain (Forging), Italy (gears) and Lithuania(forging) for respective components. Key clients Hero, Bajaj, Maruti, Mahindra, MAN, Renault, Daimler, Fiat, Ford, Hyundai, Ford, GKN, CAT, Bosch, JLR-TATA, KOBENSCHMIDT, SAF, NTN, NIDEC, Nexteer **Key sustainable initiatives *(in power cost savings)*** During CY22 the company's captive solar power plants with capacity of 52.5 MW commissioned supply with the entire capacity. The proportion of the renewable energy consumption to the total energy consumption was about 51% in CY22. The Company has signed firm agreements to source an additional 16 MW power from captive solar power plants from CY23.	

Craftsman Automation Limited (CAL)

Key facts	Brief profile
Year of incorporation: 1986 **HQ**: Coimbatore, Tamil Nadu	Key product segments Craftsman Automation Limited (CAL) is a leading player in the auto engineering and contract manufacturing sector. It has three business segments: auto powertrain, aluminum product and industrial and engineering. The auto-power train segment caters to CVs, PVs, farm equipment, construction, and mining equipment segments of the auto industry. The aluminum products division supplies aluminum components to two-and-four-wheeler and power transmission manufacturers. The industrial and engineering segment offers goods and services such as gears, material handling equipment, storage products, special purpose machines and other general engineering products to various industries. The company also has a non-ferrous sand foundry catering to power transmission equipment manufacturers. Its industrial and engineering segment has a wide range of products, including industrial gears, storage solutions, material handling and locomotive engine components. CAL has a tool room that supplies dies for injection moulding and mould base. Moreover, it manufactures special-purpose machines for metal and non-metal cutting. In February 2023, CAL acquired 76% stake in DR Axion, is the major supplier of cylinder blocks and heads for leading PV OEMs such as Hyundai Motor

	India Ltd, Kia Motors, and Mahindra & Mahindra Ltd. The acquisition has helped CAL increase the share of revenue from the PV segment
Plant locations Manufacturing plant located at Coimbatore, Chennai, Pune, Indore, Jamshedpur, Faridabad, Bangalore in India. Overseas presence through wholly owned subsidiary Craftsman Europe B.V Netherland Key clients Tata Motors, Tata Cummins, Mahindra & Mahindra, TAFE, Escorts, Ashok Leyland, Mahindra & Mahindra Ltd, Daimler India, TVS Motors, Royal Enfield, Perkins, Mitsubishi Heavy Industries, Siemens, Simpson & Co. Limited, John Deere and JCB India **Key sustainable initiatives *(in power cost savings)*** Company implemented 823 KW Solar energy power system and it is being produced in house.	

GNA Axles

Key facts	Brief profile
Year of incorporation: 1993 **HQ**: Hoshiarpur, Punjab	Key product segments World's leading manufacturers of automotive transmission components for the Medium & Heavy Commercial Vehicles (M&HCV) as well as Off Highway Vehicles (OH) axle shafts and spindles having dominant share of ~60-65% in domestic market and significant presence in leading economies globally (North America, South America, Europe, Asia, and Australia) The company offers rear axle shafts, spindles, and other shafts for light and heavy commercial vehicles, off-highway vehicles, and SUV segments. It serves tractor manufacturers, commercial vehicle manufacturers, and SUV vehicle manufacturers
Plant locations Two units of manufacturing plants located at Unit –I at Mehtiana & Unit-II at VPO Gulabgarh Jattan (Phagwara-Hoshiarpur Road) Key clients Mahindra & Mahindra, John Deere, Tractors and Farm Equipment (TAFE) and tier 1 suppliers to OEMs such as Automotive Axles, Meritor HVS AB and Dana	

Shivalik Engineering

Key facts	Brief profile
Year of incorporation: 2007 **HQ**: Raipur, Chhattisgarh	**Key product segments** Shivalik Engineering is a prominent precision engineering company in India, The company has a focus on manufacturing casting components and within the casting segment the company focuses on producing high-quality metal components for use in the Automotive, Agriculture, Railways, Off-Highway, Water Works & General Engineering industries.

	Shivalik Engineering limited has one of the largest foundries and machine shops in India and produces a wide range of casting products with a production capacity of 8000+ MT./Month The company has a dedicated foundry for Ductile Iron grades, Foundry with HPML and CNC Machining facilities, State of Art the machine shop HMC, VMC, VTL, Dynamic Balancing, Stud Pressing Machines with advanced quality control facilities CMM, MPI, Leak Testing, Contour Pressing, along with inspection facility, The company manufactures wide range of casting products serving to Automotive, Agriculture, Railways and Off-Road Applications in domestic segment and exports products to Water work & Pipe Fitting industry in United states

Plant locations

Four units of manufacturing plants located at Chhattisgarh:

- Works: I, Bhilai
- Works: II, Bhilai
- Works: III, Bhilai
- Works: IV, Mahasamund

Key clients

Eicher, Tata Motors, Tata Cummins, Mahindra & Mahindra, TAFE, Escorts, Ashok Leyland, Daimler India, BharatBenz, Meritor, Gunite, Automotive Axles, Sonalika, Timken, Delhi Metro Rail corporation, Indian Railways, Navistar, Caterpillar, VE commercial vehicles etc.

Key sustainable initiatives

As per the company's website, the company has installed a solar power plant at their facility to generate clean, renewable energy to help power their operations and reduce their reliance on fossil fuels. The solar power plant is expected to generate 50 MW of clean energy per year.

Table 1: Key financial indicators for fiscal 2023

Company	Operating income	Operating EBITDA	PAT	EBITDA margin	PAT margin	ROCE	ROE	Debt to Equity
	(Rs crore)			*(%)*				*Times*
Automotive Axles Ltd	2,324	258	162	11.09	6.97	31.80	23.52	0.01
Bharat Forge Limited	12,943	1,800	508	13.91	3.92	8.78	7.90	1.07
Craftsman Automation Limited	3,183	688	251	21.61	7.88	20.90	21.12	0.94
Endurance Technologies Limited	8,804	1,041	480	11.82	5.44	15.64	12.68	0.13
Nelcast Ltd	1,264	92	30	7.27	2.35	9.03	6.50	0.64
Ramkrishna Forgings Ltd	3,195	695	248	21.73	7.76	17.99	20.78	0.99
GNA Axles	1,583	233	130	14.70	8.23	21.43	19.88	0.28
CIE Automotive India Limited	9,305	1,448	1,125	15.56	12.09	39.02	41.89	0.26
Shivalik Engineering Industries Limited	551	57	26	10.40	4.73	22.82	16.34	0.79

Note:

1. *CRISIL has taken an approach of considering the average of current and past year debt + equity in the denominator for the computation of Return on Capital Employed (RoCE). This approach may differ from the one taken by the Company (Shivalik) or its Bankers in the analysis in the Business section of the DRHP under discussion, hence both the numbers may not be comparable*
2. *Financials are reclassified as per CRISIL standards and hence may not be exactly comparable with the reported numbers by the respective companies*
3. *The financial statements for Bharat Forge, Craftsman Automation, Endurance Technologies, Ramkrishna Forgings, GNA Axles, and CIE Automotive are consolidated.*
4. *CIE Automotive financial statements are Calendar Year (CY). For ex: CIE automotive financials are for CY 2023 in above table*
5. *EBITDA: Earnings before depreciation, interest, tax and amortization*
6. *PAT: Profit After Tax*
7. *Operating EBITDA margin = EBITDA/ operating income*
8. *PAT margin = profit after tax/operating income*
9. *RoCE = profit before interest and tax (EBIT) / [total debt + adjusted net worth + deferred tax liability]*
10. *Gearing = adjusted total debt/adjusted net worth*
11. *RoE = Profit after Tax(PAT)/Tangible Net Worth*
12. *Financials are reclassified as per CRISIL standards*

Table 2: Key financial indicators for fiscal 2022

Company	Operating income	Operating EBITDA	PAT	EBITDA	PAT margin	ROCE	ROE	Debt to Equity
	(Rs crore)			*(%)*				*Times*
Automotive Axles Ltd	1,491	135	74	9.03	4.98	17.21	12.67	0.02
Bharat Forge Limited	10,515	2,037	1,067	19.37	10.14	13.26	17.93	0.86
Craftsman Automation Limited	2,217	537	163	24.22	7.35	18.05	15.57	0.65
Endurance Technologies Limited	7,549	966	461	12.79	6.10	15.01	13.22	0.11
Nelcast Ltd	927	65	14	7.00	1.53	6.19	3.24	0.62
Ramkrishna Forgings Ltd	2,321	517	198	22.29	8.53	14.16	20.32	1.50
GNA Axles	1,270	181	89	14.24	7.00	17.21	15.95	0.37
CIE Automotive India Limited	8,794	1,213	-136	13.80	-1.50	4.10	-7.20	0.40
Shivalik Engineering Industries Limited	313	20	4	6.47	1.30	10.16	6.31	1.08

Note:

12. *CRISIL has taken an approach of considering the average of current and past year debt + equity in the denominator for the computation of Return on Capital Employed (RoCE). This approach may differ from the one taken by the Company (Shivalik) or its Bankers in the analysis in the Business section of the DRHP under discussion, hence both the numbers may not be comparable.*
13. *Financials are reclassified as per CRISIL standards and hence may not be exactly comparable with the reported numbers by the respective companies.*
14. *The financial statements for Bharat Forge, Craftsman Automation, Endurance Technologies, Ramkrishna Forgings, GNA Axles, and CIE Automotive are consolidated.*
15. *CIE Automotive financial statements are Calendar Year (CY). For ex: CIE automotive financials are for CY 2023 in above table*
16. *EBITDA: Earnings before depreciation, interest, tax and amortization*
17. *PAT: Profit After Tax*
18. *Operating EBITDA margin = EBITDA/ operating income*
19. *PAT margin = profit after tax/operating income*
20. *RoCE = profit before interest and tax (EBIT) / [total debt + adjusted net worth + deferred tax liability]*

21. *Gearing = adjusted total debt/adjusted net worth*
22. *RoE = Profit after Tax(PAT)/Tangible Net Worth*

Table 3: Key financial indicators for fiscal 2021

Company	Operating income	Operating EBITDA	PAT	EBITDA margin	PAT margin	ROCE	ROE	Debt to Equity
	(Rs crore)			*(%)*				*Times*
Automotive Axles Ltd	906	66	23	7.26	2.51	6.28	4.19	0.03
Bharat Forge Limited	6,376	872	-135	13.68	-2.11	0.59	-2.55	0.92
Craftsman Automation Limited	1,560	444	97	28.48	6.24	14.55	11.63	0.73
Endurance Technologies Limited	6,547	1,029	520	15.71	7.93	17.89	17.04	0.19
Nelcast Ltd	615	48	9	7.77	1.46	4.32	2.11	0.49
Ramkrishna Forgings Ltd	1,276	224	21	17.57	1.61	5.38	2.37	1.40
GNA Axles	890	144	71	16.17	7.94	15.43	14.65	0.38
CIE Automotive India Limited	8,425	1,055	392	12.50	4.70	24.10	29.40	0.80
Shivalik Engineering Industries Limited	189	17	1	9.25	0.54	n.m.	1.96	1.49

Note:

1. *CRISIL has taken an approach of considering the average of current and past year debt + equity in the denominator for the computation of Return on Capital Employed (RoCE). This approach may differ from the one taken by the Company (Shivalik) or its Bankers in the analysis in the Business section of the DRHP under discussion, hence both the numbers may not be comparable*
2. *Financials are reclassified as per CRISIL standards and hence may not be exactly comparable with the reported numbers by the respective companies*
3. *The financial statements for Bharat Forge, Craftsman Automation, Endurance Technologies, Ramkrishna Forgings, GNA Axles, and CIE Automotive are consolidated.*
4. *CIE Automotive financial statements are Calendar Year (CY). For ex: CIE automotive financials are for CY 2023 in above table*
5. *EBITDA: Earnings before depreciation, interest, tax and amortization*
6. *PAT: Profit After Tax*
7. *Operating EBITDA margin = EBITDA/ operating income*
8. *PAT margin = profit after tax/operating income*
9. *RoCE = profit before interest and tax (EBIT) / [total debt + adjusted net worth + deferred tax liability]*
10. *Gearing = adjusted total debt/adjusted net worth*
11. *RoE = Profit after Tax(PAT)/Tangible Net Worth*

Table 4: Key financial indicators for fiscal H12024

Company	Operating income	Operating EBITDA	PAT	EBITDA	PAT margin	ROCE	ROE	Debt to Equity
	(Rs crore)			*(%)*				*Times*
Automotive Axles Ltd	1,116	125	83	11.17	7.43	28.04	20.90	0.01
Bharat Forge Limited	7,651	1,217	429	15.90	5.60	13.04	12.20	1.01
Craftsman Automation Limited	2,217	452	185	20.38	8.36	21.88	23.17	0.86
Endurance Technologies Limited	4,995	640	318	12.80	6.37	16.76	13.85	0.14
Nelcast Ltd	651	51	24	7.85	3.66	12.07	9.70	0.59
Ramkrishna Forgings Ltd	1,874	398	161	21.22	8.58	18.78	20.81	0.99
GNA Axles	778	114	61	14.69	7.80	18.15	15.68	0.26

CIE Automotive India Limited	4,761	751	434	15.78	9.11	19.20	15.48	0.15
Shivalik Engineering Industries Limited (9MFY24)	521	103	56	19.82	10.67	37.98	26.03	0.51

Note:

1. *CRISIL has taken an approach of considering the average of current and past year debt + equity in the denominator for the computation of Return on Capital Employed (RoCE). This approach may differ from the one taken by the Company (Shivalik) or its Bankers in the analysis in the Business section of the DRHP under discussion, hence both the numbers may not be comparable*
2. *Financials are reclassified as per CRISIL standards and hence may not be exactly comparable with the reported numbers by the respective companies*
3. *Financials for all players except Shivalik are for H1 of FY24 / CY 23 as applicable as balance sheet items are reported at 6 monthly frequencies*
4. *Financials for Shivalik Engineering are for Apr2023-Dec 2023, the same have been shared by the company with CRISIL with balance sheet items*
5. *The financial statements for Bharat Forge, Craftsman Automation, Endurance Technologies, Ramkrishna Forgings, GNA Axles, and CIE Automotive are consolidated.*
6. *CIE Automotive financial statements are Calendar Year (CY). For ex: CIE automotive financials are for CY 2023 in above table*
7. *EBITDA: Earnings before depreciation, interest, tax and amortization*
8. *PAT: Profit After Tax*
9. *Operating EBITDA margin = EBITDA/ operating income*
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12. *Gearing = adjusted total debt/adjusted net worth*
13. *RoE = Profit after Tax(PAT)/Tangible Net Worth*

9 Threats and Challenges

9.1 Demand Side Challenges

Economic Slowdown and Industrial Output Decline

- Impact on Sales and Production: The Automotive Industry and within it the commercial vehicles Industry are very closely linked to the performance of the Economy. Economic slowdowns result in reduced industrial activities and lower consumer spending, directly affecting commercial vehicle sales. When the economy contracts, businesses often delay or reduce investments in new commercial vehicles, leading to a drop in orders for automotive castings. The downturn in FY2020 saw a drastic 28.75% decline in commercial vehicle sales (SIAM), which translated to lower demand for cast parts. This contraction forced casting manufacturers to cut back on production, affecting their revenue streams and profitability.
- Profit Margins and Cash Flow: With lower sales volumes, manufacturers face squeezed profit margins due to fixed operational costs and reduced economies of scale. This squeeze is in turn passed on to component manufacturers, including casting players. Due to this, Cash flow issues can arise, impacting the ability to invest in new technologies or maintain existing equipment. Smaller players in the market may struggle to survive prolonged economic downturns.
- We have projected real GDP growth to be 6.8% for fiscal 2025. Any moderation to GDP growth may have an impact on Industrial output and investment and consequentially on the Automotive and auto-component Industry.

Above or below normal monsoons

Within the Economic spectrum, the Commercial vehicle Industry is very closely linked to the output of the Agricultural and manufacturing sectors. While the Agricultural sector has a direct dependence on the normalcy of monsoon, the manufacturing sector too, is indirectly impacted by monsoon performance both on demand as well as supply side across various sub-segments on manufacturing.

We have considered a normal monsoon scenario while forecasting the outlook for the Automotive Industry. If rains are not normal and there is a scenario like El Nino or La Nina impacting farm activities on the rural side, then that could impact farm related incomes as well as sentiments which in turn can affect the demand side factors for commercia vehicles and in turn for casting players.

Inherent cyclicity of Commercial vehicle dependent Industries

The demand for commercial vehicles is closely tied to economic growth. During periods of robust economic expansion, there is an increase in industrial output, infrastructure projects, and logistics activities, driving higher demand for commercial vehicles. Conversely, during economic slowdowns, demand plummets as businesses reduce capital expenditures and transportation needs decline. For instance, the CV industry has seen 3 business cycles in the past 2 decades :

- FY04 to FY09 (peak in FY08)
- FY 09 to FY15 (peak in FY12)
- FY15 to FY 21 (peak in FY19)
- FY21 to ongoing

It has been seen that there can a swing of more than 20-25% between the peaks and throughs of the business cycles of the CV Industry which in turn can makes business planning complicated for players involved in supply of components to the commercial vehicle Industry

9.2 Supply Side Challenges

Raw Material Availability and Cost

- Cost Management : Fluctuating prices of raw materials like iron and steel pose significant challenges to managing costs. A sudden spike in prices, such as the increase in iron ore prices, can erode profit margins and make it difficult to offer competitive pricing to customers. Casting manufacturers must either absorb these costs, reducing profitability, or pass them on to customers, potentially losing business to cheaper alternatives.
- Supply Chain Disruptions Volatile raw material prices can also lead to supply chain disruptions if suppliers are unable to secure consistent and affordable supplies. This inconsistency can result in production delays and missed deadlines, damaging relationships with OEMs and other key clients.

For instance, the outbreak of the Russia-Ukraine war sent the commodities market into a frenzy, as regions that sourced materials from these countries went into panic mode, with surge in input costs and finished product prices for steel products. The surge in export realizations sent domestic prices on a rally as well, thus impacting procurement prices for domestic consumption.

Furthermore, the conflict of Gaza and Israel could escalate further into the wider region, which produces about 35% of the world’s oil export and 14% of gas exports, which in turn can have a wider impact on commodity prices and inflation which can impact manufacturing costs

Skilled Labor Shortage

Skilled labor is one of the most important supply side aspects in the manufacturing sector. Training and retaining skilled workers in precision engineering Industry is a key driving factor for success of any segment of the Industry including Automotive castings.

Thus, inadequate availability of skilled labor can be one of the significant challenges impacting the automotive casting Industry in India. This shortage can span across various facets, from production to maintenance and innovation, ultimately affecting the industry's growth and global competitiveness.

- Nature of the Shortage: The automotive castings sector requires a workforce proficient in precision engineering, machining, and modern manufacturing technologies. The gap between demand and supply of such skilled labor is a monitorable for the success of the Industry going forward
- Educational and Training Gaps: The Indian education system and vocational training programs often lag in providing industry-relevant skills. Engineering graduates and technical diploma holders frequently lack hands-on experience with advanced machinery and technologies used in casting segment
- Attrition and Retention Issues: Skilled workers tend to migrate to sectors offering better compensation and working conditions, such as IT or international opportunities. The high attrition rates further exacerbate the skill shortage within the industrial sector.

- Demographic and Geographic Disparities: There can be a geographical mismatch in the availability of skilled labor. Industrial hubs may struggle to attract talent from regions with a higher concentration of educational institutions due to relocation issues and urban-rural divide.

Technological Obsolescence

Technological obsolescence refers to the phase-out of technologies as newer, more efficient, and advanced technologies emerge. In India's manufacturing sector, technological obsolescence can be a potential challenge, affecting competitiveness, productivity, and innovation capacity.

Traditional casting processes often involve manual labor and older machinery, which can result in longer production times and higher labor costs. In contrast, advanced automated casting systems and additive manufacturing technologies offer greater precision, speed, and efficiency. For example, while many global competitors have adopted automated robotic casting cells that enhance productivity and reduce human error, a considerable portion of the smaller Indian foundries (MSMEs) still rely on manual operations.

Furthermore, techniques such as computer-aided design (CAD) and computer-aided manufacturing (CAM) allow for the production of components with tight tolerances and consistent quality. Without these technologies, smaller Indian casting manufacturers may struggle to meet the stringent quality standards required by original equipment manufacturers (OEMs), particularly in export markets.

The adoption of advanced technologies requires substantial capital investment, which can be a significant barrier for small and medium-sized enterprises (SMEs) in the Indian casting industry. Upgrading to state-of-the-art equipment such as automated casting machines, 3D printing for molds, and advanced material handling systems involves high upfront costs that many SMEs cannot afford.

9.3 Policy and Regulatory Challenges

Changes in tax and duties regime

Changes in duties and tax structures present significant threats to the automotive casting industry, particularly for manufacturers of commercial vehicle parts. These changes can have multifaceted impacts on cost structures, supply chains, and overall competitiveness.

This threat is particularly significant due to India's evolving tax landscape and the government's periodic adjustments to import duties and other taxes.

For instance, the initial phase of GST implementation saw significant disruption. Many businesses faced challenges adapting to the new tax structure, leading to temporary slowdowns in the manufacturing value chain.

The Indian government periodically revises import duties on raw materials such as steel and aluminum, which are essential for casting manufacturing. Increased costs due to higher import duties are often difficult to pass on to customers, especially in a highly competitive market. This squeeze on profit margins forces manufacturers to absorb the additional costs, potentially reducing their financial health and capacity to invest in new technologies or expansion.

Hence, changes in duty and tax structures across the automotive casting value chain pose significant threats by increasing costs, complicating compliance, and creating market instability.

Environmental Regulations

Environmental regulations present a significant challenge for the Automotive castings Industry in India, impacting manufacturing processes, costs, and compliance requirements. These regulations aim to mitigate environmental degradation and ensure sustainable industrial practices, but they also introduce complexities for manufacturers such as

Stringent Emission Standards : India has implemented several stringent emission standards that directly affect industrial operations. For instance, the Ministry of Environment, Forest and Climate Change (MoEF&CC) has established norms for emissions from industrial plants, including those involved in automotive castings. Industries are required to adhere to standards for pollutants such as particulate matter, sulfur dioxide, and nitrogen oxides. Failure to comply with these regulations can result in heavy fines and even plant shutdowns. Central and State pollution control boards are generally the nodal agencies/enforcement agencies for compliance of the said norms.

Waste Management and Resource Utilization : Industries are also required to manage their waste effectively. The Hazardous Waste Management Rules mandate that industries properly handle, treat, and dispose of hazardous waste. This includes waste generated during the manufacturing of castings, which may contain lubricants and other harmful substances.

Energy Efficiency and Carbon Footprint Reduction : India's National Action Plan on Climate Change (NAPCC) includes missions focused on enhancing energy efficiency and reducing carbon footprints. The Perform Achieve and Trade (PAT) scheme, part of the National Mission for Enhanced Energy Efficiency (NMEEE), covers industries like steel that supply materials for automotive castings. The PAT scheme sets energy consumption targets and encourages industries to adopt energy-efficient technologies.

Compliance and adherence to all of these regulations (as well as a few others) often requires significant investments in new technologies and processes by the Industry, which if not undertaken in a timely manner can be a challenge for the Industry.

Adhoc changes in policies

A challenge that the industry is facing is frequent changes in policies which makes it difficult for auto industry stakeholders not only to ensure adherence but also commit investments. Overall policy stability and transparency will be required going forward to ensure smooth technology transition and localization in the country.

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" and "Risk Factors" on pages 22 and 35, respectively for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our Company's financial year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular fiscal year are to the 12 months ended March 31 of that particular year.

We have included in this Draft Red Herring Prospectus, the Pro Forma Consolidated Financial Information (to be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 430) as of and for the nine months period ended December 31, 2023 and as of and for the financial years March 31, 2023, March 31, 2022 and March 31, 2021, to demonstrate the results of operations and the financial position that would have resulted as if the Composite Scheme had taken place at the earliest of the periods presented in the Pro Forma Consolidated Financial Information (i.e., April 1, 2020). For further details, see "Pro Forma Consolidated Financial Information" and "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations and revaluation of assets, if any, in the last ten years", "Risk Factors - We may be unable to fully realize the anticipated benefits of recent amalgamation successfully or within our intended timeframe. If we experience delays or other problems in implementing our strategy of integrating our business model through the amalgamation, our growth, business, financial condition, results of operations and prospects may be adversely affected" and "Risk Factors – The Pro Forma Consolidated Financial Information included in this Draft Red Herring Prospectus to reflect the impact of the certain amalgamations is not indicative of our future financial condition or financial performance" on pages 410, 324, 51 and 59. Further, unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Pro Forma Consolidated Financial Information.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of market potential for industrial engineered components" dated June, 2024 (the "**CRISIL Report**") prepared and issued by CRISIL Market Intelligence and Analytics, pursuant to an engagement letter dated May 20, 2024. The CRISIL Report has been exclusively commissioned and paid for by us in connection with the Offer. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. A copy of the CRISIL Report shall be available on the website of our Company at https://shivalikengineering.com/investor/, in accordance with applicable laws. There are no parts, data or information (which may be relevant for the proposed issue), that have been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant Fiscal. For more information, see "Risk Factors – This Draft Red Herring Prospectus contains information from third parties, including an industry report prepared by an independent third-party research agency, CRISIL Market Intelligence and Analytics ("CRISIL"), which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer." on page 64. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation" on page 18.*

Overview

We are a prominent precision engineering company in India, with a primary focus on manufacturing casting components including high-quality metal components for use in, among others, the automotive, agriculture, railways and off-highway industries. (*Source: CRISIL Report*). We are predominantly a supplier of precision engineering components for commercial vehicles, tractors and off-highway vehicles, pipe fittings and rail components, with 297 SKUs as of December 31, 2023. Our offerings provide comprehensive end-to-end solutions to our customers, encompassing the entire value chain through our vertically integrated operations - from designing, precision engineering, melting, casting, and cleaning to value-added options such as machining, assembly and reverse engineering services.

We cater to leading brands in India such as Daimler India Commercial Vehicles Private Limited, Ashok Leyland Limited, AAM India Manufacturing Corporation Private Limited, Watson & Chalin India Private Limited (Hendrickson Commercial Vehicle Systems (India) and VE Commercial Vehicles Limited, and export to Accuride Corporation (U.S.A.) and Webb Wheel Products Inc. in the commercial vehicles segment. Our customers also include Mahindra and Mahindra Limited, International Tractors Limited and Escorts Kubota Limited in the tractor segment and DMW CNC Solutions India Private Limited, Shakti Precision Components (India) Private Limited, Precision Machine and Auto Components Private Limited and PMP Drive Systems India Private Limited in the off-highway vehicles segment and National Engineering Industries Limited in the railways segment. Further, we also supply to Star Pipe Products, Houston, Texas, U.S.A.

We commenced our operations in 2007, under the aegis of SPSPL (whose casting division, i.e., the Demerged Undertaking has been merged into our Company pursuant to the Composite Scheme), and opened our first facility in Chhattisgarh with an installed manufacturing capacity of 25,000 MT. We have expanded our capacity and currently operate three manufacturing facilities and are in the process of setting up our separate, consolidated machining unit in Chhattisgarh, with their total installed manufacturing capacity as at December 31, 2023 being 83,800 MT for engineering, melting, casting and cleaning and machining. Further, while we have expanded to overseas markets such as U.S.A. with offerings from our pipe fittings segment, we also aim to expand our automotive offerings overseas. To that effect, we are currently involved in the sample development and submission phase for our wheel hubs with a U.S.A. based company. We are also registered with the Indian Railways as a supplier for certain components, to their channel partners, who supply the finished products to the Indian Railways.

Our in-house design and engineering capabilities enable us to deliver a wide range of precision engineering components and solutions with a focus on quality and have allowed us to diversify our business in both the automotive and non-automotive sectors. Along with our manufacturing services, we further offer machining and assembly solutions for a diversified base of customers. In addition, we believe that we also add value to the business of our customers by offering reverse engineering solutions to support their design requirements. Our reverse engineering capabilities comprise deconstruction of sample products provided by our customers to develop products that meet their specific requirements.

Our offerings encompass various sectors such as commercial vehicles segment, including brake drums, wheel hubs, carriers, brackets, differential cases and covers, casings, as well as the tractor segment, including trumpets, transmission housings, gear box housings, clutch housings, front axle support, crank case and brackets. We have diversified our product portfolio to include steering axle and modular axle for off-highway segment, fitted backing rings, axles end caps, base plates covers and adapters, among other products for the railway segment, and pipe fittings for water work application. For details in relation to our offerings, see " – *Our Products*" on page 298. The finishing activities offered by us include fettling, machining, painting, assembly and packaging.

We are also one of the largest foundries and machine shops in India and produce a wide range of casting products with a production capacity of more than 8000 MT per month. (*Source: CRISIL Report*) Our manufacturing and machining infrastructure comprises of four strategically-located facilities (i.e., three manufacturing facilities and one machining facility) spread across Chhattisgarh. Our integrated manufacturing facilities are well-positioned to provide designing, engineering, melting, casting and cleaning services, as well as machining and assembly services. Our facilities are spread out across a total area of 115,484.78 sq. meters. The table below sets details of our installed manufacturing capacity and capacity utilisation, for the periods indicated:

Particulars	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
Installed manufacturing capacity (*in MT*)	83,800	83,800	83,800	83,800
Capacity utilisation (*in %*)	60.56*	69.47	52.20	36.04

As certified by Ahskar and Associates, Chartered Engineers, by way of their certificate dated June 28, 2024.
**Not annualised.*

We manufacture and supply a wide range of precision engineered casting products. (*Source: CRISIL Report*). The following table sets forth the revenue from operations with respect to automotive and non-automotive sectors for the periods indicated, based on our Pro Forma Consolidated Financial Information:

End-use industry	For the nine months period ended		Fiscal					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)
Automotive[(1)] (A)	4,596.29	88.19%	6,035.97	90.60%	3,481.75	86.10%	1,957.16	80.64%
Commercial vehicles [(2)]	3,066.87	58.84%	3,987.53	59.85%	2,315.81	57.27%	987.77	40.70%
Tractor	1,529.42	29.35%	2,048.44	30.75%	1,165.94	28.83%	969.39	39.94%
Non-automotive[(3)] (B)	389.73	7.48%	543.37	8.16%	463.58	11.46%	159.89	6.59%
Railway	146.79	2.82%	193.78	2.91%	123.60	3.06%	106.90	4.40%
Pipe fittings	242.94	4.66%	349.59	5.25%	339.98	8.40%	52.99	2.19%
Others (C)[(4)]	225.81	4.33%	82.80	1.24%	98.61	2.44%	309.84	12.77%
Total (A+B+C)	5,211.83	100.00%	6,662.14	100.00%	4,043.94	100.00%	2,426.89	100.00%

Notes:

(1) *Automotive includes commercial vehicles and tractors.*
(2) *Commercial vehicles include off-highway vehicles.*
(3) *Non-automotive includes railway and pipe fittings segment.*
(4) *Others includes revenue from scrap and other unallocable sales.*

The following table sets forth the revenue from operations with respect to automotive and non-automotive sectors for the periods indicated, based on our Restated Consolidated Financial Information:

End-use industry	For the nine months period ended		Fiscals					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)
Automotive[(1)] (A)	4,596.29	88.19%	4,415.30	80.17%	2,420.84	77.34%	1,403.32	74.39%
Commercial vehicles [(2)]	3,066.87	58.84%	2,921.29	53.05%	1,555.35	49.69%	653.16	34.62%
Tractor	1,529.42	29.35%	1,494.01	27.12%	865.49	27.65%	750.16	39.77%
Non-automotive[(3)] (B)	389.73	7.48%	86.86	1.58%	-	-	-	-
Railway	146.79	2.82%	54.86	1.00%	-	-	-	-
Pipe fittings	242.94	4.66%	32.00	0.58%	-	-	-	-
Others (C)[(4)]	225.81	4.33%	61.49	1.12%	28.90	0.92%	141.72	7.51%
Total (A+B+C)	5,211.83	100.00%	4,563.65	82.87%	2,449.74	78.26%	1,545.04	81.90%

Note: Does not include sales made to SAEPL and SPSPL, which in turn would fulfil the order for our customers, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, i.e., prior to the effect of the Composite Scheme.

(1) *Automotive includes commercial vehicles and tractors.*
(2) *Commercial vehicles include off-highway vehicles.*
(3) *Non-automotive includes railway and pipe fittings segment.*
(4) *Others includes revenue from scrap and other unallocable sales.*

We believe that the quality of our output and our service has contributed to our long-standing relationships with our customers, which we believe, has positioned us as a trusted supplier for several Indian and global OEMs. The following table sets forth our revenue contribution to our total revenue from operations, from customers, for the nine months period ended December 31, 2023, and for Fiscals 2023, 2022 and 2021, who have been associated with us for the periods as mentioned below, based on our Pro Forma Consolidated Financial Information:

Period of customer relationship	Number of customers	As of and for the			
		For the nine period months ended	Financial Years ended March 31,		
		December 31, 2023	2023	2022	2021
More than 10 years	5	44.09%	51.24%	44.48%	35.16%
More than 5 years, but less than 10 years	12	42.02%	37.79%	39.90%	48.02%
More than 3 years, but less than 5 years	3	3.67%	3.58%	2.84%	0.56%

The following table sets forth our revenue contribution to our total revenue from operations, from customers, for the nine months period ended December 31, 2023, and for Fiscals 2023, 2022 and 2021, who have been associated with us for the periods as mentioned below, based on our Restated Consolidated Financial Information:

Period of customer relationship	Number of customers	As of and for the			
		For the nine period months ended	Financial Years ended March 31,		
		December 31, 2023	2023	2022	2021
More than 10 years	5	44.09%	41.48%	29.77%	22.08%
More than 5 years, but less than 10 years	12	42.02%	34.37%	41.88%	39.25%
More than 3 years, but less than 5 years	3	3.67%	3.58%	3.24%	0.53%

The following table sets forth the revenue generated from our top customer, top three customers, top five customers and top ten customers for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	For the nine months period ended		Fiscal					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (*%*)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (*%*)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (*%*)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (*%*)
Top customer	1,105.46	21.21%	1,799.45	27.01%	931.74	23.04%	416.51	17.16%
Top three customers	2,648.83	50.82%	3,953.01	59.34%	2,018.70	49.92%	1,075.36	44.31%
Top five customers	3,327.20	63.84%	4,755.64	71.38%	2,644.36	65.39%	1,498.93	61.76%
Top ten customers	4,340.50	83.28%	5,822.16	87.39%	3,472.58	85.87%	1,973.24	81.31%

Notes:

1. *Our top customer, top three customers, top five customers and top 10 customers are based on the revenue contribution of the relevant customer in such period, as the case may be.*
2. *For the nine months period ended December 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality*
3. *For the Financial Year ended March 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality..*

The following table sets forth the revenue generated from our top customer, top three customers, top five customers and top ten customers for the periods indicated, based on our Restated Consolidated Financial Information:

Particulars	For the nine months period ended		Fiscals					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)
Top customer	1,105.46	21.21%	1,799.45	32.68%	931.74	29.77%	416.51	22.08%
Top three customers	2,648.83	50.82%	2,981.17	54.13%	1,855.23	59.27%	1,036.94	54.97%
Top five customers	3,327.20	63.84%	3,783.80	68.71%	2,291.01	73.19%	1,378.49	73.08%
Top ten customers	4,340.50	83.28%	4,765.68	86.54%	2,820.76	90.12%	1,739.85	92.23%

Notes:

1. *Includes sales made to SAEPL and SPSPL, which in turn would fulfil the order for our customers, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, i.e., prior to the effect of the Composite Scheme.*
2. *Our top customer, top three customers, top five customers and top 10 customers are based on the revenue contribution of the relevant customer in such period, as the case may be.*
3. *For the nine months period ended December 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*
4. *For the Financial Year ended March 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*

The table below sets out some of our financial and other metrics as at and for the nine months period ended December 31, 2023 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, based on our Pro Forma Consolidated Financial Information:

Particulars	As at and for the			
	Nine months period ended	Financial Years ended March 31,		
	December 31, 2023 (in ₹ million, except where specified otherwise)	2023 (in ₹ million, except where specified otherwise)	2022 (in ₹ million, except where specified otherwise)	2021 (in ₹ million, except where specified otherwise)
Revenue from Operations (*₹ in million*)	5,211.83	6,662.14	4,043.94	2,426.89
Growth in Revenue from Operations (%) # (1)	4.31%	64.74%	66.63%	NA
Operating EBITDA (*₹ in million*) (2)	1,026.87	864.78	391.72	303.06
Operating EBITDA Margin (%) # (3)	19.70%	12.98%	9.69%	12.49%
Net Profit for the year (*₹ in million*)	556.37	369.68	63.74	13.42
PAT Margin (%) # (4)	10.67%	556.35%	1.58%	0.55%
Return on Equity (%) # (5)	29.82%	26.21%	5.55%	1.25%
Return on Capital Employed (%) # (6)	33.43%	31.72%	12.23%	8.98%
Debt/Total Net Worth # (7)	0.51	0.79	1.26	1.47

Not annualized for December 31, 2023

Notes:

(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
(5) *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*
(6) *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
(7) *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

The table below sets out some of our financial and other metrics as at and for the nine months period ended December 31, 2023 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, based on our Restated Consolidated Financial Information:

Particulars	**As at and for the**			
	Nine months period ended	**Financial Years ended March 31,**		
	December 31, 2023	**2023**	**2022**	**2021**
Revenue from Operations (₹ *in million*)	5,211.83	5,507.08	3,130.05	1,886.48
Growth in Revenue from Operations (%) # (1)	26.18%	75.94%	65.92%	NA
Operating EBITDA (₹ *in million*) (2)	1,026.87	566.55	199.81	168.80
Operating EBITDA Margin (%) # (3)	19.70%	10.29%	6.38%	8.95%
Net Profit for the year (₹ *in million*)	556.35	260.53	40.76	10.27
PAT Margin (%) # (4)	10.67%	4.73%	1.30%	0.54%
Return on Equity (%) # (5)	29.82%	23.26%	6.96%	1.98%
Return on Capital Employed (%) # (6)	33.43%	21.42%	12.83%	10.42%
Debt/Total Net Worth # (7)	0.51	0.79	1.08	1.49

Not annualized for December 31, 2023

Notes:

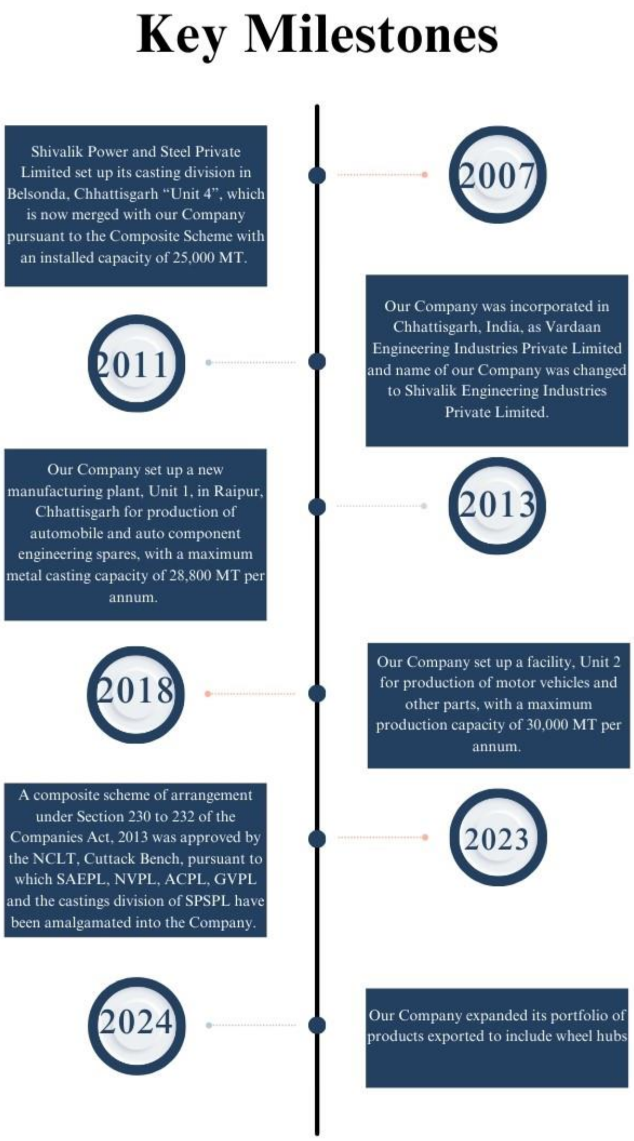
(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
(5) *Return on Equity has been calculated as profit after tax before other comprehensive income divided by average total equity.*
(6) *Return on Capital Employed has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
(7) *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

We have in place quality systems and processes which we believe, enable us to meet the rigorous and specific requirements of our customers within the stipulated timelines. Our facilities have received various quality and standard certifications including IATF 16949:2016, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, and are subject to regular customer audits. For further details regarding certifications of our facilities, see " – *Our Manufacturing Facilities and Warehouses*" on page 301.

Before we are selected as a supplier for an OEMs and their vendors, we undergo a selection process, failing which we would not be awarded any purchase orders. These tests cover, *inter alia*, facility assessment by customers along with process audits by our customers. The parts produced also undergo a testing process, before any purchase orders are awarded to us.

Our products for the railway segment, which are supplied to channel partners of Indian Railways such as National Engineering Industries Limited, which are subject to inspection by the Indian Railways.

We have received many awards over the years, including an award for outstanding contribution in supply chain management at the annual supplier conference organized by VE Commercial Vehicles, a Volvo Group and Eicher Motors joint venture and the best APQP Project Award – 2022 by Shakti Precision Components (I) Private Limited, among others.



We have a professional and experienced management team led by our distinguished board of directors. The senior members of our management team include our Promoter and Managing Director, Giriraj Singhania, Promoter and Joint Managing Director, Raghvendra Singhania, and our Whole-time Director Vinay Agrawal. We believe our experienced management team also enables us to compete for market opportunities, formulate and execute business strategies, manage customer expectations and proactively address changes in market conditions.

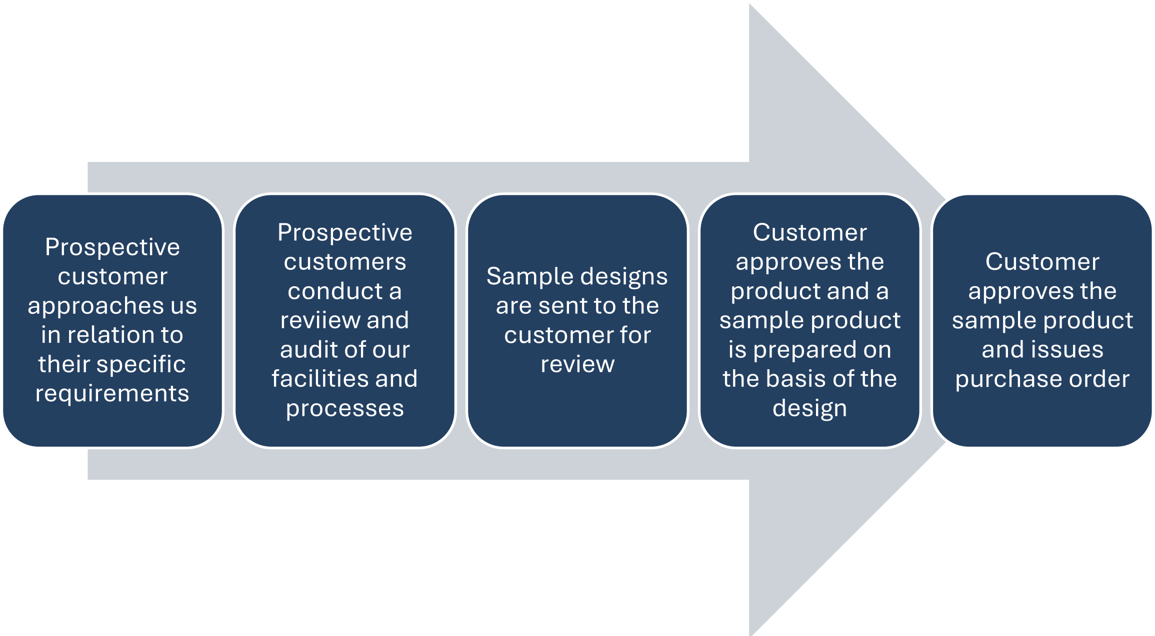
India is one of the fastest growing economies and by 2025, India is predicted to be the third largest auto component market in the world. Production of CVs in India is expected to increase at 2-4% CAGR between fiscals 2024 and 2029, with exports projected to grow at 5-7% CAGR in the same period. Further, the production of tractors in India, spanning from fiscal year 2024 to 2029, portrays a positive and steadily ascending trend of 6-8% CAGR over the 5-year period in India. The union budget 2024-25 has also allocated INR 751.4 billion for automobiles and auto components. (*Source: CRISIL Report*)

Our Competitive Strengths

Well-established player in a safety critical industry with high entry barriers

We are also one of the largest foundries and machine shops in India and produce a wide range of casting products with a production capacity of more than 8000 MT per month. (*Source: CRISIL Report*). We have the capability to develop and supply components in fully machined and assembled condition with component weights ranging from 10 kilogram to 150 kilograms in line with the requirements and specifications of our customers. We are also the single source of supply for critical parts to certain of our customers. The engineering processes required to manufacture such critical parts necessitates close coordination between component manufacturers and OEMs throughout the product development cycle from design to testing and validation to delivery. As a result, OEMs typically have an extensive and detailed vendor approval process and generally require longer periods to onboard new suppliers.

The capital-intensive nature of the industry that we operate in, and the competitive intensity are key entry barriers in this industry. (*Source: CRISIL Report*) We believe that the technical capability involved in product development and establishment, coupled with the strict supplier selection process by our customers, and dependence on technology, machinery and systems, the market may be difficult for new entrants to encroach upon, due to such high entry barriers.



Our customer onboarding process

We have a comprehensive portfolio of products and as of December 31, 2023 were supplying critical and precision engineering components to over 15 OEMs in India and overseas. Our engagement with certain of our customers commences at the early stages of the product life cycle right from the design stage, which we believe leads to higher customer stickiness. This has led to consistent growth in our revenue from operations, across the industries we cater to. For details of the revenue from operations generated by each of the key industries we cater to, see "*- Overview*" on page 284.

We believe that we enjoy several competitive advantages and capabilities, which, together with our experience in the manufacturing capabilities, gives us an edge in the industry we operate in. Some of these factors include our end-to-end manufacturing process, capable of designing, tool development and execution, and supplying parts to customers which can go directly to their assembly lines as per the delivery requirements of customers on just-in-time basis.

Diverse customer base with sustained, long-standing relationships

We believe we have built a diverse customer base with marquee clients over 14 years of our presence in the industry that we operate in. Our relationships with our customers has accelerated our growth. We focus on assisting customers meet their requirements, including in terms of cost, delivery, productivity, product reliability, quality and low time to market. We believe that this, together with our delivery standards and performance, has enabled us to acquire, service and deepen and lengthen our relationship with a diverse range of customers.

The table below sets out the number of years of relationship we have had with some of our key customers, and their contribution to our revenue from operations, as of December 31, 2023:

Name of the Customer	Number of Years of Relationship*
National Engineering Industries Limited	15
VE Commercial Vehicles Limited	14
Ashok Leyland Limited	11
Accuride Corporation Limited	9
International Tractors Limited	9
Escorts Kubota Limited	7
Mahindra & Mahindra Limited	7
Shakti Precision Components (India) Private Limited	7
Unimech Industries Private Limited	6
AAM India Manufacturing Corporation Private Limited	5
Daimler India Commercial Vehicles Private Limited	5
DMW CNC Solutions India Private Limited	4
Precision Machine and Auto Components Private Limited	4
Star Pipe Foundry India Private Limited	4
Star Pipe Products, Houston, Texas, U.S.A.	4
PMP Drive Systems India Private Limited	1
Watson & Chalin India Private Limited (Hendrickson Commercial Vehicle Systems (India))	1

** May include intermittent periods during which we did not receive any orders from these customers.*

Furthermore, we possess value addition and precision engineering capabilities. For instance, to fulfill a specific product requirement of one of our customers, we modified an existing wheel hub to act as a common hub for two products, improving the efficiency of the modified product. We collaborated with the customer through the design process to customize the product to their needs. Our customers also benefit from a fast turnaround time on account of our in house tooling capabilities.

We serve customers in both, the Indian and overseas markets. The table below sets out the details of our total revenue from operations from customers with geographical locations outside India, based on our Pro Forma Consolidated Financial Information:

Particulars	For the nine months period ended	Fiscal		
	December 31, 2023	2023	2022	2021
Revenue from operations (Overseas) (in ₹ million)	326.00	408.77	457.30	99.66
Revenue from operations (Overseas) (%)	6.25%	6.14%	11.31%	4.11%

The table below sets out the details of our total revenue from customers from geographical locations outside India, based on our Restated Consolidated Financial Information:

Particulars	For the nine months period ended	Fiscals		
	December 31, 2023	2023	2022	2021
Revenue from operations (Overseas) (in ₹ million)	326.00	126.66	130.80	50.39
Revenue from operations (Overseas) (%)	6.25%	2.30%	4.18%	2.67%

Offering precision engineering solutions with a comprehensive product portfolio

We are a leading prominent precision engineering company in India, with a primary focus on manufacturing casting components including high-quality metal components for use in, among others, the automotive, agriculture, railways and off-highway industries. We are also one of the largest foundries and machine shops in

India and produce a wide range of casting products with a production capacity of more than 8000 MT per month. (*Source: CRISIL Report*)

We manufacture critical parts for commercial vehicles and tractor segments, including brake drums, wheel hubs, carriers, brackets, differential cases, differential covers, casings and covers in the commercial vehicles segment and trumpets, transmission housings, gear box housings, clutch housings, front axle support, crank case and brackets in the tractor segment. We have diversified our product portfolio to include steering axle and modular axle for the off-highway segment, fitted backing rings, axles end caps, base plates covers and adapters, among other products for the railway segment, and pipe fittings for water work application. In addition, we possess machining and assembly capabilities. Further, we believe that we also add value to the business of our customers by offering reverse engineering solutions to support their design requirements and possess the capability to offer other value-added services.

Our business is driven by innovation and technology, and we believe in identifying, planning and addressing industry requirements by bringing new solutions to the market. We offer value-added products and reverse engineering services and provide products for our customers based on their requirements. For further details, please see " - *Overview*" on page 284.

As a manufacturing company, we continuously strive to achieve higher operational efficiencies and cost optimisation and develop long-standing relationships with our OEM customers and their vendors. Furthermore, our machining capabilities, automation of manufacturing processes, adherence to high standards of quality and consistency help in achieving operational efficiency and maintain our quality control and development parameters.

We are also setting up our separate machining unit, to consolidate our machining operations in one unit for operational efficiency. We believe that the consolidation of our machining facilities will enhance our capacity utilization and optimizing and increase our business share in the supply of machined parts to our customer, adding value to the components manufactured by us, enhancing our margins.

Integrated manufacturing capabilities which offer scale, flexibility and locational advantage with certified management systems

We own and operate three manufacturing facilities and are in the process of setting up our separate, consolidated machining unit in Chhattisgarh, which provide manufacturing, casting machining and assembly services. Our facilities have a total area of 115,484.78 sq. meters. The table below sets details of our installed capacity and capacity utilisation, for the periods indicated:

Particulars	For the nine months period ended	Fiscal		
	December 31, 2023	2023	2022	2021
Installed manufacturing capacity (*in MT*)	83,800	83,800	83,800	83,800
Capacity utilisation (*in %*)	60.56*	69.47	52.20	36.04

As certified by Ahskar and Associates, Chartered Engineers, by way of their certificate dated June 28, 2024.
**Not annualised.*

Our manufacturing facilities use specific raw materials, depending on the requirements of our customers, i.e., pig iron and steel scrap (including mild steel scrap). This requires us to maintain specialized teams, in addition to ensuring quality for our customers.

We operate on a purchase order basis. Our customers provide us with estimated order quantities on an annual and then monthly basis. The final orders received may fluctuate, based on the demand at that time. This helps us aim to keep our manufacturing lines operating at optimum levels, but not at full capacity, to account for larger orders that may come from time to time. We are also currently expanding and consolidating our machining activities in a single facility, thereby increasing the space available to expand our manufacturing lines in our existing facilities.

Our manufacturing facilities are located in close proximity to each other, which has benefitted us by optimizing our production and delivery solutions. We further operate five warehouses located in various locations all over the country. Certain warehouses only cater to specific customers, allowing us to cater to the needs of our largest customers and offering them faster delivery timelines. In addition, our facilities and warehouses are located at strategic locations, in proximity to key OEMs, enabling us to engage in greater customer interaction and respond quickly to their needs. For further details in relation to our manufacturing facilities and warehouses, see " – *Our Manufacturing Facilities and Warehouses – Location*".

Further, we intend to use the Net Proceeds for, among other things, expansion of existing manufacturing units. In furtherance of this, we intend to use ₹500.00 million of the Net Proceeds for expanding our installed manufacturing capacity of Unit 2 located in Bhilai, Chhattisgarh by setting up a flaskless horizontal line with a specific moulding box size of 700 X 600 X 160-260 mm. This will expand our total installed capacity from 83,800 MT to 101,800 MT. For further details, see "*Objects of the Offer*" on page 114.

Design capabilities with an emphasis on customer specifications as per quality standards

We have undertaken several initiatives, including engaging closely with our customers to develop products manufactured for specific systems, enabling our customers to capitalize on our end-to-end manufacturing capabilities.

We develop components and processes through our precision engineering and our in-house design and manufacturing capability and produce products in line with the specifications and requirements of our customers. Our precision engineering capabilities has enabled us to develop and deploy reverse engineered solutions, which help provide us with a competitive advantage in terms of quality, cost and delivery parameters. Our innovations enable us to offer superior quality products at an optimal cost. Such products are also pitched to our other customers to increase our wallet share from existing customers. Our design team is trained on software tools such as computer-aided design tools, which further enhance the design and development processes that we utilize.

We maintain consistent quality standards and our products undergo several checks during the course of production. All of our products are built to exact specifications as provided by our customers, and any deviation more than the acceptable standard would result in the particular piece being scrapped. During the nine months ended December 31, 2023 and the financial years ended March 31, 2023, 2022 and 2021, the percentage of products manufactured by us which were scrapped due to such deviation was 0.37%, 0.15%, 0.21% and 0.04%, respectively.

While we undergo an on-boarding process with several of our customers, we may so be subject to audits from them. For instance, Ashok Leyland Limited, one of our customers, conducts a detailed audit of our operations which includes manufacturing capability, problem solving capability, quality control capability, delivery performance, customer supplier management, design & development and management culture, among other things.

For further details, please see " – *Our Raw Materials and Suppliers – Quality Control and Assurance* " on page 305.

Experienced promoters and management team

Our Promoter and Managing Director, Giriraj Singhania is currently responsible for overseeing manufacturing operations, business development and customer relationship of our Company, and has more than 18 years of experience in the precision engineering and castings industry. Further, our Promoter and Joint Managing Director, Raghvendra Singhania is currently responsible for financial, human resource, customer and regulatory liaising and administration functions of our Company and has more than 20 years of experience in the precision engineering and castings industry.

We have a professional and experienced management team led by our distinguished board of directors. The senior members of our management team includes our Promoter and Managing Director, Giriraj Singhania, our Promoter Joint Managing Director, Raghvendra Singhania, and our Whole-time Director, Vinay Agrawal. Our leadership team is supported by a workforce of 1,206 full time employees as of December 31, 2023, supported by our team of contract workers, depending on the ongoing work. We also have a design and development team of 40 persons, and an in-house quality control system team of 115 persons. Further, our sales and marketing team has experience across the manufacturing and automotive industries.

Track record of consistent revenue growth and profitability

We have established a track of consistent revenue growth and profitability. Our revenue from operations, calculated on the basis of our Pro Forma Consolidated Financial Information, increased from ₹2,426.89 million in Fiscal 2021 to ₹6,662.14 million in Fiscal 2023 at a CAGR of 65.68% while our profit for the year, calculated on the basis of our Pro Forma Consolidated Financial Information, increased from ₹13.42 million in Fiscal 2021 to ₹369.68 million in Fiscal 2023 at a CAGR of 424.94%. Further, our total income, calculated on the basis of our Pro Forma Consolidated Financial Information, increased from ₹2,431.62 million in Fiscal 2021 to ₹6,681.15 million in Fiscal 2023. Our return on capital employed, calculated on the basis of our Pro Forma Consolidated Financial Information, has grown from 8.98% in Fiscal 2021 to 31.72% in Fiscal 2023.

Our revenue from operations, calculated on the basis of our Restated Consolidated Financial Information, increased from ₹1,886.48 million in Fiscal 2021 to ₹5,507.08 million in Fiscal 2023 at a CAGR of 70.86% while our restated profit for the year, calculated on the basis of our Restated Consolidated Financial Information, increased from ₹10.27 million in Fiscal 2021 to ₹260.53 million in Fiscal 2023 at a CAGR of 403.66%. Further, our total income, calculated on the basis of our Restated Consolidated Financial Information, increased from ₹1,888.94 million in Fiscal 2021 to ₹5,523.43 million in Fiscal 2023. Our return on capital employed, calculated on the basis of our Restated Consolidated Financial Information, has grown from 10.42% in Fiscal 2021 to 21.42% in Fiscal 2023.

We believe that our continued focus on efficiency, productivity improvements and cost rationalisation have enabled us to keep our operating costs under control and improve our margins.

For information in relation to our financial performance and a comparison with our listed peers, see "*Basis for Offer Price*" on page 129.

Our Strategies

Maintain focus on quality in the products supplied and continue to focus on increasing process design capabilities and engineering to develop innovative solutions, as well as improve manufacturing efficiencies and product portfolio

Our business is driven by innovation and technology, and we aim to identify, plan for and address industry disruptions by bringing new solutions to the market by utilizing our reverse engineering capabilities to provide specialised solutions to our customers. Our design team are trained on software tools like Solidworks, which further enhance the design and development processes that we utilize, and we ensure that they are updated on the latest technologies and trends in the market.

Ongoing product development using our design and engineering capabilities remains a core focus area for our Company, and we aim to continue this in the future. We regularly work with OEMs to develop customised products for them. We believe that this enables us to increase wallet share, while simultaneously enabling us to diversify our product basket, offering OEMs with newer solutions for their existing products.

We focus on continuous development and improvement of our manufacturing processes and quality control parameters. As a manufacturing company, we continue to strive to achieve higher operational efficiencies and cost optimisation, developing long-standing relationships with our OEM customers. Furthermore, our machining capabilities, automation of manufacturing processes, adherence to high standards of quality and consistency help in achieving operational efficiency.

Increase our wallet share and acquire new business by leveraging existing OEM relationships and adding new customers

India is one of the fastest growing economies and by 2025, India is predicted to be the third largest auto component market in the world. Production of CVs in India is expected to increase at 2-4% CAGR between fiscals 2024 and 2029, with exports projected to grow at 5-7% CAGR in the same period. Further, the production of tractors in India, spanning from fiscal year 2024 to 2029, portrays a positive and steadily ascending trend of 6-8% CAGR over the 5-year period in India. Further, the casting industry is growing due to the government's implementation of strict emission regulations. The production of pollution control systems, which reduce vehicle emissions, relies heavily on iron castings for components. (*Source: CRISIL Report*)

We intend to continue to expand our customer base by leveraging our relationship with our existing customers in India and globally, while simultaneously pursuing opportunities to develop new relationships. We aim to continue to maintain our track-record of repeat orders from our existing customers as well as expand and strengthen our relationships as part of our organic growth efforts. We intend to focus on leveraging our relationships with our customers to improve our existing products and also increase the number of products that we currently manufacture for each customer. For instance, we initially started developing and manufacturing one of products, a carrier, for one of our customers, and then to our other customers who approached us for the supply of carriers based on our quality and outreach initiatives. We intend to diversify and expand our business operations in accordance with the evolving needs of our customers and intend to leverage our longstanding relationship with such market players allows us to leverage industry tailwinds in the automotive and non-automotive sectors.

We will capitalise on the current set of customers consolidating their supplier bases to capture greater total value each of our customers. In order to achieve this, we intend to actively manage our key customer accounts to increase customer interaction, collaborate with our customers in the early stages of product development and help them optimise their supply chains by managing their lower tier suppliers. We intend to continue to focus on becoming a comprehensive engineering solutions provider for our customers. We will continue to invest in innovation, automation, modern technology, and equipment to continually improve our products and capitalise on changing customer preferences. We have recently expanded our portfolio of exported products to include wheel hubs as well, and have entered into a relationship with Webb Wheel Products, Inc. for supply of wheel hubs. aim to keep growing our revenue generated from exports intend to continue to focus on sales in international markets. We also intend to grow our sales within the existing geographies where our customers are present.

While we currently supply pipe fittings and commercial vehicle components to our customers overseas, we are actively engaged in expanding our other offerings overseas. We also intend to target new business from global customers who were earlier importing from China, as well as new business from the global counterparts of our existing customers. Apart from catering to automotive demand from these countries, we plan to cater to the demand of products that have applications in industries such as railways, water works and off-highway applications and further expand into the passenger vehicle segment.

Reduce our operating costs and our carbon footprint

Adequate and cost-effective supply of power, fuel and water is critical to our manufacturing process. Our power costs are our biggest expense outside of our costs of materials consumed. In the nine months ended December 31, 2023, our power and fuel costs as a percentage of our total expense was 8.32%. As of December 31, 2023, we depended entirely on the power grid set up by the state electricity board for the supply of electricity, with average electricity consumption amounting to 51,08,455 units per month at an average cost of ₹5.85 per unit. For further details in relation to our operating expenses arising out of our power and fuel costs, see " – *Business Operations – Utilities*" on page 306. We intend to further reduce and actively manage our power and fuel costs.

We propose to utilize ₹1,792.40 million of the Net Proceeds for setting up a new captive solar power plant in Mouza Village Katalbod, Chhattisgarh ("**Solar Plant**"). The Solar Plant is being set by the Company with the objective of reducing the cost of procurement of power and optimise resources. It will also benefit our Company by reducing our dependence on the state electricity grid and significantly reduce our costs. Moreover, the transition to utilizing solar energy aligns with global sustainability trends and will further help us reduce our carbon footprint, in line with our goals of sourcing green energy, and further strengthen the position of our Company and our brand with environmentally conscious customers.

As per the Detailed Project Report, the estimated generation cost per unit for the Solar Plant will be ₹1.69 per unit, resulting in a net savings of approximately ₹4.16 per unit. The significant reduction in electricity costs will lower our overall expenses and increase our profit margins. We believe that the reduction in costs will provide a long-term cost advantage, allowing us to operate more efficiently. We intend to offer more competitive pricing for our products in the market, potentially increasing our market share and customer base.

This will also aid in our endeavour to expand our products to certain overseas markets, as products manufactured with green energy are not subjected to green taxes in Europe.

For further details, see "*Objects of the Offer*" on page 114.

Increase geographical footprint and leverage export opportunities to enter new markets

There is an increasing focus on India as a manufacturing hub, including for automobile components, which increases export opportunities for us. India's economy is expected to grow at 6.8% in fiscal 2025 and sales of commercial vehicles to grow at a CAGR of 3-5% between fiscals 2024 and 2029 aided by healthy industrial growth, focus on infrastructure and higher mining production. Exports are projected to grow at 5-7% CAGR between the fiscal periods 2024 to 2029, in the Indian CV segment. (*Source: CRISIL Report*)

We intend to focus on exports as well as our domestic sales. The table below sets forth our revenue from India and from overseas for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	**For the nine months period ended**		**Fiscal**					
	December 31, 2023		**2023**		**2022**		**2021**	
	Amount (*₹ million*)	**Percentage of Total Revenue from Operations *(%)***	**Amount (*₹ million*)**	**Percentage of Total Revenue from Operations *(%)***	**Amount (*₹ million*)**	**Percentage of Total Revenue from Operations *(%)***	**Amount (*₹ million*)**	**Percentage of Total Revenue from Operations *(%)***
Revenue from operations (India)	4,885.83	93.75%	6,253.37	93.86%	3,586.64	88.69%	2,327.23	95.89%
Revenue from operations (Overseas)	326.00	6.25%	408.77	6.14%	457.30	11.31%	99.66	4.11%

The table below sets forth our revenue from India and from overseas for the periods indicated, based on our Restated Consolidated Financial Information:

Particulars	**For the nine months period ended**		**Fiscals**					
	December 31, 2023		**2023**		**2022**		**2021**	
	Amount (*₹ million*)	Percentage of Total Revenue from Operations *(%)*	Amount (*₹ million*)	Percentage of Total Revenue from Operations *(%)*	Amount (*₹ million*)	Percentage of Total Revenue from Operations *(%)*	Amount (*₹ million*)	Percentage of Total Revenue from Operations *(%)*
Revenue from operations (India)	4,885.83	93.75%	5,380.42	97.70%	2,999.25	95.82%	1,836.10	97.33%
Revenue from operations (Overseas)	326.00	6.25%	126.66	2.30%	130.80	4.18%	50.39	2.67%

We export components like pipe fittings used for water work application to our customers in the U.S.A., we seek to expand the market for our products particularly in markets where we can extract higher margins such as the markets in Europe. We intend to focus on consolidating our market share in India, while increasing our global presence across our existing portfolio of products in the automobile segment.

Business Operations

We manufacture and supply a wide range of high precision machined components that are critical for engine, transmission suspension, braking and chassis, among other things, for commercial vehicles in the automotive sector We also manufacture and supply a wide range of precision components for the non-automotive sector, particularly for the railways segment. We also started our pipe fittings segment in 2020. The table below sets forth a breakdown of certain segments of our revenue from operations, for the periods indicated, based on our Pro Forma Consolidated Financial Information:

End-use industry	**For the nine months period ended**		**Fiscal**					
	December 31, 2023		**2023**		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**

Automotive[1] (A)	4,596.29	88.19%	6,035.97	90.60%	3,481.75	86.10%	1,957.16	80.64%
Non-automotive[2] (B)	389.73	7.48%	543.37	8.16%	463.58	11.46%	159.89	6.59%
Others[3] (C)	225.81	4.33%	82.80	1.24%	98.61	2.44%	309.84	12.77%
Total (A+B+C)	5,211.83	100.00%	6,662.14	100.00%	4,043.94	100.00%	2,426.89	100.00%

Notes:

(1) *Automotive includes commercial vehicles and tractors.*
(2) *Non-automotive includes railways and pipe fittings.*
(3) *Others includes revenue from scrap and unallocable sales.*

The table below sets forth a breakdown of certain segments of our revenue from operations for the periods indicated, based on our Restated Consolidated Financial Information:

End-use industry	**For the nine months period ended**		**Fiscals**					
	December 31, 2023		**2023**		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (%)**
Automotive[1] (A)	4,596.29	88.19%	4,415.30	80.17%	2,420.84	77.34%	1,403.32	74.39%
Non-automotive[2] (B)	389.73	7.48%	86.86	1.58%	-	-	-	-
Others[3] (C)	225.81	4.33%	61.49	1.12%	28.90	0.92%	141.72	7.51%
Total (A+B+C)	5,211.83	100.00%	4,563.65	82.87%	2,449.74	78.26%	1,545.04	81.90%

Note: Does not include sales made to SAEPL and SPSPL, which in turn would fulfil the order for our customers, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, i.e., prior to the effect of the Composite Scheme.

Notes:
(1) *Automotive includes commercial vehicles and tractors.*
(2) *Non-automotive includes railways and pipe fittings segment.*
(3) *Others includes revenue from scrap and unallocable sales.*

To enhance our market share among customers, we usually initiate new customer relationships by introducing one or a few products. This serves as a way to showcase the quality and efficiency of our products. Subsequently, we aim to reinforce these relationships by diversifying our product offerings, leading to overall business expansion. The products that we manufacture for various end-use industries in the automotive and non-automotive sectors, are as follows:

End-Use Industry	**Products Manufactured and Supplied**
Automotive sector	
Commercial vehicles	Brake drums, wheel hubs, brackets, carriers, differential cases and covers,
Tractors	Gear box housings, transmission housings, trumpet housings, crankcase, clutch housings, brackets, engine supports
Off-highway vehicles	Steering axles, housings
Non-automotive sector	
Railways	Fitted backing rings, adaptors, rib plates, covers
Pipe sector	Pipe fittings

Brake drums and wheel hubs contributed to 48.64% of our revenue from operations, calculated on the basis of our Pro Forma Consolidated Financial Information, and 48.64% of our revenue from operations, calculated on the basis of our Restated Consolidated Financial Information as of December 31, 2023.

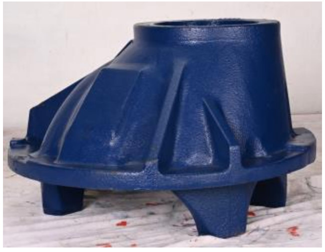
Our Products

Automotive Sector

Commercial Vehicles

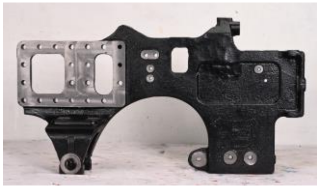
Brake Drums: Brake drums are generally made of a special type of cast iron that is heat-conductive and wear-resistant. It rotates with the wheel and axle and are an essential component of drum brakes. Together with the brake shoe, a brake drum forms a friction pair, which decelerates the rotation of the wheel.

Wheel Hubs: A wheel hub assembly is an automotive part used in most vehicles. It is located between the brake drums or discs and the drive axle.



Carriers: The differential carrier provides a mounting place for the pinion gear, the differential case, and other differential components. The differential housing is a critical element in the vehicle's drivetrain, whose objective is to house differential gear assemblies and take torques coming from those gears.

Nodo and ATS Brackets: This is a bracket assembly used in chassis front frame and has been designed as a framework to support engine along with transmission member.



Cases and Covers: A case sits between the axles in the front or rear of a vehicle. Case assembly transfers an engine's torque to the wheels, splitting the power to enable them to spin at different speeds (rounds per minute).

Tractors

Trumpets: It is a part of the transmission drive.

Transmission Housings: It houses the transmission system responsible for transferring power from the engine to the wheels and provides guard to ensure smooth gear shifting and optimal vehicle performance.

Gear Box Housings: The gear housing is a mechanical housing that surrounds the mechanical components of a gear box. It provides mechanical support for the moving components.

Front Axle Supports: Tractor component offers support to front axles. It carries the loads coming out from the engine which is vertically downwards and to give support to the engine.

Off-Highway Vehicles

Steering Axles: On steering axles, the axle beam and steering knuckle are connected via steering pins with thrust bearings. Pivots at the hub to allow the wheel to follow the travel of the vehicle. A steering axle is capable of being steered but need not always be connected to a steering wheel.

King Posts: This is a part of the steering mechanism of the vehicle.

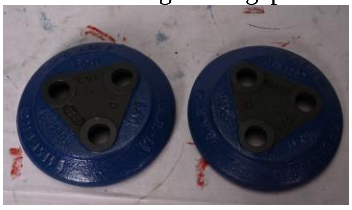
Non-Automotive Sector

Railways

Rib Base Plates: These are used for improved distribution of wheel load, reduction of rail corrugation fatigue, damages and vibration decoupling of the rail from the substructure. The basic function of base plates is to take up and distribute the dynamic forces coming from the rail bottom, giving added stiffness to the whole track structure.

Fitted Backing Rings: Backup ring is a rigid ring that holds a seal or plastic connection in the correct place. Backing rings are used to help stop O ring migration, and they achieve this in both static and dynamic fluid power applications as the pressure cycles occur, preventing the extrusion of an O ring in the gap.

End Cap Covers: These covers help secure the Din Rails.



Adaptors: Adapters for train couplers allow different types of coupler heads to be connected on the front sides of the vehicles. It compensates for a vertical offset between vehicles with different ride heights.

<u>Pipes</u>

Ductile iron pipes are used for raw and clear water transmission. Fittings attach one pipe to another in order to lengthen the run or change the flow direction. They are used to connect straight sections of pipe or tube, adapt to different sizes or shapes, and for other purposes such as regulating (or measuring) fluid flow.

Our Manufacturing Facilities and Warehouses

We operate three manufacturing facilities and are in the process of setting up our separate, consolidated machining unit in Chhattisgarh, India, spread out across a total area of 115,484.78 sq. meters, as described below:

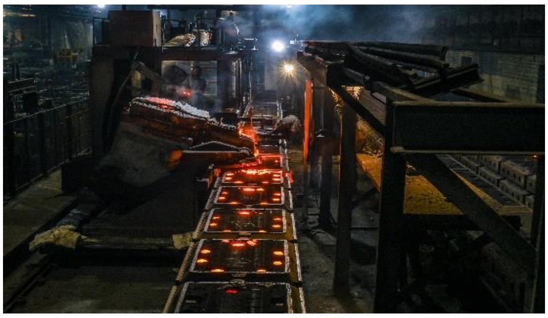
Sr. No.	Particulars and Address	Total Plot Area	Total Covered Area	Whether owned or leased	Purpose
1.	Plot No. 8, Heavy Industrial Area, Hathkhoj, Bhilai, District Durg, Chhattisgarh - 490 026, India (“Unit-I”)	20,277.78 sq. meters	10,169.92 sq. meters	Leased	Manufacturing unit
2.	Plot No. 14, 15, 16 Engineering Park, Heavy Industrial Area, Hathkhoj, Bhilai, District Durg, Chhattisgarh - 490 026, India (“Unit-II”)	19,926 sq. meters	5,638.11 sq. meters	Leased	Manufacturing unit
3.	Plot No. 2A, 3, 4- Engineering Park, Heavy Industrial Area, Hathkhoj, Bhilai District Durg, Chhattisgarh - 490 026, India (“Unit-III”)	19,791 sq. meters	10,461.74 sq. meters	Leased	Machining unit
4.	Murhena Road, Village Belsonda, District Mahasamund, Chhattisgarh - 493 445, India (“Unit-IV”)	55,490 sq. meters	8,298.00 sq. meters	Owned	Manufacturing unit

We further operate five warehouses located in various locations all over the country. Certain warehouses only cater to specific customers, allowing us to cater to the needs of our largest customers and offering them faster delivery timelines. Our warehouses are located as below:

Sr. No.	Particulars	Address	Whether owned or leased
1.	Warehouse 1	Gullarbhoj Road, Dineshpur, Gadarpur, Pantnagar, - 263160, Uttarakhand, India	Leased
2.	Warehouse 2	Khasara No. 2086/862, Near Bahala Toll Plaza, Delhi Alwar Road, Village: Bahala Tehsil - Ramgarh, Dist. Alwar – 301030, Rajasthan, India	Leased
3.	Warehouse 3	No. 35B, 2nd Cross, 2nd Phase, Aperal Park, KIADB Ind. Area, Arahalli, Guddadahalli, Doddalballapur – 561203, Karnataka, India	Leased
4.	Warehouse 4	Plot No. 39/40, Sector 1, Pitampur, District – Dhar, Madhya Pradesh, India	Leased
5.	Warehouse 5	B-15 Industrial Estate, Industrial Area, Adityapur, Village – Asangi, Dist. Seraikela - Kharsawa, Jharkhand, India	Leased

Our manufacturing facilities are equipped with modern equipment and have in-house quality testing spaces, considering the precision engineering products manufactured by us. These facilities include and house our foundry, sand plant, moulding casts and assembly lines among other things. For more details in relation to our manufacturing process, see " – *Manufacturing Processes*" on page 304.

Set out below are some images of our manufacturing facilities:



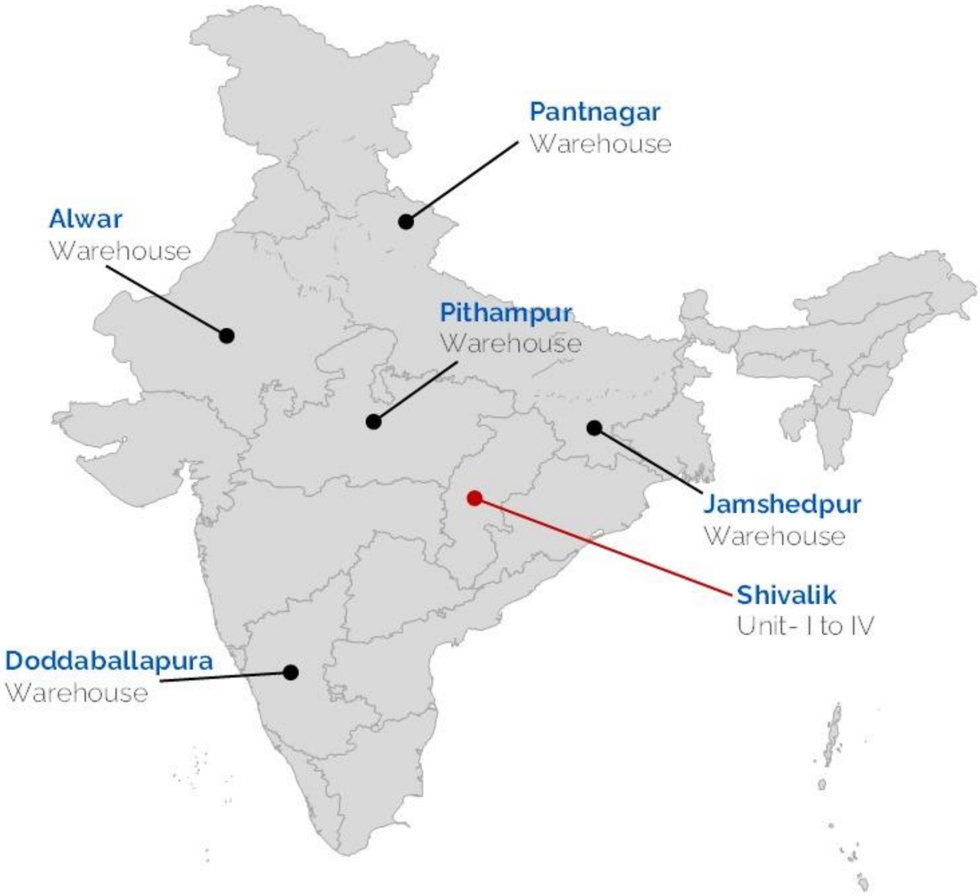
Below is a list of certifications held by certain of our manufacturing facilities:

Manufacturing Facility	Certification	Certifying Body
Unit-I	IATF 16949:2016	BSI
	ISO 14K-2015	BSI
	ISO 9K-2015	BSI
	ISO 45K-2018	BSI
Unit-II	1SO 9K-2015	BSI
	IATF 16949:2016	BSI
Unit-IV	IATF 16949:2016	BSI
	ISO 9K-2015	BSI

Location

All of our manufacturing and machining facilities are located in Chhattisgarh, India, and are within about 80 kilometers of each other. Their location grants various advantages, *inter alia*, proximity to production hubs of our primary raw material, being pig iron and steel scrap (including mild steel scrap), and proximity to various of our customers, thereby allowing us to offer just-in-time deliveries.

We further operate five warehouses located in Alwar, Rajasthan; Doddaballapura, Karnataka; Jamshedpur, Jharkhand; Pantnagar, Uttarakhand; and Pitampura, Madhya Pradesh, respectively. Certain warehouses only cater to specific customers, allowing us to cater to the needs of our largest customers and offering them faster delivery timelines.



Note: Map not to scale.

Capacity Utilisation

The tables below set forth the installed capacity and capacity utilisation for each manufacturing facility for the periods indicated:

Products manufactured	**Installed manufacturing capacity (*in MT*)**	**For the nine period months ended December 31, 2023**		**Fiscal**					
				2023		**2022**		**2021**	
		Actual production (*in MT*)	**Capacity utilisation (*%*)***	**Actual production (*in MT*)**	**Capacity utilisation (*%*)***	**Actual production (*in MT*)**	**Capacity utilisation (*%*)***	**Actual production (*in MT*)**	**Capacity utilisation (*%*)***
EIL-I									
Auto components i.e., gear box, etc of vehicles	28,800.00	21,343.00	74.11%	26,728.65	92.81%	19,708.92	68.43%	17,203.29	59.73%
SEIL-II									
Auto parts of vehicle i.e., gear box, etc.	30,000.00	16,723.00	55.74%	18,987.11	63.29%	12,205.18	40.68%	4,387.88	14.63%
SEIL-IV									
Auto parts of vehicle i.e., gear box, etc.	25,000.00	12,684.00	50.74%	12,498.62	49.99%	11,832	47.33%	8,612.89	34.45%

As certified by Ahskar and Associates, Chartered Engineers, by way of their certificate dated June 28, 2024.
**Not annualized.*

Notes:

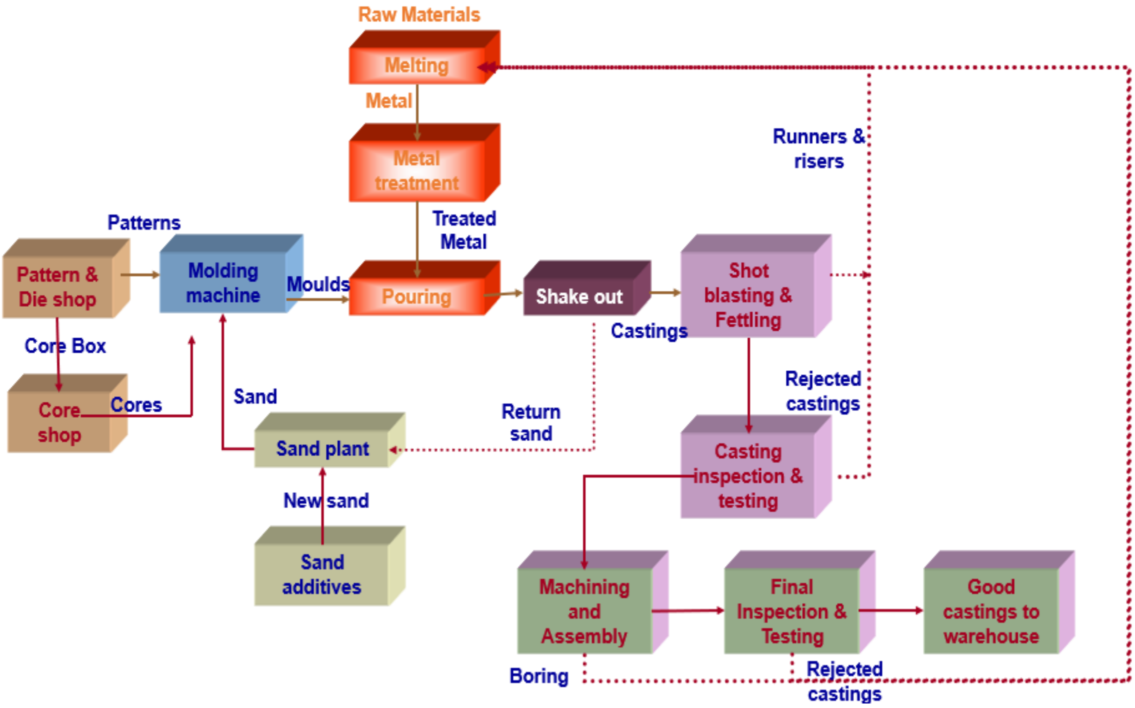
(1) The information relating to the installed capacity as of the dates included above are based on various assumptions and estimates that have been considered for calculation of the installed capacity. These assumptions and estimates include the standard capacity calculation practices of companies in the same industry, and after examining the calculations and explanations provided by the Company and other ancillary equipment installed at the facilities. The assumptions and estimates considered include the following: (i) Number of working days in a year – 307; (ii) Number days in a month - 26; (iii) Number of shifts in a day: 3; (iv) Number of hours: 8 per shift (v) Schedule preventive maintenance days: 2

(2) The information relating to the actual production as of the dates included above are based on the examination of the internal production records provided by the Company, explanations provided by the Company, the period during which the Facilities operate in a year, expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies.

(3) Capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of the relevant manufacturing facility as of and at the end of the relevant period.

Manufacturing Processes

The manufacturing processes involved in the production of some key products is described below:



Raw Materials and Suppliers

Raw Materials

Our primary raw material is pig iron and steel scrap (including mild steel scrap). We procure raw materials from our suppliers based on purchase orders and we do not have any purchase agreements or firm commitments with them. The raw materials are only sourced from suppliers from our approved vendors list. Raw materials are inspected based on specifications and parameters, as directed by our quality plans indicated in our quality manuals and quality checks are performed in line with the work instructions established, before accepting the materials for usage in our production line. The quality of the raw materials, together with our strong supply chain, ensures a steady supply. We have not faced any shortages for our raw materials in the nine months ended December 31, 2023 and in the Financial Years ended 2023, 2022 and 2021. The table below sets forth our cost of materials consumed as a percentage of our revenue from operations for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	For the nine months period ended	Fiscal

	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	**Percentage of Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (*%*)**
Cost of materials consumed	2,449.57	47.00%	3,525.72	52.92%	2,151.30	53.20%	1,290.02	53.15%

The table below sets forth our cost of materials consumed as a percentage of our revenue from operations for the periods indicated, based on our Restated Consolidated Financial Information:

Particulars	**For the nine months period ended**		**Fiscals**					
	December 31, 2023		**2023**		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Revenue from Operations (*%*)**
Cost of materials consumed	2,449.57	47.00%	3,576.66	64.95%	2,132.29	68.12%	1,164.08	61.71%

Our Suppliers

We depend on third-party suppliers for our raw materials, on a purchase order basis. We have long-standing partnerships with various suppliers to secure a consistent flow of steel scrap and other raw materials. We also maintain multiple supply sources for each major raw material to obtain competitive pricing. Given the abundant supplier options in the market for our crucial raw materials, we do not foresee any challenges in finding alternative sources if required. Our top 10 suppliers, for the nine-month period ended December 31, 2023 did not contribute to 50% or more of our raw materials procured.

Our vendor selection process includes quality assessments and product performance assessment done, before inducting the supplier in our database. The raw materials are only sourced from suppliers from our approved vendors list.

Except as disclosed in "*Our Management – Interests of Directors*" and "*Our Promoter and Promoter Group - Interests of Promoters and Related Party Transactions*" on pages 333 and 351, respectively, there is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations of our Company) and our Promoters, members of our Promoter Group, Directors, Key Managerial Personnel, Group Companies and their directors.

Quality Control and Assurance

One of our key objectives is to make our products the preferred choice of our customers, and we are dedicated to ensuring their satisfaction. To uphold quality standards and adhere to our customers' design specifications, we implement a rigorous quality control system. Our robust quality control systems are formulated on the principles of and are guided by *inter alia*, IATF 16949:2016, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

The scope of our quality management systems includes oversight of all our activities such as melting, molding, sand plant and casting operations.

We use various machines to keep our quality testing techniques up-to-date with the requirements of our customers.

Set forth below are some of the machines used by us for this purpose:

Coordinate Measuring Machine: It is a tool used for dimensional inspection of our products to ensure that castings meet the precise specifications required for optimum functionality.

Contour Equipment: This is used to take precise measurements and analyse the products surface profile for irregularities such as roughness and tolerance, and ensures that defective castings do not reach the assembly line.

Optical Brinell Hardness Tester: This is a tool used to determine the quality of the cast iron in the product, to ensure that the product remains within the parameters of hardness.

Sales and Marketing

Our sales and marketing team consists of 21 persons and is dedicated to crafting and executing a business development strategy that can be tailored to all markets, years and they have knowledge of the requirements of the automotive and non-automotive sectors (which we operate in). We also aim to establish both local and global partnerships with OEMs and their vendors to sustain profitable growth. Specifically, our focus lies in strategically aligning ourselves with customers to foster enduring relationships. To achieve this, our sales and marketing team collaborates closely with our design team to grasp the technical requirements of the customer. The level of involvement varies depending on the customer's needs, ranging from the initial design of critical engineering solutions to proposing unique features and specifications for enhancing the existing design. Through this process, we bolster our engagement with customers during the business development phase, ultimately strengthening our customer relationships.

We also have regional customer representatives located near the facilities operated by our customers, to take care of their specific requirements.

Utilities

We consume a substantial amount of power and fuel for our business operations. Adequate and cost-effective supply of electrical power and fuel is critical to our manufacturing facilities. We rely on the state electricity boards through a power grid for the supply of electricity and utilise diesel generators to ensure that our facilities are operational during power failures or other emergencies. The table below sets forth details relating to our power and fuel costs as a percentage of our total expenses for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	**For the nine months period ended**		**Fiscals**					
	December 31, 2023		**2023**		**2022**		**2021**	
	Amount (*in ₹ million*)	**Percentage of Total Expenses (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (*%*)**	**Amount (*in ₹ million*)**	**Percentage of Total Revenue from Operations (*%*)**
Power and fuel	369.16	8.32%	401.78	6.55%	360.37	9.06%	226.87	9.43%

The table below sets forth details relating to our power and fuel costs as a percentage of our total expenses for the periods indicated, based on our Restated Consolidated Financial Information:

Particulars	For the nine months period ended		Fiscals					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Expenses (*%*)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (*%*)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (*%*)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (*%*)
Power and fuel	369.16	8.32%	240.93	4.69%	171.21	5.35%	129.58	6.93%

We intend to utilize a portion of the proceeds from the Offer for funding capital expenditure of our Company to set up a captive solar power plant. For further details, see " – *Our Strategies - Reduce our operating costs and our carbon footprint*" on page 296.

Transportation and Storage

The mode of transportation for a particular shipment is dependent on the urgency, size and value of the order. We typically ship finished goods to our customers by road within their delivery schedules. While some customer may choose to handle the delivery logistics at their end, for other customers the delivery cost is included in the total price we charge for components supplied.

We engage third party logistics providers for our transportation and warehousing needs and typically enter into agreements with them for a period of one to two years. The transporter is liable for any damages to the products of the Company during transit.

While we enter into agreements with third-parties for our warehousing requirements, we have also rented and operate five warehouses in various locations all over the country, which are situated closed to some of our larger customers, and therefore enable us to ensure timely deliveries to our customers.

Amalgamation of our Operations

To consolidate, synergize the operation and holding of, and create a strong financial base for the castings and engineering products, and automobile and ancillary components business, the entire undertakings of Shivalik Auto Engineering Private Limited, Neelkamal Vanijya Private Limited, Adopt Commotrade Private Limited and Goldmoon Vinimay Private Limited were transferred to and vested in our Company. Further, pursuant to the Composite Scheme, the casting division of Shivalik Power and Steel Private Limited was demerged and vested into our Company.

We believe that this will result in functional synergy across the board, and help us maintain a lean base of operations – resulting in lower costs and higher operating margins.

For further details, please see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations and revaluation of assets, if any, in the last ten years*" on page 324.

Design and Development

We have engineering, design and advanced in-house technological capabilities. Our capabilities include: (i) our in-house tool designing and manufacturing abilities, which together with our manufacturing and development capabilities, benefit us in quality control parameters.

We have integrated our operations across the product cycle. For instance, we possess design capabilities from product conceptualisation to execution. Our computer aided design tools allow our engineers to optimise the design and process parameters to ensure higher operational efficiency and productivity.

We seek to achieve short lead time for development to support our customers in meeting challenging product launch timelines by maintaining development processes to minimize iterations, ensuring quality and on-time deliveries for our customers. By demonstrating our in-depth engineering capabilities, we aspire to become the preferred source for challenging timeline processes.

Furthermore, we focus on achieving competency in our design and engineering through the use of virtual simulation, high-end CAD tools, advanced tool manufacturing infrastructure and testing and validation processes.

Case Study 1

Product development to suit the specific requirements of the customer:

Receipt of product specifications	• Our customers provide us with the product specifications, on the basis of which we design a concept. • The concept is forwarded to the customer, to check whether all their requirements have been met.
Testing design feasibility and creating a viable model	• Once the customer confirms the design, the product viability is tested and the first model of the product is manufactured to ensure that the design is feasible to produce.
Quality testing and assessment	• The pilot product is sent for quality testing in our laboratories to ensure that the product is on par with the quality standards we adhere to and that there is no deviation against the original product design.
Introduction of product to the manufacturing line and sales	• Once the product passes our quality checks and is approved by the customer, we introduce it on the production line for mass manufacturing and order fulfilment.

Case Study 2

Reverse engineering services

Human Resources

Our workforce is a critical factor in maintaining quality and safety, which strengthens our competitive position. Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills.] Recruitment of personnel in different categories is carried out by our human resources department.

As of December 31, 2023, we had 1,206 permanent employees. The following table provides information about our permanent employees, as of December 31, 2023:

Particulars	Number of Employees
Accounts	32
Human resources and general administration	77
IT and other support functions	4
Maintenance	119
Manufacturing	729
Purchase and procurement	24
Quality control	200
Sales and marketing	21

We supplement our employees with contract workers on an as required basis, depending on the volume of work.

Our employees are not unionised into any labour or workers' unions and have not experienced any major work stoppages due to labour disputes or cessation of work in the nine months ended December 31, 2023 and in the last three financial years. For further information, see "*Risk Factors – We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations*"

Employee Safety and Training

We endeavour to adhere to laws and regulations relating to the protection of health, employee safety and the environment. We carry out our activities while following appropriate standards of work safety and we strive to ensure that our working conditions remain a healthy and safe work environment for our employees. We have a human resources manual and safety and occupational health guidelines to promote workplace health and safety and minimise the risk of accidents at our facilities.

We have taken initiatives to reduce the risk of accidents and prevent environmental pollution at our facilities, including: (i) ensuring that plant employee safety manuals covering employee safety and environmental procedures are in place and that plant level hazard identification and risk assessments are periodically carried out; and (ii) providing training and awareness programs on employee safety and environment to all employees, including training on machines and other operations at shop floors, and the use of first aid and other procedures to deal with emergencies.

Property

The following table sets forth the details of our Registered Office and our other properties:

Sr. No.	Address	Description and Usage	Ownership Status
1.	C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492 001	Registered office	Leased
2.	Flat No. A-1605, 16th floor, HDIL Metropolis, Andheri East, Mumbai – 400 069, Maharashtra, India	Marketing and sales office cum guest house	Leased
3.	Plot No. 17, Heavy Industrial Area, Hathkhoj, Bhilai, District Durg, Chhattisgarh - 492 026, India	Land for future development	Leased

In addition to the above, we have also leased five warehouses in various locations across the country, to be able to better service the needs of our customers. For further details in relation to our manufacturing facilities and warehouses, see " – *Our Manufacturing Facilities and Warehouses – Location*" on page 302.

Except as disclosed in "*Our Management – Interests of Directors*" and "*Our Promoter and Promoter Group - Interests of Promoters and Related Party Transactions*" on pages 333 and 351, respectively, there is no conflict of interest between the lessors of immovable properties (crucial for operations of our Company) and our Promoters, members of our Promoter Group, Directors, Key Managerial Personnel, Group Companies and their directors.

Information Technology

Our Company utilises information technology in all facets of our business to ensure efficiency, from quality control to daily business management through an ERP system.

We also utilize a tracing system by providing QR codes and bar codes on our products, which allows us to trace the production history of that specific product to root out defects, if any.

We also make use of certain design tools such as SolidWorks and DraftSight, which are CAD softwares, to assist our design team in their endeavours.

We also utilize cyber-security in the form of firewalls to avoid external attacks to our data.

Insurance

Our insurance covers, amongst others, marine cargo open policy, commercial general liability insurance, workmen compensation policy, group personal accident policy, industrial all risk policy, and various motor and auto insurance policies, among others.

Our insurance cover on our net assets(1) as of December 31, 2023 was ₹3,250.31 million, representing 82.39% of the net assets as of December 31, 2023.

(1) Net assets refers to total assets less freehold land and leasehold land.

These insurance policies are generally valid for a year and are renewed annually. In our experience, the amount of insurance currently maintained by us represents an appropriate level of coverage required to insure our business and operations, and is in accordance with industry standards in India.

Also see "*Risk Factors - Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, cash flows, results of operations and financial condition* ".

Corporate Social Responsibility

Our CSR initiatives are aligned with the requirements under the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. We strive to meet our commitment towards the community by committing our resources and energies to social development. Our CSR programs are primarily geared towards overall welfare and development of society, environmental sustainability, disaster management, empowering woman, promoting education and health care.

To this end, we have in the past contributed towards the construction of a school in Kosara, in the Chandrapur district of Maharashtra. We have also contributed towards the acquisition and delivery of school kits (including school bags, water bottles, uniforms, among other things) for underprivileged children in the rural area of Palghar.

For the nine months period ended December 31, 2023 and in the Fiscals 2023, 2022 and 2021, our spends on CSR was ₹0.50 million, ₹2.50 million, ₹1.59 million and ₹2.13 million, respectively.

Intellectual Property

We rely on intellectual property laws to protect our intellectual property.

As of the date of this Draft Red Herring Prospectus, we have one registered trademark, and one trademark for our corporate logo, which is currently '*accepted and advertised*'.

Also see, "*Risk Factors – We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims*" on page 68.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws, regulations, rules, notifications, circulars and policies in India, which are applicable to our Company. The information detailed in this chapter, is based on the current provisions of applicable statutes, rules, regulations, notifications, memoranda, circulars and policies, as amended, and are subject to changes or modifications or future amendments by subsequent legislative, regulatory, administrative or judicial decisions. The information detailed in this section has been obtained from publications available in the public domain. The descriptions of the regulations disclosed below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations. For information regarding regulatory approvals required by our Company, see *"Government and Other Approvals"* on page 488.

Laws in relation to our business

Industries (Development and Regulation) Act, 1951, as amended ("IDR Act")

The IDR Act has been liberalized under the New Industrial Policy dated July 24, 1991 and all industrial undertakings are exempt from licensing except for certain industries, including, among others, all types of electronic aerospace, defence equipment, ships and other vessels drawn by power. The IDR Act is administered by the Ministry of Industries and Commerce through the Department for Promotion of Industry and Internal Trade ("**DPIIT**"). The main objectives of the IDR Act is to empower the Government to take necessary steps for the development of industries; to regulate the pattern and direction of industrial development; and to control the activities, performance and results of industrial undertakings in the public interest. The DPIIT is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector.

Legal Metrology Act, 2009 ("LM Act")

The LM Act has replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. The LM Act and rules framed thereunder regulate, *inter alia,* the labelling and packaging of commodities, verification of weights and measures used, and lists penalties for offences and compounding of offences under it. The Controller of Legal Metrology Department is the competent authority to grant the licence under the LM Act.

Any manufacturer dealing with instruments for weights and measuring of goods must procure a license from the state department under the LM Act. Any non-compliance or violation under the LM Act may result in, *inter alia,* a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodities Rules")

The Packaged Commodities Rules were framed under Section 52(1) and 52(2) (j) and (q) of the Legal Metrology Act and lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import. A "pre-packaged commodity" means a commodity which without the purchaser being present is placed in a package of whatever nature, whether sealed or not, such that the product contained therein has a pre-determined quantity. The key provisions of the Packaged Commodities Rules are:

- It is illegal to sell, distribute, deliver, display or store for sale any pre-packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed;
- All pre-packaged commodities must conform to the declarations provided thereon as per the requirement of Section 18(1) of the Legal Metrology Act; and
- No pre-packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the first schedule of the Packaged Commodity Rules.

The Legal Metrology (National Standards) Rules, 2011 ("National Standards Rules")

The National Standards Rules was framed under Section 52(1) and (a),(b),(d),(e) of sub-section (2) of the Legal Metrology Act, 2009 and laid down specific regulations that govern the establishment and maintenance of national measurement standards in India. These rules are designed to ensure uniformity and accuracy in measurements across various sectors, protect consumer interests, and facilitate fair trade. The rules also align with international standards and recommendations, particularly those set by the International Organization of Legal Metrology ("**OIML**").

Bureau of Indian Standards Act, 2016 ("BIS Act")

The BIS Act, as amended, provides for the standardization, conformity assessment and quality assurance of goods, articles, processes, systems and services. The BIS Act provides for the functions of the bureau which include, among others (a) recognize as an Indian standard, any standard established for any goods, article, process, system or service by any other institution in India or elsewhere; (b) specify a standard mark to be called the Bureau of Indian Standards Certification Mark; and (c) make such inspection and take such samples of any material or substance as may be necessary.

Steel and Steel Products (Quality Control) Order, 2024 ("Quality Control Order 2024")

The Quality Control Order, 2024, as amended, was notified by the Ministry of Steel, Government of India, to bring specified steel products as specified in Schedule I of the Quality Control Order 2024 under mandatory BIS certification. All manufacturers of steel and steel products are required to apply to the Bureau of Indian Standards for certification and ensure compliance with the Quality Control Order 2024.

Duty Drawback Scheme, 2020

The duty drawback scheme is an option available to exporters. Under this scheme, an exporter of goods is entitled to a refund of the excise duty and integrated goods and services tax paid by him on the inputs used in the products exported by him. It neutralizes the duty impact on the goods exported by giving a relief on customs and central excise duties suffered on the inputs used in the manufacture of export product. The Customs and Central Excise Duties Drawback Rules, 2017, as amended ("**Drawback Rules**") have also been framed outlining the procedure to be followed for claiming drawback on goods exported by cost and other than post from the customs authorities. Under duty drawback scheme, an exporter can opt for either All Industry Rate ("**AIR**") of duty drawback scheme or brand rate of duty drawback scheme. The AIR of duty drawback scheme essentially attempts to compensate exporters of various export commodities for average incidence of customs and central excise duties suffered on the inputs used in their manufacture of the export goods.

Fire prevention laws

The State legislatures in India have the power to endow the municipalities with the power to implement schemes and perform functions in relation to matters listed in the 12th Schedule to the Constitution of India, which includes fire prevention and firefighting services. The Chhattisgarh Fire and Emergency Service Act, 2018 includes provisions in relation to fire safety and life saving measures by occupiers of buildings, procedure for obtaining no objection certificate and penalties for non-compliances.

Electricity Act, 2003 ("Electricity Act")

The Electricity Act is the central legislation which consolidated the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies constitution of central electricity authority, regulatory commissions and establishment of appellate tribunal. As per provisions of the Electricity Act, generating companies are required to establish, operate, and maintain generating stations, sub-stations, tie-lines and dedicated transmission lines. Under the Electricity Act, the State Electricity Regulatory Commissions ("**SERCs**") are required to promote cogeneration and generation of electricity from renewable sources of energy and sale of electricity to any person. The Electricity Act further requires the SERCs to specify, for the purchase of electricity from renewable sources, a percentage of the total consumption of electricity within the area of a distribution licensee, which has been implemented in the form of renewable purchase obligations ("**RPOs**").

The Ministry of New and Renewable Energy ("MNRE")

The MNRE is the nodal ministry of the Government of India at the national level for all matters relating to non-conventional sources of energy and renewable energy. The mandate of MNRE includes research, development, commercialization and deployment of renewable energy systems or devices for various applications in rural, urban, industrial and commercial sector.

Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022

These rules were notified by the Ministry of Power, Government of India, on June 6, 2022. The rules aim to promote the generation, purchase, and consumption of green energy, including energy from waste-to-energy plants, through open access. It provides in detail for renewable purchase obligation ("**RPO**"), green energy open access, nodal agencies, procedure for the grant of green energy open access, banking and charges on open access. It also provides for tariff for green energy which shall be determined by the appropriate commission. The State Commissions may introduce the concept of rating of the consumer of the distribution licensee, based on the percent of green energy purchased by such consumer.

The Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 (the "REC Regulations")

The Central Electricity Regulatory Commission ("**CERC**") notified the REC Regulations on May 9, 2022. The REC Regulations enable the development of a market in power from renewable energy sources through renewable energy certificates. Under the REC Regulations, renewable energy generating stations, captive generating stations based on renewable energy sources, open access consumers and distribution licensees can issue renewable energy certificates and the certificates remain valid until redeemed.

The National Load Despatch Centre is the central agency under the REC Regulations. The functions of the central agency include registration of eligible entities, issuance of certificates, maintaining and settling accounts in respect of certificates, acting as repository of transactions in certificates and such other functions incidental to the implementation of REC mechanism as may be assigned by the CERC.

Net Metering Regulations

These regulations have been formulated by various states to promote the generation of electricity from renewable energy sources in respect of the grid connected solar rooftop photovoltaic systems. These regulations regulate the supply of excess electricity from an eligible consumer allowing the consumer to export the excess quantum of electricity produced from his premises to the distribution licensee. Under these regulations, the eligible consumer can avail the benefit of the excess quantum supplied to be carried forward to the next billing cycle as credited units of electricity.

Notification number 477(E) dated July 25, 1991 and Press Note 9 dated August 2, 1991 of the Ministry of Commerce and Industry, Government of India

The Ministry of Commerce and Industry, Government of India pursuant to its notification number 477(E) dated July 25, 1991 ("**Notification**") exempted certain industrial undertakings from the provisions of the Industries (Development and Regulation) Act, 1951 ("**Industries Act**") providing for licencing of industrial undertakings. Under the Industries Act an industrial undertaking means any undertaking pertaining to an industry (mentioned in the schedule to the Industries Act) that is carried on in one or more factories by any person or authority including the Government. Industries undertaking the manufacture of articles exempted from industrial license in terms of the Notification are required to submit an Industrial Entrepreneurs Memorandum ("**IEM**") for undertaking the manufacture of such exempted articles under the provisions of the press note no. 6 dated July 29, 1993, press note. 17 dated November 28, 1997 and press release dated January 17, 2012(F.No. 7(7)/2011-18).

Export Promotion Capital Goods Scheme, 2020 ("EPCG Scheme")

The EPCG Scheme provides that importers can benefit from reduced duties on the import of capital goods provided that they fulfil an export obligation to export a prescribed amount of their goods manufactured or services rendered (such amount being a multiple of the duty saved) within a specified period. Export obligations can be fulfilled by either through direct exports or through third parties. An EPCG authorization holder shall be liable to pay custom duties along with interest custom in the event of nonfulfillment of prescribed export obligations.

Foreign Trade (Development and Regulation) Act, 1992 ("FTA")

The FTA seeks to provide for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. The FTA provides that no person shall make any import or export except under an importer-exporter code number ("**IEC**") granted by the Director-General of Foreign Trade, Ministry of Commerce and Industry or the officer authorised by the Director General in this behalf. The IEC can be suspended or cancelled for contravening any of the provisions of FTA or any rules or order made thereunder or if the DGFT or any other officer authorized by him has reason to believe that any person has made an export or import in a manner prejudicial to the trade relations of India.

Competition Act, 2002 ("Competition Act")

The Competition Act is an act for the establishment of a commission to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade in India. The act deals with prohibition of (i) certain agreements such as anti-competitive agreements and (ii) abuse of dominant position and regulation of combinations. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Competition Act.

The prima facie duty of the Competition Commission of India ("**CCI**") is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interests of consumers and ensure freedom of trade. The CCI shall issue a notice to show cause to the parties to combination calling upon them to respond within 15 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the CCI and Director General (as appointed under Section 16(1) of the Competition Act), he shall be punishable with a fine which may exceed to ₹100,000 for each day during such failure subject to maximum of ₹100,000,000, as the CCI may determine.

The Competition (Amendment) Act, 2023 introduces significant changes to the Competition Act in India. It introduces a deal value threshold of ₹. 2000 crores for reporting merger and acquisition transactions to the CCI. The time limit for CCI's assessment of mergers and acquisitions is reduced from 210 days to 150 days. The scope of anti-competitive agreements is broadened by replacing "exclusive supply agreement" with "exclusive dealing agreement" and now covers the acquiring or the selling side of such agreements. The definition of cartel is expanded to include hubs and spoke arrangements involving trade associates, consultants, or intermediaries. Additionally, the Amendment Act provides the CCI the power to appoint a Director General for more effective enforcement, however the same shall require prior approval of the Central Government.

The Consolidated Foreign Direct Investment Policy of 2020 ("Consolidated FDI Policy")

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999, as amended, along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time (the "**Consolidated FDI Policy").** Under the current Consolidated FDI Policy, foreign investment in manufacturing sector is under automatic route. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval. For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 536.

Environmental Legislations

The Environment Protection Act, 1986 ("Environment Protection Act")
The Environment Protection Act was enacted to act as an "umbrella" legislation designed to provide a framework for coordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorises the Central Government to protect and improve environment quality, control, and reduce pollution.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act was enacted and designed for the prevention, control and abatement of air pollution and establishes Central and State pollution control boards for the aforesaid purposes. In accordance with the provisions of the Air

Act, any person establishing or operating an industrial plant in an air pollution control area must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity.

The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act was enacted to provide for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water. Further, the Water Act also provides for the establishment of boards with a view to carrying out the aforesaid purposes for conferring on and assigning to such boards powers and functions relating thereto.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules") as amended

The objective of the Hazardous Waste Rules is to control the collection, reception, treatment, storage, reuse, recycling, recovery, pre-processing, utilisation including co-processing and disposal of hazardous waste. The Hazardous Waste Rules prescribes for every person who is engaged in, collection, storage, packaging, transportation, use, treatment, processing, recycling, recovery, pre-processing, co-processing, utilisation, offering for sale, transfer or disposal of the hazardous and other wastes to obtain an authorisation from the relevant state pollution control board.

The Public Liability Insurance Act, 1991 ("PLI Act")

The PLI Act provides for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and imposes liability on the owner of hazardous substances for any damage arising out of an accident involving such hazardous substances. The government by way of a notification has enumerated a list of hazardous substances. The owner or handler is also required to obtain an insurance policy insuring against liability under the legislation. The rules made under the PLI Act mandate that the owner has to contribute towards the environmental relief fund a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

Laws relating to Intellectual Property

The Trademarks Act, 1999 ("**Trademarks Act**"), the Copyright Act, 1957 ("**Copyright Act**"), and the Patents Act, 1970 ("**Patents Act**"), are the three main statutes governing intellectual property protection in India.

The Trademarks Act provides for the registration of trademarks, which are signs that distinguish the goods or services of one person from those of others. Registered trademark owners have exclusive rights to use their trademarks in relation to the goods or services for which they are registered. It also provides for infringement, falsifying and falsely applying for trademarks.

Laws relating to Consumer Protection

The Consumer Protection Act, 2019 ("**COPRA 2019**") repealed the Consumer Protection Act, 1986 and provides for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes. It establishes consumer disputes redressal forums and commissions for the purposes of redressal of consumer grievances. In cases of misleading or false advertisements, the penalty under the COPRA 2019 provide of imprisonment for a term which may extend to two years and fine which may extend to ten lakhs.

Laws relating to Taxation

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company including Central Goods and Service Tax Act, 2017, Central Goods and Service Tax Rules, 2017, and various state-wise legislations made thereunder; Integrated Goods and Services Tax Act, 2017; Central Sales Tax Act, 1956 and various state-wise legislations made thereunder; Income Tax Act 1961, Income Tax Rules, 1962, as amended by the Finance Act in respective years; Customs Act, 1962; Importer exporter code; Indian Stamp Act, 1899 and various state-wise legislations made thereunder; and State-wise legislations in relation to professional tax.

Labour Laws

The Factories Act, 1948 ("Factories Act")

The Factories Act defines a "factory" to cover any premises which employs or has employed ten or more workers on any day in the previous twelve months and in which manufacturing process is carried on with the aid of power and, any premises where there are at least twenty workers on any day in the previous twelve months even though there is no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished in accordance with the Factories Act for different offences in case of contravention of any provision thereof and in case of a continuing contravention after conviction, an additional fine for each day of contravention may be levied.

Other labour laws

In addition to aforementioned material legislations, certain labour laws which may be applicable to our Company due to the nature of the business activities are Contract Labour (Regulation and Abolition) Act, 1970; Payment of Wages Act, 1936; Payment of Bonus Act, 1965; Employees' State Insurance Act, 1948; Employees' Provident Funds and Miscellaneous Provisions Act, 1952; Equal Remuneration Act, 1976; Payment of Gratuity Act, 1972; Minimum Wages Act, 1948; Employee's Compensation Act, 1923; and Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013.

In order to rationalize and reform labour laws in India, the Government has enacted the following codes*:

a) Code on Wages, 2019, which regulates and amalgamates wage and bonus payments and subsumes four existing laws namely the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976 received the assent of the President of India on August 8, 2019. It regulates, inter alia, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees.

b) Industrial Relations Code, 2020, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes received the assent of the President of India on September 28, 2020. It subsumes and simplifies the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

c) Code on Social Security, 2020, which amends and consolidates laws relating to social security, and subsumes various social security related legislations, inter alia including the Employee's Compensation Act, 1923, Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organisations such as the Employee's Provident Fund and the Employee's State Insurance Corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees may suffer, among others.

d) Occupational Safety, Health and Working Conditions Code, 2020*, which amends and subsumes certain existing legislations, including Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

**The Occupational Safety, Health and Working Conditions Code, 2020, the Code on Social Security, 2020, the Industrial Relations Code, 2020, and the Code on Wages, 2019 have received the President's assent, and will come into force at a date notified by the Central Government. With respect to Code on Wages, 2019, certain provisions of this code pertaining to central advisory board, have been brought into force by the Ministry of Labour and Employment through a notification dated December 18, 2020. Further, through a notification dated March 01, 2021 the Ministry of Labour and Employment has issued the Code on Wages (Central Advisory Board) Rules, 2021 which shall come into force on the date of their publication in the Official Gazette. With respect to Code on Social Security, 2020, certain provisions of this code pertaining to application of Aadhar number, Employees' Pension Scheme, 1995 and Employees' Provident Funds and Miscellaneous Provisions Act 1952, have been brought into force by the Ministry of Labour and Employment through notifications dated April 30, 2021 and May 03, 2023.*

Other Legislations

In addition to the above, our company is also compliant with the provisions of the Companies Act, 2013 and the relevant rules, regulations, and orders framed thereunder, the Arbitration and Conciliation Act, 1996, Indian Contract Act, 1872, Sale of Goods Act, 1930, and other applicable statutes imposed by the Centre or the State for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated in Chhattisgarh, India, as Vardaan Engineering Industries Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated March 9, 2011. Subsequently, the Board determined it would be appropriate to reflect the keyword "Shivalik" in our Company's name, given that our group company, Shivalik Power and Steel Private Limited, already incorporated this term in its name as well. Accordingly, pursuant to a shareholder's resolution passed on November 25, 2011, the name our Company was changed to Shivalik Engineering Industries Private Limited and accordingly, a fresh certificate of incorporation dated November 25, 2011 was issued to our Company by the RoC. Thereafter, our Company was converted into public limited company pursuant to shareholder's resolution dated February 17, 2017, consequent to which the name of our Company was changed to Shivalik Engineering Industries Limited, and a fresh certificate on incorporate dated February 28, 2017 was issued by the RoC.

Our Company has 17 Shareholders as on the date of filing of this Draft Red Herring Prospectus. For further information, see "*Capital Structure*" on page 94.

Changes in Registered Office

Presently, our registered office is located at C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492001. Prior to this, the following changes were made in the location of our registered office:

Date of Change	Old Address	New Address	Reason
December 1, 2011	C-56, Sector – 1, Near Paras Nagar Railway Crossing, Devendra Nagar, Raipur, Chhattisgarh - 492001	A-21, 2nd Floor, Ashoka Millennium, Rajendra Nagar, Ring Road No. 1, Raipur, Chhattisgarh - 492001	For administrative convenience
April 1, 2015	A-21, 2nd Floor, Ashoka Millennium, Rajendra Nagar, Ring Road No. 1, Raipur, Chhattisgarh - 492001	E-6, Ground Floor, Rajeev Nagar, Raipur, Chhattisgarh – 492001	For administrative convenience
January 1, 2017	E-6, Ground Floor, Rajeev Nagar, Raipur, Chhattisgarh – 492001	C-33, 3rd Floor, Ashoka Millenium, Ring Road No. 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh – 492001	For administrative convenience

Main Objects of our Company

The main objects of our Company contained in the Memorandum of Association are as disclosed below:

1. *"To carry on in India or elsewhere the business of the manufacturers of and dealers in alloys, ferrous and non-ferrous metallic and non-metallic including Ferro manganese, Ferro chromium, Ferro molybdenum, Ferro phosphorous, Ferro silicon, Ferro titanium, Ferro tungsten, Ferro vanadium, silicon manganese metal, manganese, dioxide chemicals containing manganese, pig iron, steel, coke steel scrap, lead, copper, nickel, aluminium, zinc, tin, titanium and other metals and to carry on the business of founders, moulders, casters, mechanical engineers and manufacturers of agriculture implements and other light and heavy machinery, tool makers, brass founders, metal workers, boiler makers, mill-wrights, machinists, iron and steel converters, smiths, wood workers and metallurgists and to buy, sell, manufacture, export, import, repair, converts, alter, let on hire and deal in machinery, implements, rolling stock and hardware and also to carry on the business of iron and steel founders and manufacturers, steel makers, steel converters, and to establish steel foundry, mini steel plants, roller mills and to manufacture metallurgical products and other non-ferrous foundries, metals and alloy makers and refiners, metallurgists, galvanisers, machinists, smiths, welders, and metal workers and for that purpose to acquire whether on lease or otherwise and possess mines of iron ore and coal and to undertake mining of iron ore coal for the manufacturing of sponge iron and all types of mining related with the main object.*

2. *To produce, manufacture, process, refine, import, export, purchase, sell and generally to deal in, and to act as agents, stockiest, distributors and suppliers, of Iron Steel/Steel products such as shutters, shutters profiles,*

flats angles, rounds, squares, hexagons, octagons, rails, joists, channels, hot & cold-steel strips, sheets, plates, industrial fasteners, deformed bars plain & cold twisted bars, bright bars, shafting, light structural, window sections, agriculture implements, blacks galvanizes pipes corrugated sheet, lift rails and things, compounds and preparations, connected with the aforesaid products and in connection, establish, work operate and maintain factories, quarries, mines, workshops and to carry on the business and process of forgings, smithing, feltings, grinding, broching, boaring, melting, drilling, machining, filling, polishing, hardening and tempering, shot blasting, electroplating, chromium plating, anodising alluminshing metal spraying metal spinning, die casting, moulding, melting rolling and re-rollings, soldering oxyacetylene and resistance welding, threading screw cutting and punching and to carry on the business of manufacturing of Oil Engines, machines, automobiles automotives and their components.

3. *To carry on the business of manufacturing, buying, selling, reselling, sub-¬contracting, exchanging, hiring, altering, importing, exporting, improving, assembling, distributing, servicing, repairing and dealing in as original equipment manufacturers as also on a jobbing industry basis and in any other capacity all and every kind of machineries, components parts, replacement parts, spare parts, accessories, tools, implements and fittings of all kinds inclusive of all type of axles, and all relevant axle assembly, components, parts and accessories, propeller shafts and universal joints, ornamentation, braking systems, engine components, suspension system, transmission systems, Gear, ignition systems, and decorative parts for motors, vehicles, trucks, tractor, scooters, buses, aeroplane, airships, air- craft, spacecraft, and other vehicles and to enter into any contracts in relation to, and to erect construct, maintain, alter, repair, pull down and restore, either alone or jointly with any other companies or persons, work of all descriptions including wharves, docks, piers, railways, tramways waterways, road, bridges, warehouses, factories, mills, engines, machinery, railway carriages and wagons, ships and vessels of every description, gas works, electric works, water works, drainage and buildings of every description.*

4. *To carry on in India or elsewhere the business of manufacturing, buying, selling, fabricating, assembling, processing, converting, repairing, renovating, servicing, leasing, hiring, importing, exporting, warehousing, marketing, commission agents or otherwise dealing in all types of industrial equipments, construction equipments and all other types of equipments, tools, plants, machineries, motor parts, petroleum products, lubricants, rubber products, spare parts, consumables and accessories.*

5. *To act as broker, trader, agent, C & F agent, shipper, commission agent, distributor, representative, franchiser, consultant, collaborator, supervisor, stockiest, liaison, job worker, export house of goods, merchandise and services of all grades, specifications, descriptions, applications, modalities, fashions, including by-products, spares or accessories thereof, on retail as well as on wholesale basis.*

6. *To generate electrical power by conventional, non-conventional methods including coal, gas lignite, oil, bio-mass, waste, thermal, steam, solar, hydel, geo-hydel, wind and tidal waves for own consumption or to transmit, distribute, and supply such power, electricity, or light throughout the area of supply to cities, towns, streets, docks, markets, theatres, buildings, and places, both public and private.*

7. *To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire/lease power plants, co-generation power plants, energy conservation projects, power houses, renewable energy parks, transmission and distribution system for generation, distribution, transmission, and supply of electrical energy and buy, sell, supply, exchange, market, function as a licensee or otherwise deal in electric energy.*

8. *To acquire concessions or licenses granted by or to enter into contracts with, the Government of India, any State Government, Municipal, Local Authority or other Statutory bodies, Companies or any other person for the development, erection, installation, establishment, construction, operation and maintenance of Power Plants including Solar Plants, and in this regard to promote, develop, own, acquire, set up, erect, build, install, commission, construct, establish, maintain, improve, manage, operate alter, control, take on hire / lease, carry out and run all necessary Plants, equipments, sub-stations, workshops, generators, transmission facilities, machinery, electrical equipment, accumulators, repair shops, wires, cables, lamps, fittings and apparatus in the capacity of principals, contractors, developers or otherwise and to deal, buy, sell and hire / lease all apparatus and things required for or used in connection with generation, distribution, supply, accumulation of renewable or non-renewable energy."*

The objects clause as contained in the Memorandum of Association enables our Company to carry on the business presently being carried out.

Amendments to the Memorandum of Association in last 10 years

The amendments to the Memorandum of Association of our Company in the 10 years immediately preceding the date of this Draft Red Herring Prospectus are as detailed below.

Date of Shareholder's Resolution	Nature of Amendment
December 31, 2014	Amendment to Clause V: Clause V was amended to reflect the increase in the authorized share capital of our Company. The authorized share capital of our Company was increased from ₹ 10,000,000 consisting of 1,000,000 Equity shares of face value of ₹ 10/- each to ₹ 12,500,000 consisting of 1,250,000 Equity Shares of face value of ₹10/- each.
January 16, 2016	Amendment to Clause V: Clause V was amended to reflect the increase in the authorized share capital of our Company. The authorized share capital of our Company was increased from ₹ 12,500,000 consisting of 1,250,000 Equity Shares of face value of ₹ 10/- each to ₹ 13,000,000 consisting of 1,300,000 Equity Shares of face value of ₹10/- each.
February 17, 2017	Amendment to Clause V: Clause V was amended to reflect the increase in the authorized share capital of our Company. The authorized share capital of our Company was increased from ₹ 13,000,000 consisting of 1,300,000 Equity Shares of face value of ₹ 10/- each to ₹ 110,000,000 consisting of 11,000,000 Equity Shares of face value of ₹10/- each.
February 17, 2017	The Memorandum of Association of the Company was altered to delete Clause III(C), which dealt with 'Other Objects'. Further, existing objects of the Company under Clause III(B) were substituted by new set of objects, which dealt with matters necessary for furtherance of objects specified in Clause III(A).
February 17, 2017	Amendment to Clause I: Clause I was amended to change the name of the Company from 'Shivalik Engineering Industries Private Limited' to 'Shivalik Engineering Industries Limited' pursuant to its conversion into a public limited company.
August 10, 2018	Amendment to Clause III(B): Clause III(B) was amended to add the following sub-clause 36: *"To amalgamate or merge with, or absorb or takeover any company or companies or any Body Corporate, whether or not having similar objects with the Company, or to sell, exchange, lease, underlease, surrender, abandon, amalgamate, merger, acquire, demerge, slump-sale, sub-divide, mortgage or otherwise deal with, either absolutely, conditionally or for any limited interest, all or any part of the undertaking(s), property rights or privileges of the Company, as a going concern or otherwise, to/with any public body, corporation, company, society or association, or to any person or persons, whether or not having similar objects as of this Company, for such consideration as the Company may think fit, and to do, all such incidental acts, deeds and things as may be necessary to give effect to the amalgamation, merger, absorption, acquisition, takeover, demerger, slump-sale or any other arrangement, as the case may be."*
October 10, 2019	Amendment to Clause III(A): Clause III(A) was amended to add the following sub-clauses 4 and 5 in the current Main Objects of our Company: *"To carry on in India or elsewhere the business of manufacturing, buying, selling, fabricating, assembling, processing, converting, repairing, renovating, servicing, leasing, hiring, importing, exporting, warehousing, marketing, commission agents or otherwise dealing in all types of industrial equipments, construction equipments and all other types of equipments, tools, plants, machineries, motor parts, petroleum products, lubricants, rubber products, spare parts, consumables and accessories."* *"To act as broker, trader, agent, C & F agent, shipper, commission agent, distributor, representative, franchiser, consultant, collaborator, supervisor, stockiest, liaison, job worker, export house of goods, merchandise and services of all grades, specifications, descriptions, applications, modalities, fashions, including by-products, spares or accessories thereof, on retail as well as on wholesale basis."*
January 7, 2023	Amendment to Clause III(B): Clause III(B) was amended to add the following sub-clause 37: *"To incorporate any company or companies whether as a subsidiary, associate or a Joint venture company, etc. outside India, having similar objects or otherwise, or acquire any concern, in foreign jurisdiction, as a going concern or otherwise and to underwrite, subscribe or otherwise acquire all or any part of the shares, debentures, or other securities of any foreign Company or business entity."*
November 30, 2023	Amendment to Clause V: Clause V was amended to reflect the increase in the authorized share capital of our Company pursuant to the Composite Scheme.(1) The authorized share capital of our Company was increased from ₹ 110,000,000 consisting of 11,000,000 Equity Shares of face value of ₹10/- each to ₹ 286,385,000 consisting of 28,638,500 Equity Shares of ₹10/- each .

Date of Shareholder's Resolution	Nature of Amendment
January 2, 2024	Amendment to Clause III(A): Clause III(A) was amended to add the following sub-clauses 6, 7 and 8 in the current Main Objects of our Company: *"To generate electrical power by conventional, non-conventional methods including coal, gas lignite, oil, bio-mass, waste, thermal, steam, solar, hydel, geo-hydel, wind and tidal waves for own consumption or to transmit, distribute, and supply such power, electricity, or light throughout the area of supply to cities, towns, streets, docks, markets, theatres, buildings, and places, both public and private."* *"To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire/lease power plants, co-generation power plants, energy conservation projects, power houses, renewable energy parks, transmission and distribution system for generation, distribution, transmission, and supply of electrical energy and buy, sell, supply, exchange, market, function as a licensee or otherwise deal in electric energy."* *"To acquire concessions or licenses granted by or to enter into contracts with, the Government of India, any State Government, Municipal, Local Authority or other Statutory bodies, Companies or any other person for the development, erection, installation, establishment, construction, operation and maintenance of Power Plants including Solar Plants, and in this regard to promote, develop, own, acquire, set up, erect, build, install, commission, construct, establish, maintain, improve, manage, operate alter, control, take on hire / lease, carry out and run all necessary Plants, equipments, sub-stations, workshops, generators, transmission facilities, machinery, electrical equipment, accumulators, repair shops, wires, cables, lamps, fittings and apparatus in the capacity of principals, contractors, developers or otherwise and to deal, buy, sell and hire / lease all apparatus and things required for or used in connection with generation, distribution, supply, accumulation of renewable or non-renewable energy."*
June 5, 2024	Amendment to Clause V: The authorized share capital of our Company was sub-divided from 28,638,500 equity shares of face value of ₹10 each to 57,277,000 equity shares of face value of ₹5 each.

(1) The effective date of the Composite Scheme was November 30, 2023. For details in relation to the Composite Scheme, see "—Details regarding Material Acquisitions or Divestments of Business/Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the last 10 Years" below on page 324.

Major Events

The table below sets forth some of the major events in the history of our Company.

Calendar Year	Event
2007	Shivalik Power and Steel Private Limited set up its casting division in Belsonda, Chhattisgarh, Unit 4, which is now merged with our Company pursuant to the Composite Scheme with an installed capacity of 25,000 metric tons.
2009	Commenced Machining facility at Shivalik Power and Steel Private Limited's Unit 4, which is now merged with our Company pursuant to the Composite Scheme.
2011	Our Company was incorporated in Chhattisgarh, India, as Vardaan Engineering Industries Private Limited.
2011	The name of our Company was changed to Shivalik Engineering Industries Private Limited.
2013	Our Company set up a new manufacturing plant, Unit 1, in Raipur, Chhattisgarh for production of automobile and auto component engineering spares, with a maximum metal casting capacity of 28,800 tonnes per annum.
2015	Our facility, Unit 1, was certified with ISO 9001:2015 for quality management systems.
2017	Our Company was converted into public limited company pursuant to shareholder's resolution dated February 17, 2017, consequent to which the name of our Company was changed to Shivalik Engineering Industries Limited.
2017	Our facility, Unit 1, received ISO 14001:2015 and 45001:2018 certification for quality assurance in terms of environment management system and occupational health and safety
2018	Our Company set up a facility, Unit 2 for production of motor vehicles and other parts, with a maximum production capacity of 30,000 metric tonnes per annum.
2021	Our facility, Unit 1, was certified with IATF 16949:2016 for the manufacture of grey iron and ductile iron castings.

Calendar Year	Event
2023	A composite scheme of arrangement under Section 230 to 232 of the Companies Act, 2013 was approved by the NCLT, Cuttack Bench, pursuant to which SAEPL, NVPL, ACPL, GVPL and the castings division of SPSPL have been amalgamated into the Company.
2024	Our Company expanded its portfolio of products exported to include wheel hubs.

Key Awards, Accreditations and Recognitions

The table below sets forth certain key awards, accreditations, certifications and recognitions received by our Company.

Year	Award/Certification/Recognition
2010	SPSPL* was recognized for its contribution in the growth of HV AXLES Limited, a Tata Enterprise and was awarded for cost reduction.
2011	SPSPL* was the esteemed partner of the Supplier Meet 2011 by National Engineering Industries Limited.
2017	SPSPL*, in relation to castings and machining, won the award for outstanding contribution in supply chain management at the annual supplier conference organized by VE Commercial Vehicles, a Volvo Group and Eicher Motors joint venture.
2019	SPSPL*, in relation to castings and machining, won the award for outstanding contribution in supply chain management at the annual supplier conference organized by VE Commercial Vehicles, a Volvo Group and Eicher Motors joint venture.
2019	SPSPL* was recognized for its excellence in consistent business support by Timken at the suppliers' meet.
2021	Our Company was recognized for excellent performance in the field of escorts supplier quality systems improvement audit by Escorts Kubota Limited.
2022	Our Company was recognized for its participation in the "Fit 2 Perform" session held by Ashok Leyland to achieve zero defect supplies.
2023	Our Company was awarded with the 'Best APQP Project Award – 2022' by Shakti Precision Components (I) Private Limited.
2023	Our Company received recognition 'towards the best knowledge sharing displays and active collaboration in Q Week initiatives' by Daimler India Commercial Vehicles.
2023	Our Company was awarded with the "2023 – Accuride Supplier Award" for supplier product launch recognition by Accuride Corporation.
2024	Our Company was awarded with the "Best Cost Efficiency Award" by Escorts Kubota Limited.

******In relation to SPSPL's castings division, which is now merged with our Company pursuant to the Composite Scheme.*

Other Details Regarding our Company

Significant Financial and Strategic Partners

Our Company does not have any financial and strategic partners as on the date of this Draft Red Herring Prospectus.

Defaults or Rescheduling of Borrowings from Financial Institutions/Banks

Our Company had availed term loan and working capital facilities from Punjab National Bank, principal amount of which was outstanding to the extent of ₹ 422.10 million as of March 30, 2021. The facility was restructured pursuant to the resolution framework provided by the Reserve Bank of India for companies to overcome from Covid-19 related stress, wherein a moratorium of up to twenty-four months (March 31, 2020 to February 29, 2023) was granted by the lender. The loan was fully repaid by our Company on November 23, 2022.

SAEPL had credit facilities including fund-based and non-fund based sanctioned from State Bank of India, which were subsequently taken over by our Company through the Composite Scheme, principal amount of which was outstanding to the extent of ₹ 529.20 million as of December 31, 2020. The facility was restructured pursuant to the resolution framework provided by the Reserve Bank of India for companies to overcome from Covid-19 related stress, wherein a moratorium of up to twenty-four months was granted by the lender. The loan was fully repaid by our Company on July 28, 2023.

Except as stated above, as on the date of this Draft Red Herring Prospectus, there have been no defaults or rescheduling of borrowings with financial institutions or banks in respect of our current borrowings from lenders.

Time and Cost Overruns

Our Company has not experienced any instances of time and cost overruns in respect of our business operations, as of the date of this Draft Red Herring Prospectus, except in the ordinary course of business.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants

For details of key products launched by our Company, entry into new geographies or exit from existing markets and capacity/facility creation or location of plants, to the extent applicable, see "*Our Business*" and "*Our Business—Overview*" on page 284.

Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the last 10 Years

Except as disclosed below, our Company has not made any material acquisitions or divestments of any business/undertaking, and has not undertaken any merger, amalgamation or any revaluation of assets in the 10 years preceding the date of this Draft Red Herring Prospectus:

Composite Scheme of Arrangement among SAEPL, NVPL, ACPL, GVPL with our Company and demerger of the Demerged Undertaking of SPSPL and its vesting into our Company

Pursuant to the Composite Scheme under Sections 230 to 232 of the Companies Act 2013 among Shivalik Auto Engineering Private Limited ("**SAEPL**"), Neelkamal Vanijya Private Limited ("**NVPL**"), Adopt Commotrade Private Limited ("**ACPL**") and Goldmoon Vinimay Private Limited ("**GVPL**"), (collectively, the "**Transferor Companies**") and our Company ("**Transferee Company**" or **"SEIL")**, the entire undertakings of the Transferor Companies, including all the properties, assets, rights, claims, title, interest, authorities, investments and liabilities comprised in the Transferor Companies immediately before the merger were transferred to and vested in our Company on a going concern basis.

Further, the casting division of Shivalik Power and Steel Private Limited ("**SPSPL**"), which included all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of SPSPL, in relation to and pertaining to the business of manufacturing and marketing of castings, engineering products and automobile and ancillary components on a going concern basis, together with all its assets and liabilities, was demerged from SPSPL ("**Demerged Undertaking**") and vested into our Company.

The Composite Scheme was approved by the NCLT, Cuttack Bench pursuant to an order dated October 11, 2023. The appointed date of the Composite Scheme was January 1, 2023, and the effective date of the Composite Scheme was November 30, 2023, being the date of filing of the NCLT Order with the RoC.

The rationale of the Composite Scheme was, inter alia, to consolidate, synergize the operation and holding of, and create a strong financial base for the castings, engineering products, and automobile and ancillary components business.

Upon the Composite Scheme being effective, the authorized share capital of the Transferor Companies along with the Demerged Undertaking, was combined with the authorized share capital of our Company, which stood increased to ₹286,385,000 comprising 28,638,500 Equity Shares of ₹ 10 each and the Transferor Companies were dissolved without being wound up. The Memorandum of Association of our Company was consequently amended on November 30, 2023, as described in "*Amendments to our Memorandum of Association in last 10 years*" on page 321.

Each of Giriraj Singhania and Raghvendra Singhania, our Promoters and Directors were shareholders and directors on the board of directors of certain Transferor Companies (other than NVPL). Giriraj Singhania is currently on the board of directors of SPSPL. In addition, the erstwhile shareholders of the Transferor Companies (other than NVPL) included Giriraj Singhania and Raghvendra Singhania, our Promoters and Directors and their relatives. Further, the shareholders of NVPL comprised ACPL, GVPL and relatives of our Promoters.

Based on the valuation report dated January 24, 2023 issued by Mr. Amrish Gandhi, ("**Valuation Report**") in relation to valuation of shares of the Transferor Companies, Transferee Company and the Demerged Undertaking, the fair value per share arrived at, for each respective Company for computation of share exchange ratio was as follows:

S. No.	Company	Fair Value per Share (in ₹)
1	SAEPL	60.57
2	NVPL	1,752.81
3	GVPL	14,479.77
4	ACPL	14,491.30
5	SPSPL	66.07
6	SAEL	149.60

Pursuant to the Composite Scheme and the Valuation Report, our Company issued the following Equity Shares to shareholders of the Transferor Companies and the Demerged Undertaking:

a) *40 Equity Shares of face value ₹10/- each of our Company, for every 100 equity shares of face value of ₹10/- each held in SAEPL;*

b) *1,172 Equity Shares of face value of ₹10 /- each of our Company, for every 100 equity shares of face value of ₹10/- each held in NVPL;*

c) *9,687 Equity Shares of face value ₹10/- each of our Company, for every 100 equity shares of face value of ₹ 10/- each held in ACPL;*

d) *9,679 Equity Shares of face value of ₹10/- each of our Company, for every 100 equity shares of face value of ₹10/- each held in GVPL; and*

e) *44 Equity Shares of face value of ₹10/- each of our Company, for every 100 equity shares of face value of ₹10/- each held in SPSPL.*

For details of such allotment, see "*Capital Structure—Notes to Capital Structure—Share Capital History of Our Company*" on page 95. The Composite Scheme and the Valuation Report is part of "*Material Contracts and Documents for Inspection*" on page 544.

Holding Company

Our Company does not have any holding company.

Subsidiaries

Our Company does not have any subsidiaries.

Guarantees by the Promoters

Except as stated below, as on the date of this Draft Red Herring Prospectus, no guarantee has been issued by our Promoters, offering their Equity Shares in the Offer for Sale to third parties:

Name of Bank	Amount of the guarantee	Reason	Obligations of the Company	Individual/entity in whose favour the guarantee has been provided	Period	Financial implications in event of default	Security available	Consideration
Axis Bank	485.10	Working Capital and Term Loans	Nil	Shivalik Engineering Industries Limited	Till repayment of all dues by Company	In the event of any default of the terms and conditions of the facilities, the Borrowers shall be liable for the	Refer Note (1)	Nil
HDFC Bank	980.00			Shivalik Engineering Industries Limited			Refer Note (2)	Nil
ICICI Bank	294.50			Shivalik Engineering			Refer Note (3)	Nil

Name of Bank	Amount of the guarantee	Reason	Obligations of the Company	Individual/entity in whose favour the guarantee has been provided	Period	Financial implications in event of default	Security available	Consideration
				Industries Limited		repayment obligations in accordance with the terms and conditions of the facilities.		

(1) *Note 1*

Primary Security:

The said working capital is secured by exclusive first pari passu charge on current assets, second pari passu charge on the plant and machinery and second pari passu charge on the residual value of gross block of assets of the group company. Further, the said term loans are secured by first pari passu charge on the plant and machinery of the company and second pari passu charge on current assets.

Collateral Security:

- *Plot No.8 - Heavy Industrial Area, Hathkhoj, Bhilai Dist-Durg, Chhattisgarh- 490026, India;*
- *Godhari, Mahasamund Kh. No.1173, 1189/2, 1178/2, 1234, 1179, 1190, 1233, 1228, 1188, 1256, 1171. P.h. No. 87/35, R.N.M Tah & Dist Mahasamund; and*
- *Flat No 201 2nd Floor Building B-3 Goleccha Park, Phase –I, New Purena, Raipur; and personal guarantee of certain directors and their relatives-namely, 1. Giriraj Singhania; and 2. Vishal Sharma.*

(2) *Note 2*

Primary Security:

The said working capital and term loans from Bank are secured by exclusive first pari passu hypothecation charge on current assets.

Collateral Security:

- *Plot No.8 - Heavy Industrial Area, Hathkhoj, Bhilai Dist-Durg, Chhattisgarh- 490026, India*
- *Godhari, Mahasamund Kh. No.1173, 1189/2, P H No. 8/35 Mahasamund;*
- *Flat No 201 2nd Floor Building B-3 Goleccha Park, Phase –I, New Purena, Raipur;*
- *Residential Flat Block no. 19/7, Shri Ram Heritage, Katora Talab, Raipur;*
- *Land Halka No.78/11 KH. NO. 377 Vill- Murethi;*
- *Land KH No 201, 210/2, P H No. 87 Belsonda Dist: Mahasamund, Chhattisgarh- 493445, India;*
- *Land KH No 206/1, 208/1, 216/1, PHN 1140/87,Mahasamund;*
- *Khasra No 159,163/1,167,170,367,164 situated at Village Munrethi PH No-78/11, Mandir Hasaud;*
- *Building situated at Plot No. 14, 15 & 16 Heavy Industrial Area, Hathkhoj, Bhilai Dist-Durg, Chhattisgarh- 490026, India; and*
- *Plot No 2A,03,04 PHN 18, Engineering Park, heavy Industrial Area, Hathkhoj, Bhilai and personal guarantee of certain directors and their relatives-namely, 1. Giriraj Singhania; 2. Vishal Sharma; and 3. Raghvendra Singhania.*

(3) *Note 3*

Primary Security:

The said working capital and term loans from Bank are secured by exclusive first pari passu hypothecation charge on plant and machinery of the company, current assets, receivables and account assets.

Collateral Security:

- *Unit no.8, Heavy Industrial Area Bhilai, Plot No. 08- Hathkhoj, Plot no. 8 near by 33/11 Hathkhoj, Durg, Chattisgarh.*
- *Godhari, Mahasamund Kh. No.1173, 1189/2, 1178/2, 1234, 1179, 1190, 1233, 1228, 1188, 1256, 1171 P.h. No. 87/35, R.N.M Tah & Dist Mahasamund; and*
- *Flat No 201 2nd Floor Building B-3 Goleccha Park, Phase –I, New Purena, Raipur and personal guarantee of certain directors and their relatives-namely, 1. Giriraj Singhania; and 2. Vishal Sharma.*

Shareholders' Agreements and Other Agreements

Shareholders' Agreements

There are no arrangements or agreements, deeds of assignment, acquisition agreements, shareholders' agreements, inter se agreements, any agreements between our Company, the Promoters and the Shareholders, agreements of like nature and clauses/ covenants which are material to our Company. Further, there are no other clauses/ covenants that are adverse or prejudicial to the interest of the minority and public shareholders of our Company.

Key terms of other subsisting material agreements

Except as disclosed in *"Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years"* on page 324, our Company has not entered into any subsisting material agreements including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of the business of our Company or which are otherwise material and need to be disclosed in this Draft Red Herring Prospectus in context of the Offer. Additionally, there are no other clauses or covenants in these material agreements which are adverse or pre-judicial to the interest of the public shareholders, or nor are there agreements that the Company has entered into that are required to be disclosed under the SEBI ICDR Regulations or non-disclosure of which may have a bearing on the investment decisions of the Bidders, except as already disclosed in this Draft Red Herring Prospectus.

Accumulated profits or losses

Our Company does not have any subsidiaries.

Our associates and joint ventures

As on the date of this Draft Red Herring Prospectus, our Company does not have any associates or joint ventures.

Agreements with Key Managerial Personnel, Senior Management, Directors, Promoters, or any other employee

Our Company has not entered into any agreements with Key Managerial Personnel, Senior Management, Directors, Promoters, or any other employee with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR MANAGEMENT

Board of Directors

In accordance with the Companies Act and our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises six Directors, of which three are Executive Directors, and three are Independent Directors. One of our Independent Directors is a woman Director**.**

The following table sets forth details regarding our Board as of the date of this Draft Red Herring Prospectus:

S. No.	Name, DIN, Designation, Address, Occupation, Term, Period of Directorship and Date of Birth	Age (Years)	Other Directorships
1.	Giriraj Singhania ***DIN*****:** 00369479 ***Designation*****:** Managing Director ***Address*****:** Vindhya Vasini Kutir, Tatyapara Chowk, Raipur - 492001, Chhattisgarh, India ***Occupation*****:** Business ***Term*****:** 5 years ***Period of Directorship***: Since March 9, 2011 ***Date of birth:*** December 23, 1968	55	*Indian Companies:* Shivalik Power and Steel Private Limited *Foreign Companies:* NIL
2.	Raghvendra Singhania ***DIN*****:** 00327732 ***Designation*****:** Joint Managing Director ***Address*****:** Vindhya Vasini Kutir, Tatyapara, Raipur – 492001, Chhattisgarh, India ***Occupation*****:** Business ***Term*****:** 5 years, liable to retire by rotation ***Period of Directorship*****:** Since December 10, 2023 ***Date of birth:*** April 22, 1970	54	*Indian Companies:* Vardaan Infrastructures Private Limited Shree Krishna Infratech Private Limited Padent Highrise Limited *Foreign Companies* NIL

S. No.	Name, DIN, Designation, Address, Occupation, Term, Period of Directorship and Date of Birth	Age (Years)	Other Directorships
3.	Vinay Agrawal ***DIN*****:** 06954626 ***Designation*****:** Whole-time Director ***Address*****:** C-2, 602, Vidhan Sabha Road, VIP Karishma Apartment, Shankar Nagar, Ward No. 27, Khamardih, Shankar Nagar, Raipur – 492007, Chhattisgarh, India ***Occupation*****:** Business ***Term*****:** 5 years, liable to retire by rotation ***Period of Directorship***: Since January 27, 2017 ***Date of birth:*** March 8, 1982	42	*Indian Companies:* Dwarikadheesh Automotive Private Limited *Foreign Companies:* NIL
4.	Ajay Pancholi ***DIN*****:** 05168823 ***Designation*****:** Independent Director ***Address*****:** B-5301, Raheja Imperia 1, Shankar Rao Naram Path, opposite World Tower BMC Parking Gate, Worli, Lower Parel, Mumbai – 400013, Maharashtra, India ***Occupation*****:** Self-Employed - Business ***Term*****:** 5 years ***Period of Directorship***: Since March 19, 2024 ***Date of birth:*** December 20, 1971	52	*Indian Companies:* Shreyayush Properties Private Limited *Foreign Companies:* NIL
5.	Rajesh Tuteja ***DIN*****:** 08952755 ***Designation*****:** Independent Director ***Address*****:** House No. 339, Sector 21, Panchkula, Haryana – 134116, Haryana, India ***Occupation*****:** Retired, Civil Services ***Term*****:** 5 years ***Period of Directorship***: Since January 6, 2024	63	*Indian Companies:* Anant Raj Limited Swiss Military Consumer Goods Limited Orchid Infrastructure Developers Private Limited Jhariya Ananturja Private Limited *Foreign Companies:* NIL

S. No.	Name, DIN, Designation, Address, Occupation, Term, Period of Directorship and Date of Birth	Age (Years)	Other Directorships
	Date of birth: September 1, 1960		
6.	Rina Sharma ***DIN*:** 08557373 ***Designation*:** Independent Director ***Address*:** E- 83, Sector 41, Gautam Budh Nagar, Noida – 201303, Uttar Pradesh, India ***Occupation*:** Professional ***Term*:** 5 years ***Period of Directorship***: Since January 6, 2024 ***Date of birth:*** November 18, 1964	59	*Indian Companies:* Transteel Seating Technologies Limited Enviro Oil Savers Association *Foreign Companies:* NIL

Relationship between our Directors

Except for Giriraj Singhania and Raghvendra Singhania who are brothers, and Vinay Agrawal who is the son of Madhu Agrawal (sister of Giriraj Singhania and Raghvendra Singhania), none of our Directors are related to each other.

Brief Biographies of our Directors

Giriraj Singhania is the Managing Director of our Company, and he is currently responsible for overseeing manufacturing operations, business development and customer relationship of our Company. He has passed the examinations for bachelor's degree in commerce course from Ravishankar University, Raipur in July, 1991. He has more than 18 years of experience in the castings and precision engineering industry. Prior to joining our Company, he was associated as director and co-promoter with Shivalik Power and Steel Private Limited.

Raghvendra Singhania is the Joint Managing Director of our Company, and he is currently responsible for financial, human resource, customer and regulatory liaising and administration functions of our Company. He has passed the examinations for bachelor's degree in commerce from the University of Delhi in July, 1992. He has more than 20 years of experience in the castings and precision engineering industry. Prior to joining our Company, he was associated with Shivalik Power and Steel Private Limited.

Vinay Agrawal is the Whole-time Director of our Company, and he is currently responsible for overseeing the overall production activities of our Company. He obtained his bachelor's degree in production engineering from Nagpur University. He has over 18 years of experience in the castings and precision engineering industry. Prior to joining our Company, he was associated as Factory Manager with Shivalik Power and Steel Private Limited, and as director in Neelkamal Vanijya Private Limited.

Ajay Pancholi is an Independent Director in our Company. He holds a bachelor's degree in commerce from the University of Mumbai in 1993. He is also a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has more than 22 years of experience as an investment banker. He is currently a partner at Aelius Ace Solutions LLP. Prior to joining our Company, he was associated with ICICI Securities and Finance Company Limited, DSP Merrill Lynch Limited, GMR Infrastructure Limited, Edelweiss Financial Services Limited and HDFC Bank Limited.

Rajesh Tuteja is an Independent Director in our Company. He holds a bachelor's degree in commerce from Sri Guru Gobind Singh College, Chandigarh, Panjab University and bachelor's degree in law from the Department of Laws, P.U., Chandigarh, Panjab University. He is also a member of the Institute of Chartered Accountants of

India and the Institute of Company Secretaries of India. He has completed the "International Futures" programme of training for international diplomats under the Federal Foreign Office, Germany, and advanced professional training in "Managing Global Governance" from the Federal Ministry for Economic Cooperation and Development, Germany. He has more than 33 years of experience in civil services. Prior to joining our Company, he was associated with the Income Tax Department of the Government of India in various capacities and was superannuated as Director General of Income Tax (Investigation), Madhya Pradesh and Chhattisgarh. He is from the 1987 batch of Indian Revenue Services and has received the Finance Minister's gold medal from the President of India.

Rina Sharma is an Independent Director in our Company. She holds a bachelor's degree in arts (Japanese) from Jawaharlal Nehru University under her maiden name Rina Bhargava. She has more than 6 years of social service experience. She is associated as Chief Operating Officer with Parwarish Cares Foundation, which, *inter alia*, provides advisory services under the Sexual Harassment of Women a Workplace (Prevention, Prohibition and Redressal) Act, 2013 including nominating representatives to act as external member of the Internal Complaints Committees of several organizations including MG Motor India Private Limited, Akanksha Foundation and Happiest Minds Technologies Limited. She was also appointed as a member of the Internal Complaints Committee of certain companies, including Travel Corporation (India) Private Limited, SOTC Travel Limited, Teach to Lead, Thomas Cook (India) Limited and Contagious Online Media Network Private Limited.

Terms of appointment of our Directors

1. Appointment details of our Managing Director

Giriraj Singhania is the Managing Director of our Company. He was one of the first Directors of our Company with effect from March 9, 2011, in accordance with the Articles of Association of the Company. He was designated as Managing Director for a term of 5 years with effect from August 14, 2012, pursuant to a board resolution dated July 17, 2012 and shareholder resolution dated August 14, 2012. He was re-appointed as Managing Director for a term of 5 years with effect from March 3, 2017 pursuant to a board resolution dated March 1, 2017 and shareholder resolution dated March 3, 2017. He was further reappointed as Managing Director for a term of 5 years with effect from March 3, 2022, pursuant to a board resolution dated March 3, 2022, and shareholder resolution dated September 30, 2022. He was paid a remuneration of ₹58.00 million for the Fiscal Year ended on March 31, 2024.

Details of the remuneration that Giriraj Singhania is entitled to receive as per shareholder resolution dated September 30, 2023, and the other terms of his employment are enumerated below:

S. No.	Particulars	Remuneration per annum
1.	Salary	Up to ₹ 60.00 million
2.	Performance Bonus	Up to 5% of the turnover (excluding taxes) of the Company
3.	Others	Perquisites and allowances including: i. reimbursement of electricity charges for own residence; ii. children's education allowance; iii. entertainment allowance; iv. medical reimbursement; v. club fees and leave travel concession for self and family; vi. medical insurance; and vii. other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Nomination and Remuneration Committee and Giriraj Singhania

2. Appointment details of our Joint Managing Director

Raghvendra Singhania is the Joint Managing Director of our Company. He was designated as Joint Managing Director for a term of 5 years with effect from December 10, 2023, pursuant to a board resolution dated December 10, 2023 and shareholder resolution dated January 2, 2024. He was paid a remuneration of ₹58.00 million for the

Fiscal Year ended on March 31, 2024, in his capacity as the Chief Financial Officer of our Company.

Details of the remuneration that Raghvendra Singhania is entitled to receive as per shareholder resolution dated January 2, 2024, and the other terms of his employment are enumerated below:

S. No.	Particulars	Remuneration per annum (₹ million)
1.	Salary	Up to ₹60.00 million
2.	Performance Bonus	Up to 5% of the turnover (excluding taxes) of the Company
3.	Others	Perquisites and allowances including: i. reimbursement of electricity charges for own residence; ii. children's education allowance; iii. entertainment allowance; iv. medical reimbursement; v. club fees and leave travel concession for self and family; vi. medical insurance; and vii. other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Nomination and Remuneration Committee and Raghvendra Singhania

3. Appointment details of our Whole-time Director

Vinay Agrawal is the Whole-time Director of our Company. He was previously designated as Non-Executive Director of our Company, pursuant to a board resolution dated January 27, 2017 and shareholder resolution dated March 3, 2017. He has been appointed as Whole-time Director of our Company pursuant to a board resolution dated January 10, 2024 for a term of five years, liable to retire by rotation, and shareholder resolution dated June 5, 2024. He was paid a remuneration of ₹7.80 million for the Fiscal Year ended on March 31, 2024 in his capacity as Non-Executive Director of our Company.

Details of the remuneration that Vinay Agrawal is entitled to receive as per shareholder resolution dated June 5, 2024, and the other terms of his employment are enumerated below:

S. No.	Particulars	Remuneration per annum (₹ million)
1.	Salary	Up to ₹24.00 million
2.	Performance Bonus	Up to 2% of the turnover (excluding taxes) of the Company
3.	Others	Perquisites and allowances including: i. reimbursement of electricity charges for own residence; ii. children's education allowance; iii. entertainment allowance; iv. medical reimbursement; v. club fees and leave travel concession for self and family; vi. medical insurance; and vii. other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Nomination and Remuneration Committee and Vinay Agrawal

4. Employment Agreements between our Company and Directors

There are no employment agreements between our Company and our Directors as on the date of this DRHP.

5. Remuneration paid to our Independent Directors

Our Company does not pay sitting fees for attending Board and Committee meetings. Further, our Independent Directors were not paid any remuneration for the Fiscal Year ended on March 31, 2024.

Deferred or contingent compensation

There is no deferred or contingent compensation payable to any of our Directors for the Fiscal Year 2024.

Shareholding of our Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

For details of the shareholding of our Directors in our Company, see "*Capital Structure – Details of the Shareholding of the Directors and Key Managerial Personnel and Senior Management as of the date of filing of this Draft Red Herring Prospectus"* on page 110.

As on the date of this Draft Red Herring Prospectus, the Company does not have an employee stock option/purchase scheme.

Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others

None of our Directors have been presently appointed or selected as a director pursuant to any arrangement or understanding with our major shareholders, customers, suppliers, or others. For details, see "*History and Certain Corporate Matters – Agreements with Key Managerial Personnel, Senior Management Personnel, Director, Promoters or any other employee*" on page 327.

There are no employment agreements or contracts appointing or fixing the remuneration of the Directors of our Company entered into within, or prior to the two years immediately preceding the date of this Draft Red Herring Prospectus.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of (i) remuneration or commission, if any, payable or reimbursement of expenses to them, (ii) Equity Shares, if any, already held by them or their relatives or any firms, companies and trusts in which our Directors are interested as a director, member, partner or trustee, in our Company and any dividend payable to them and other benefits arising out of such shareholding, (iii) transactions entered into in the ordinary course of business with companies in which our Directors hold directorship, (iv) rent received by them in respect of property leased by them to our Company, if any, and (iv) their directorship on the board of directors of, and/or their shareholding in our Company and our Group Companies, as applicable.

Except for Raghvendra Singhania and Giriraj Singhania who are Promoters of our Company, none of our Directors are interested in the promotion or formation of our Company.

Except for rent paid to our Promoters and repayment of loan extended to the Company by our Promoter, Raghvendra Singhania, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as a director of our Company.

Our Directors have not entered into any service contracts with our Company providing for benefits upon termination of their employment.

None of our Directors is a party to any bonus or profit-sharing plan by our Company.

Other than as disclosed in this section, our Directors have no interest in any property acquired by our Company preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or of our Company.

Our Directors are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Directors or to such firm or company in cash or shares or otherwise by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

None of our Directors have any interest in our business other than as disclosed in this section and in "*Our Promoters and Promoter Group*", "*Our Group Companies*" and "*Other Financial Information*", on pages 351, 356 and 424, respectively.

Other than as disclosed in this section, none of our Directors have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

No loans have been availed by our Directors from our Company.

Except as disclosed below, there is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations of our Company) and our Directors:

Sharda Shree Agriculture, a partnership firm, is one of the third-party service providers (crucial for operations of the Company) in which Shilpa Singhania (wife of Giriraj Singhania), Varsha Singhania (wife of Raghvendra Singhania), Giriraj Singhania HUF and Raghvendra Singhania HUF collectively hold 100% share capital. Sharda Shree Agriculture provides services as a commission agent to our Company and aids in procurement of materials and such other capital goods for our Company.

Except as disclosed below, there is no conflict of interest between the lessors of immovable properties (crucial for operations of our Company) and our Directors:

Our Company has taken our Registered Office premises on lease from Shilpa Singhania, who is the wife of Giriraj Singhania, the Managing Director of our Company. Further, another one of our office premises located at Flat No. A-1605, Floor 16, HDIL, Metropolis, Andheri East, Mumbai is being used by our Company on lease from Giriraj Singhania, the Managing Director of our Company and Raghvendra Singhania, the Joint Managing Director of our Company.

Confirmations

None of our Directors is, or was, a director of any listed company during the five years immediately preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges in India during their tenure in such company.

None of our Directors is or was a director of any company which has been, or was, delisted from any stock exchange in India during their tenure in such company.

Changes in our Board during the Last Three Years

The changes in our Board in the three immediately preceding years are set forth below:

S. No.	Name	Effective Date of Appointment/ Cessation	Reason
1.	Ajay Pancholi	March 19, 2024	Appointment as Independent Director**
2.	Sanjay Goenka	March 19, 2024	Cessation
3.	Mithlesh Kumar	March 19, 2024	Cessation
4.	Rajesh Tuteja	January 6, 2024	Appointment as Independent Director**
5.	Rina Sharma	January 6, 2024	Appointment as Independent Director**
6.	Sanjay Goenka	January 6, 2024	Appointment as Independent Director
7.	Vinay Agrawal	January 10, 2024	Change in designation to Whole-time Director from Non-Executive Director
8.	Aasheesh Kumar Sharma	January 10, 2024	Cessation
9.	Anjali Jain	January 10, 2024	Cessation
10.	Vishal Sharma	December 21, 2023	Cessation
11.	Raghvendra Singhania	December 10, 2023	Appointment as Additional Director

S. No.	Name	Effective Date of Appointment/ Cessation	Reason
12.	Anjali Jain	December 31, 2022	Appointment as Additional Director*
13.	Giriraj Singhania	March 3, 2022	Re-appointment as Managing Director

**Regularized as Non-Executive Director on September 30, 2023*
***Regularized as Independent Director on June 5, 2024*

Borrowing Powers of our Board

Pursuant to our Articles of Association, Board resolution dated September 5, 2022, and shareholders resolution dated September 30, 2022, subject to applicable laws, our Board is authorised to borrow, whether by way of term loan/line of credit/equipment finance/project finance/bridge loan/cash credit facilities/public deposits or otherwise from financial institutions/banks or from public/bodies corporate or from government body/corporation or Government of India or by way of external commercial borrowings or from multilateral/bilateral agencies within India or abroad or by way of issue of bonds in domestic or international markets on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) at any time shall not exceed in the aggregate ₹10,000.00 million irrespective of the fact that such aggregate amount of borrowings outstanding at any time may exceed the aggregate for the time being of the paid-up capital of the company and its free reserves that is to say reserves that is to say/ not set apart for any specific purpose.

Corporate Governance

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of corporate governance with respect to composition of Board and constitution of the committees of the Board, including the audit committee, stakeholder's relationship committee, nomination and remuneration committee and risk management committee by our Company and formulation and adoption of policies, as prescribed under the SEBI Listing Regulations.

Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations. The Board of Directors function either as a full board, or through various committees constituted to oversee specific operational areas.

Committees of our Board

In addition to the committees of our Board described below, our Board may constitute committees for various functions from time to time.

Audit Committee

The members of our Audit Committee are:

Name of the Directors	Designation	Designation in Committee
Ajay Pancholi	Independent Director	Chairperson
Rajesh Tuteja	Independent Director	Member
Raghvendra Singhania	Joint Managing Director	Member

Our Audit Committee was re-constituted by our Board pursuant to a resolution dated March 19, 2024. The terms of reference of the Audit Committee were approved by our Board pursuant to a resolution dated March 19, 2024.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as disclosed below:

(a) Overseeing the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommendation to the Board for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company including the internal auditor, cost auditor and statutory auditor of the Company, and fixation of the audit fee;

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(d) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

    (i) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    (ii) changes, if any, in accounting policies and practices and reasons for the same;
    (iii) major accounting entries involving estimates based on the exercise of judgement by management;
    (iv) significant adjustments made in the financial statements arising out of audit findings;
    (v) compliance with listing and other legal requirements relating to financial statements;
    (vi) disclosure of related party transactions;
    (vii) qualifications and modified opinion(s) in the draft audit report;

(e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(f) Reviewing, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

(i) Approval or any subsequent modification of transactions of the Company with related parties; All related party transactions shall be approved by only Independent Directors who are the members of the committee and the other members of the committee shall recuse themselves on the discussions related to related party transactions;

Explanation: The term "related party transactions" shall have the same meaning as provided in clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013;

(j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

(k) Scrutiny of inter-corporate loans and investments;

(l) Valuation of undertakings or assets of the Company, wherever it is necessary; Appointment of Registered Valuer under Section 247 of the Companies Act, 2013;

(m) Evaluation of internal financial controls and risk management systems;

(n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(p) Discussion with internal auditors of any significant findings and follow up thereon;

(q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure o internal control systems of a material nature and reporting the matter to the Board;

(r) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(s) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(t) To review the functioning of the whistle-blower mechanism;

(u) Approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(v) Ensuring that an information system audit of internal systems and process is conducted at least once in two years to assess operational risks faced by the Company;

(w) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.

(x) To formulate, review and make recommendations to the Board to amend the terms of reference of Audit Committee from time to time;

(y) Establish a vigil mechanism for directors and employees to report their genuine concerns or grievances;

(z) Reviewing compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time, at least once in a financial year and shall verify that the systems for internal control under the said regulations are adequate and are operating effectively;

(aa) Investigating any activity within its terms of reference, seeking information from any employee, obtaining outside legal or other professional advice and securing attendance of outsiders with relevant expertise, if it considers necessary;

(bb) To consider the rationale, cost, benefits and impact of schemes involving merger, demerger, amalgamation etc. of the Company and provide comments;

(cc) Reviewing:

- (i) Any show cause, demand, prosecution and penalty notices against the Company or its Directors which are materially important including any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies;
- (ii) Any material default in financial obligations by the Company;
- (iii) Any significant or important matters affecting the business of the Company; and

(dd) Carrying out any other functions as provided under the provisions of the Companies Act, the SEBI Listing Regulations and other applicable laws, and carrying out any other functions as may be required/mandated and/or delegated by the Board as per provisions of the Companies Act, 2013, SEBI Listing Regulations, uniform listing agreements and/or any other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

The Audit Committee is required to meet at least four times in a year with a maximum interval of 120 days between two meetings in accordance with the SEBI Listing Regulations. The Audit Committee has the authority to investigate into any matter in relation to the items specified under the terms of reference or such other matter as may be referred to it by our Board for such purpose.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

Name of the Directors	Designation	Designation in Committee
Ajay Pancholi	Independent Director	Chairperson
Rina Sharma	Independent Director	Member
Rajesh Tuteja	Independent Director	Member

The Nomination and Remuneration Committee was re-constituted by our Board pursuant to a resolution dated March 19, 2024. The terms of reference of the Nomination and Remuneration Committee were approved by our Board pursuant to a resolution dated March 19, 2024.

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, Regulation 19 of the SEBI Listing Regulations, and its terms of reference are as disclosed below:

(a) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the director, key managerial personnel and other employees;

(b) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

    (i) use the services of an external agencies, if required;
    (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
    (iii) consider the time commitments of the candidates;

    The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

    (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully:
    (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

(c) Formulating criteria for evaluation of performance of independent directors and the Board;

(d) Devising a policy on diversity of Board;

(e) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(f) Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(g) Recommending to the board, all remuneration, in whatever form, payable to senior management;

(h) Analysing, monitoring and reviewing various human resource and compensation matters, including the compensation strategy;

(i) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(j) CON Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(k) Recommending the remuneration, in whatever form, payable to non-executive directors and the senior management personnel and other staff (as deemed necessary);

(l) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(m) Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company:

(n) Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;

(o) Performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Companies Act, each as amended or other applicable law.

The Nomination and Remuneration Committee is required to meet at least once every year in accordance with the SEBI Listing Regulations.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

Name of the Directors	Designation	Designation in Committee
Rajesh Tuteja	Independent Director	Chairperson
Raghvendra Singhania	Joint Managing Director	Member
Vinay Agrawal	Whole-time Director	Member

The Corporate Social Responsibility Committee was re-constituted by our Board pursuant to a resolution dated January 10, 2024. The terms of reference of the Corporate Social Responsibility Committee were approved by our Board pursuant to a resolution dated January 10, 2024.

The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act, and its terms of reference are as disclosed below:

(a) To formulate and recommend to the Board a Corporate Social Responsibility Policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;

(b) To review and recommend the amount of expenditure to be incurred on the activities referred to in (a) and amount to be incurred for such expenditure shall be as per the applicable law;

(c) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

(d) To review and recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(f) To review and monitor the Corporate Social Responsibility Policy of the Company and its implementation from time to time, and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

(g) To do such other acts, deeds and things as may be required to comply with the applicable laws;

(h) To take note of the Compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company;

(i) The Corporate Social Responsibility Committee shall formulae and recommend to the Board, an annual action plan in pursuance of its corporate social responsibility policy, which shall include the following:

    (i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
    (ii) the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act;
    (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
    (iv) monitoring and reporting mechanism for the projects or programmes; and
    (v) details of need and impact assessment, if any, for the projects undertaken by the Company; and

(j) To perform such other activities as may be delegated by the Board or specified/provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Name of the Directors	Designation	Designation in Committee
Ajay Pancholi	Independent Director	Chairperson
Raghvendra Singhania	Joint Managing Director	Member
Vinay Agrawal	Whole-time Director	Member

The Stakeholders' Relationship Committee was constituted by our Board pursuant to a resolution dated March 19, 2024. The terms of reference of Stakeholders' Relationship Committee were approved by our Board pursuant to a resolution dated March 19, 2024.

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations and its terms of reference are as disclosed below:

(a) Redressal of all security holders and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, dematerialisation and re-materialisation of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., assisting with quarterly reporting of such complaints and formulating procedures in line with statutory guidelines to ensure speedy disposal of various requests received from shareholders;

(b) Resolving the grievances of the security holders of the Company including complaints related to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures, and other securities from time;

(d) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of our Company and to recommend measures for overall improvement in the quality of investor services;

(e) Review of measures taken for effective exercise of voting rights by shareholders;

(f) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar & share transfer agent;

(g) To approve allotment of shares, debentures, or any other securities as per the authority conferred/ to be conferred to the Committee by the Board of Directors from time to time;

(h) To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, re-materialisation etc. of shares, debentures, and other securities;

(i) To monitor and expedite the status and process of dematerialization and re-materialisation of shares, debentures, and other securities of the Company; and

(j) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

(k) performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations and the Companies Act or other applicable law.

The Stakeholders' Relationship Committee is required to meet at least once in a year in accordance with the SEBI Listing Regulations.

Risk Management Committee

The members of the Risk Management Committee are:

Name of the Directors	Designation	Designation in Committee
Ajay Pancholi	Independent Director	Chairperson
Vinay Agrawal	Whole-time Director	Member
Raghvendra Singhania	Joint Managing Director	Member

The Risk Management Committee was constituted by our Board pursuant to a resolution dated March 19, 2024. The terms of reference of the Risk Management Committee were approved by our Board pursuant to a resolution dated March 19, 2024. Its terms of reference are as disclosed below:

(a) To formulate a detailed risk management policy covering risk across functions and plan integration through training and awareness programmes which shall include:

    (i) A framework for identification of internal and external risks specifically faced by the listed entities, in particular including financial, operational, sectoral, sustainability (particularly environmental, social and governance related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;

    (ii) Measures for risk mitigation including systems and processes for internal control of identified risks; and

    (iii) Business continuity plan.

(b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity:

(e) To set out risk assessment and minimization procedures and the procedures to inform the Board of the same;

(f) To frame, implement, review, and monitor the risk management policy for the Company and such other functions, including cyber security;

(g) To review the status of the compliance, regulatory reviews, and business practice reviews;

(h) To approve the process for risk identification and mitigation;

(i) To decide on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks including for cyber security;

(j) To monitor the Company's compliance with the risk structure. Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of noncompliance on an ongoing basis;

(k) To approve major decisions affecting the risk profile or exposure and give appropriate directions;

(l) To consider the effectiveness decision making process in crisis and emergency situations;

(m) To balance risks and opportunities;

(n) To generally, assist the Board in the execution of its responsibility for the governance of risk;

(o) To keep the Board informed about the nature and content of its discussions, recommendations, and actions to be taken;

(p) The appointment, removal, and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee;

(q) To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;

(r) To implement and monitor policies and/or processes for ensuring cyber security;

(s) To review and recommend potential risk involved in any new business plans and processes;

(t) To review the Company's risk-reward performance to align with the Company's overall policy objectives;

(u) To monitor and review regular updates on business continuity;

(v) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;

(w) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors;

(x) To advise the Board with regard to risk management decisions in relation to operational matters such as corporate strategy; and

(y) Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act. 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

In addition to the above, our Company has also constituted IPO Committee.

IPO Committee

The members of the IPO Committee are:

Name of the Directors	Designation	Designation in Committee
Giriraj Singhania	Managing Director	Chairperson
Raghvendra Singhania	Joint Managing Director	Member
Vinay Agrawal	Whole-time Director	Member
Manoj Patni	Chief Financial Officer	Permanent Invitee

The IPO Committee was constituted by our Board pursuant to a resolution dated June 4, 2024. The terms of reference of the IPO Committee were approved by our Board pursuant to a resolution dated June 4, 2024. Its terms of reference are as disclosed below:

(a) To decide, negotiate and finalize, in consultation with the book running lead managers appointed in relation to the Offer (the "BRLMs"), all matters regarding the pre-IPO placement, if any, out of the fresh issue of Equity Shares by the Company in the Offer, decided by the Board, including entering into discussions and execution of all relevant documents with investors;

(b) To amend the terms of participation by the selling shareholders in the offer for sale;

(c) To approve amendments of the memorandum of association and the articles of association of the Company;

(d) To take all actions as may be necessary and authorized in connection with the offer for sale and to approve and take on record the approval of the selling shareholder(s) for offering their Equity Shares in the offer for sale and the transfer of Equity Shares in the offer for sale including the quantum in terms of number of Equity Shares/amount offered by the selling shareholders in the Offer, allowing revision of the offer for sale portion in case any selling shareholder decides to revise it, in accordance with the applicable laws;

(e) To decide on other matters in connection with or incidental to the Offer, including the pre-IPO placement, timing, pricing and terms of the Equity Shares, the Offer price, the price band, the size and all other terms and conditions of the Offer including the number of Equity Shares to be offered and transferred in the Offer, the bid/Offer opening and bid/Offer closing date, discount (if any), reservation, determining the anchor investor portion, issue price for anchor investors and allocating such number of Equity Shares to anchor investors in consultation with the BRLMs and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and to do all such things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer and to constitute such other committees of the Board, as may be required under Applicable Laws, including as provided in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**");

(f) To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, SEBI, the RoC and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Company such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus (the "**DRHP**"), the red herring prospectus (the "**RHP**") and the Prospectus as applicable;

(g) To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments (including dating of such documents), supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

(h) To appoint and enter into and terminate arrangements with the BRLMs, and appoint and enter into and terminate arrangement in consultation with the BRLMs with underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, public offer account bankers to the Offer, sponsor banks, legal advisors, auditors, advertising agency and any other agencies or persons or intermediaries to the Offer including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the engagement letter with the BRLMs and negotiation, finalization, execution and, if required, amendment or termination of the Offer agreement with the BRLMs and the selling shareholders, if any;

(i) To decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any;

(j) To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, Offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow and sponsor bank agreement, ad agency agreement, agreements with the registrar to the issue and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

(k) To authorise the maintenance of a register of holders of the Equity Shares;

(l) To seek, if required, the consent and/or waiver of the lenders of the Company, customers, suppliers, vendors, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

(m) To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(n) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(o) To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

(p) To accept and appropriate the proceeds of the Offer in accordance with the applicable laws;

(q) To approve codes of conduct as may be considered necessary or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

(r) To implement any corporate governance requirements that may be considered necessary by the Board or any other committee or as may be required under the applicable laws, including the SEBI Listing

Regulations and the uniform listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

(s) To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchanges, with power to authorize one or more officers of the Company or the Registrar to the Offer to sign all or any of the aforestated documents;

(t) To authorize and approve notices, advertisements in relation to the Offer, in accordance with the SEBI ICDR Regulations and other Applicable Laws, in consultation with the relevant intermediaries appointed for the Offer;

(u) To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;

(v) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the afore-stated documents;

(w) To make applications for listing of the Equity Shares in one or more stock exchanges for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchanges in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

(x) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;

(y) Authorizing any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer;

(z) Authorizing any officers (the "**Authorized Officers**"), for and on behalf of the Company, to negotiate, finalize, execute, deliver and terminate, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that any such Authorized Officer considers necessary, desirable or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the uniform listing agreements with the relevant stock exchanges, the registrar's agreement, the depositories agreement, the offer agreement with the Selling Shareholders and book running lead managers (and other entities as appropriate), the underwriting agreement, the share escrow agreement, the syndicate agreement, the cash escrow and sponsor bank agreement, confirmation of allocation notes, the advertisement agency agreement and any agreement or document in connection with any pre-IPO placement (including any placement agreement, escrow agreement and the Offer documentation), with, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the book running lead managers, syndicate members, placement agents, registrar to the Offer, bankers to the Offer, underwriters, escrow agents, accountants, auditors, legal counsel, depositories, credit rating agencies, advertising agencies, monitoring agencies, and all such persons or agencies as may be involved in or concerned with the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing;

(aa) To submit undertaking/certificates or provide clarifications to the SEBI, the RoC and the relevant stock exchanges where the Equity Shares are to be listed;

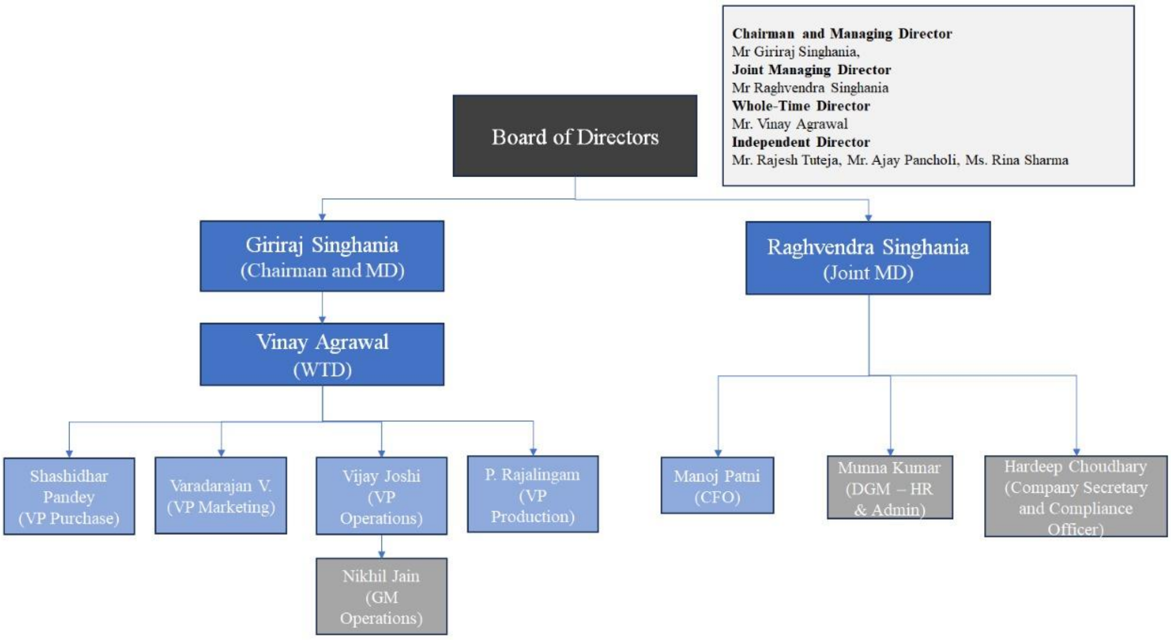
(bb) To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other applicable laws;

(cc) To approve the list of 'group companies' of the Company, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;

(dd) To withdraw the DRHP or the RHP or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and

(ee) To delegate any of its powers set out hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company.

Management Organisation Structure



Key Managerial Personnel of our Company

Except for Giriraj Singhania, Raghvendra Singhania and Vinay Agrawal who are the Managing Director, Joint Managing Director and Whole-time Director of our Company respectively, the details of our Key Managerial Personnel as of the date of this Draft Red Herring Prospectus are set forth below:

Hardeep Choudhary is the Company Secretary and Compliance Officer of our Company. He has passed the examinations for a bachelor's degree in commerce from Pandit Ravishankar Shukla University, Raipur in June, 2014 and for a master's degree in business administration from Amity University, Noida in July 2020. He is also an associate member of the Institute of Company Secretaries of India. He has more than 5 years of secretarial experience. Prior to joining our Company, he was associated in various capacities with Celestial Biolabs Limited, Enrich Power and Infra-Tech Development Private Limited (Yashoda Healthcare Services Group). He is currently responsible for secretarial works and day to day compliances of the Company. He has been associated with our Company since September 1, 2020. During Financial Year 2024, he received a remuneration of ₹ 0.83 million.

Manoj Patni is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Devi Ahilya Vishwavidyalaya, Indore. He has also completed the senior management programme from the Indian Institute of Management, Calcutta. He is also a member of the Institute of Chartered Accountants of India. He has more than 18 years of experience in finance and accounting. Prior to joining our Company, he was associated in various capacities with Bhilosa Industries Private Limited, Prism Johnson Limited, H. & R. Johnson (India) Limited, Pantaloon Food Product (India) Limited, and Bennett, Coleman & Co. Limited. He is currently responsible for overseeing and managing all financial aspects of our Company. He has been associated with our Company as the Chief Financial Officer since March 19, 2024. During Financial Year 2024, he received a remuneration of ₹ 0.14 million.

Senior Management of our Company

In addition to Hardeep Choudhary, the Company Secretary and Compliance Officer of our Company and Manoj Patni, the Chief Financial Officer of our Company, whose details are provided in "– *Key Managerial Personnel of our Company*" on page 347, the details of our other Senior Management as of the date of this Draft Red Herring Prospectus are set out below:

Nikhil Ashok Jain is the General Manager – Operation Foundry of our Company. He passed the examinations for a bachelor's degree in mechanical engineering from Padmabhooshan Vasantraodada Patil Institute of

Technology, Shivaji University, Kolhapur in August, 2009. He holds a master's degree in management science from the University of Pune. He is also certified in production and inventory management by APICS. He has more than 10 years of experience in the automotive and castings industry. Prior to joining our Company, he was associated as Deputy General Manager (Quality) with Bhagwati Autocast Limited, Ahmedabad, with Neosym Industry Limited and as Graduate Engineer Trainee with Piaggio Vehicles Private Limited. He is currently responsible for foundry production, and coordinating production, raw material and manpower planning with the other concerned departments in our Company. He has been associated with our Company since October 21, 2023. During Financial Year 2024, he received a remuneration of ₹ 0.71 million.

Shashi Dhar Pandey is the Vice President – Purchase of our Company. He has passed the examinations for bachelor's degree in science (maths) from V.S.S.D. P.G. College, Chhatrapati Shahu Ji Maharaj University, Kanpur and post-graduate diploma in management from Indraprasth Institute of Management, Gurgaon. He has more than 12 years of experience in the automotive industry. Prior to joining our Company, he was associated as Manager - Purchase with Stride Auto Parts Limited, as Manager – Purchase & Vendor Development with RGP Moulds Private Limited, as Manager – Purchase & Vendor Development with Trident Auto Components Private Limited and Assistant Purchase & Store Manager with Society Motors Private Limited, Kanpur. He is currently responsible for overseeing matters related to stores and purchase. He has been associated with our Company since February 1, 2016. During Financial Year 2024, he received a remuneration of ₹ 1.82 million.

Varadarajan V is the Vice President – Marketing & Sales of our Company. He holds a bachelor's degree in mechanical engineering from the University of Madras and a post graduate diploma in financial management from Indira Gandhi National Open University. Prior to joining our Company, he was associated with Brakes India Private Limited, Dunes Oman and Motorola India Private Limited. He has more than 12 years of experience in the automobile and components industry. He is currently responsible for all marketing and sales related matters in our Company including development and implementation of marketing strategy, customer relationship management, new business development, marketing and sales team leadership, and price negotiation and contract management with customers. He has been associated with our Company since August 7, 2023. During Financial Year 2024, he received a remuneration of ₹ 2.01 million.

Rajalingam P. is the Vice President – Production of our Company. He holds a diploma in mechanical engineering from the State Board of Technical Education and Training, Tamil Nadu. He has completed transition training certification from Intertek Testing Services India Limited, the G8D training programme from Omnex India, and the bachelor programme in mechanical engineering from Pacific Institute of Engineering and Management. He has more than 22 years of experience in the castings industry. Prior to joining our Company, he was associated in various capacities with Sri Ranganathar Industries, Melting Pot Private Limited, SPSPL, Ellen Ferrous Castings Private Limited, Ferro Links, Vindhyavasini Industries Private Limited and CPC Private Limited. He is currently responsible for overseeing foundry operations, machine shop operations and for taking executive decisions in all production related matters. He has been associated with our Company since October 1, 2021. During Financial Year 2024, he received a remuneration of ₹ 1.42 million.

Vijay Gangadhar Joshi is the Vice President – Operations of our Company. He has passed the SSLC examination conducted by the Karnataka Secondary Education Examination Board in April 1985. He has more than 23 years of experience in the castings and foundries industry. Prior to joining our Company, he was associated in various capacities with Neosym Industry Limited, Jash Engineering Limited, Bangalore Metallurgicals Private Limited, Ashok Iron Works Limited and Jayaswals Neco Limited. He is currently responsible for overseeing foundry production and machine shop in our Company. He has been associated with SAEPL since July 9, 2022, and became an employee of our Company upon approval of the Composite Scheme. During Financial Year 2024, he received a remuneration of ₹ 3.00 million.

Munna Kumar is the Deputy General Manager – HR and Admin of our Company. He holds a bachelor's degree in computer applications and a master's degree in computer applications from Indira Gandhi National Open University and has passed the examination for a post graduate diploma in industrial safety management from Shobhit University, Meerut. He has more than 5 years of experience in human resources. Prior to joining our Company, he was associated with Shivalik Power and Steel Private Limited. He is currently responsible for overseeing the activities of the HR department. He also manages the Company's legal and statutory requirements including ensuring compliance with labour and industrial laws. He has been associated with SAEPL since August 16, 2018, and became an employee of our Company upon approval of the Composite Scheme. During Financial Year 2024, he received a remuneration of ₹ 0.87 million.

Status of Key Managerial Personnel and Senior Management

All the Key Managerial Personnel and Senior Management are permanent employees of our Company.

Relationship between our Key Managerial Personnel and Senior Management and Directors

Except for Giriraj Singhania and Raghvendra Singhania who are brothers, and Vinay Agrawal who is the son of Madhu Agrawal (sister of Giriraj Singhania and Raghvendra Singhania), none of our Key Managerial Personnel and Senior Management are related to each other or to our Directors. For details, please see, "*– Relationship between our Directors*" on page 330.

Shareholding of Key Managerial Personnel and Senior Management

For details of the shareholding of our Key Managerial Personnel and Senior Management in our Company, see "*Capital Structure – Details of the Shareholding of our Directors and Key Managerial Personnel and Senior Management as of the date of this Draft Red Herring Prospectus"* on page 110.

Bonus or Profit-Sharing Plan of our Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel and Senior Management are party to any bonus or profit-sharing plan of our Company.

Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel and Senior Management were selected as members of our management. For details, see "*History and Certain Corporate Matters - Agreements with Key Managerial Personnel, Senior Management Personnel, Director, Promoters or any other employee*" on page 327.

Interest of Key Managerial Personnel and Senior Management

Except for our Promoters and Vinay Agrawal, who are also Key Managerial Personnel, none of our Key Managerial Personnel and Senior Management have any interest in our Company, other than to the extent of (i) the remuneration or benefits to which they are entitled in accordance with the terms of their appointment or reimbursement of expenses incurred by them during the ordinary course of business, and (ii) the Equity Shares held by them, if any, and any dividend payable to them and other benefits arising out of such shareholding.

Except for our Promoters, who are also Key Managerial Personnel, none of our Key Managerial Personnel and Senior Management have been paid any consideration of any nature by our Company other than remuneration in the ordinary course of their employment.

Other than as disclosed in "*– Terms of appointment of our Directors*", "*– Interest of Directors*", "*– Key Managerial Personnel of our Company" and "– Senior Management of our Company"* on pages 331, 333, 347 and 347, our Company has not paid any compensation or granted any benefit to any of our Key Managerial Personnel and Senior Management (including contingent or deferred compensation) in all capacities in the Fiscal Year 2024. Further, there is no deferred or contingent compensation payable to any of our Key Managerial Personnel and Senior Management for the Fiscal Year 2024.

Other than as disclosed in "*– Interest of Directors*", there is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations of our Company) and our Key Managerial Personnel.

Other than as disclosed in "*– Interest of Directors*", there is no conflict of interest between the lessors of immovable properties (crucial for operations of our Company) and our Key Managerial Personnel.

Changes in the Key Managerial Personnel and Senior Management during the Last Three Years

The changes in our Key Managerial Personnel or Senior Management Personnel, other than in relation to our Executive Directors during the three immediately preceding years are set forth below:

Name	Designation	Date of Change	Reason for Change
Hardeep Choudhary	Compliance Officer	June 4, 2024	Appointment
Manoj Patni	Chief Financial Officer	March 19, 2024	Appointment
Raghvendra Singhania	Chief Financial Officer	December 10, 2023	Cessation

Name	Designation	Date of Change	Reason for Change
Nikhil Ashok Jain	General Manager – Operation Foundry	October 21, 2023	Appointment
Varadarajan V	Vice President – Marketing and Sales	August 7, 2023	Appointment
Rajalingam P	Vice President-Production	April 1, 2023	Appointment*
Vijay Gangadhar Joshi	Vice President - Operations	July 9, 2022	Appointment**

** Rajalingam P. was initially appointed as the plant head operation of our Company on October 1, 2021 and promoted as Vice-President - Production with effect from April 1, 2023.*
***Reflects the date of appointment in the above capacity in the relevant Transferor Company. Vijay Gangadhar Joshi became an employee of our Company upon approval of the Composite Scheme.*

The rate of attrition of our Key Managerial Personnel and Senior Management is not high in comparison to the industry in which we operate.

Payment or Benefit to Key Managerial Personnel and Senior Management

Except for rent paid to our Promoters and repayment of loan extended to the Company by our Promoter, Raghvendra Singhania, no amount or benefit has been paid or given within the preceding two years or is intended to be paid or given to any officers of our Company, including our Key Managerial Personnel and Senior Management, other than normal remuneration, for services rendered as officers of our Company and other than as disclosed in "*Other Financial Information*" on page 424.

Other than statutory benefits upon termination of their employment in our Company on retirement, none of our Key Managerial Personnel and Senior Management has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Employee Stock Option/Purchase Schemes

As of the date of this Draft Red Herring Prospectus, the Company does not have an employee stock option scheme/purchase scheme.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are Giriraj Singhania and Raghvendra Singhania. As on the date of this Draft Red Herring Prospectus, our Promoters hold an aggregate of 12,061,642 Equity Shares comprising 48.78% of our paid-up Equity Share capital.

For details of the build-up of our Promoters' shareholding in our Company, see "*Capital Structure*" on page 94.

Promoters

The details of our Promoters are as follows:

Giriraj Singhania

Giriraj Singhania born on December 23, 1968, aged 55 years, is a citizen of India. He resides at Vindhya Vasini Kutir, Tatyapara Chowk, Raipur – 492001, Chhattisgarh, India. His PAN number is AJJPS9164M. For details of his educational qualifications, experience in the business, positions/posts held in the past and directorships, special achievements, his business and financial activities, and other activities, see "*Our Management*" beginning on page 328.

Raghvendra Singhania

Raghvendra Singhania, born on April 22, 1970, aged 54 years, is a citizen of India. He resides at Vindhya Vasini Kutir, Tatyapara Chowk, Raipur – 492001, Chhattisgarh, India. His PAN number is AJJPS9051R. For details of his educational qualifications, experience in the business, positions/posts held in the past and directorships, special achievements, his business and financial activities, and other activities, see "*Our Management*" beginning on page 328.

There has been no change in control of our Company in the last three years immediately preceding the date of this Draft Red Herring Prospectus.

Our Company confirms that the PAN numbers, bank account numbers, passport numbers, Aadhaar card numbers and driving license numbers of each of our Promoters shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Other ventures of our Promoters

Other than as disclosed in "*– Entities forming part of the Promoter Group*" and in "*Our Management*" on pages 354 and 328, our Promoters are not involved in any other ventures in the same line of business as our Company.

Experience of our Promoters in the business of our Company

For details in relation to experience of our Promoters in the business of our Company, see "*Our Management*" beginning on page 328.

Interests of Promoters and Related Party Transactions

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) their shareholding in our Company, including dividend payable and any other distribution in respect of their shareholding; (iii) rent received by them in respect of property leased by them to our Company; and (iv) their directorship in our Company. For details on shareholding of our Promoters in our Company, see "*Capital Structure*" on page 94. For further details of interest of our Promoters in our Company, see "*Our Management*" and "*Other Financial Information*" beginning on pages 328 and 424. Our Promoters, who are also Directors and Key Managerial Personnel, may also be deemed to be interested to the extent of their remuneration/fees and reimbursement of expenses, payable to them.

Our Company has not entered into any contract, agreements or arrangements during the two years immediately preceding the date of this Draft Red Herring Prospectus and does not propose to enter into any such contract in which our Promoters are directly or indirectly interested and no payment have been made to them in respect of any contracts, agreements or arrangements which are proposed to be made.

Other than as disclosed in this section, our Promoters are not interested in any property acquired by our Company in the preceding three years from the date of filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building and supply of machinery.

Except as disclosed below, (i) our Promoters are not interested in any property acquired by our Company in the preceding three years from the date of filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building and supply of machinery; and (ii) there is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations of our Company) and our Promoters and members of our Promoter Group.

Except as disclosed below, there is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations of our Company) and our Promoters and members of our Promoter Group.

Sharda Shree Agriculture, a partnership firm, is one of the third-party service providers (crucial for operations of the Company) in which Shilpa Singhania (wife of Giriraj Singhania), Varsha Singhania (wife of Raghvendra Singhania), Giriraj Singhania HUF and Raghvendra Singhania HUF collectively hold 100% share capital. Sharda Shree Agriculture provides services as a commission agent to our Company and aids in procurement of materials and such other capital goods for our Company.

Except as disclosed below, there is no conflict of interest between the lessors of immovable properties (crucial for operations of our Company) and our Promoters and members of our Promoter Group:

Our Company has taken our Registered Office premises on lease from Shilpa Singhania, who is the wife of Giriraj Singhania, one of the Promoters of our Company. Further, another one of our office premises located at Flat No. A-1605, Floor 16, HDIL, Metropolis, Andheri East, Mumbai is being used by our Company on lease from Giriraj Singhania and Raghvendra Singhania, the Promoters of our Company.

Payment or Benefits to Promoters or Promoter Group

Except as stated above, and otherwise as disclosed in the sections titled "*Other Financial Information*" and "*Our Management – Interest of Directors*" on pages 424 and 333, and remuneration/fees and reimbursement of expenses paid to our Directors and Key Managerial Personnel, there has been no payment or benefit given or paid to our Promoters or Promoter Group during the two years prior to the filing of this Draft Red Herring Prospectus nor there is any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

Companies with which our Promoters have disassociated in the last three years

Except for companies amalgamated into our Company pursuant to the Composite Scheme, our Promoters have not disassociated themselves from any companies or firms during the last three years preceding the date of this Draft Red Herring Prospectus. For details, see "*History and Certain Corporate Matters - Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the last 10 Years - Composite Scheme of Arrangement among SAEPL, NVPL, ACPL, GVPL with our Company and demerger of the Demerged Undertaking of SPSPL and its vesting into our Company*" on page 324.

Material guarantees given by our Promoters

Except for as disclosed in *"History and Certain Corporate Matters- Guarantees by the Promoters",* as on the date of this Draft Red Herring Prospectus, our Promoters have not given any material guarantees to any third party with respect to Equity Shares of the Company.

Other confirmations

Our Promoters and members of our Promoter Group have not been declared as Wilful Defaulters or Fraudulent Borrowers.

Our Promoters and members of our Promoter Group have not been debarred from accessing the capital market for any reasons by SEBI or any other regulatory or governmental authorities.

None of our Promoters have been declared as a fugitive economic offender in accordance with Section 12 of the Fugitive Economic Offenders Act, 2018.

Our Promoters are not promoters or directors of any other company which is debarred from accessing capital markets.

Our Promoters are not a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoter Group

An exemption application dated June 7, 2024 (the "**Exemption Application**") under Regulation 300(1)(c) of the SEBI ICDR Regulations was submitted by our Company to SEBI seeking an exemption from considering and disclosing (a)(i) Kapiraj Singhania (brother of the Promoters); (ii) Birendra Singhania (brother of the Promoters); (iii) Manju Khedia (sister of the Promoters) (together, the "**Relevant Family Members**"); and (b) (i) any body corporate in which 20% or more of the equity share capital is held by any of the Relevant Family Members or a firm or any Hindu Undivided Family of which a Relevant Family Member is a member, or (ii) any body corporate in which any body corporate mentioned under (i) above holds 20% or more of the equity share capital or (iii) any Hindu Undivided Family or firm in which the aggregate shareholding of Relevant Family Members is equal to or more than 20% of the total capital (such entities, the "**Relevant Connected Entities"**, and together with the Relevant Family Members, the "**KBM Promoter Group**"**)**, as members of the Promoter Group in this Draft Red Herring Prospectus, in accordance with the SEBI ICDR Regulations. Our Exemption Application was not acceded to by the SEBI pursuant to its letter dated June 28, 2024 **(**the "**Exemption Response**").

In its Exemption Response, SEBI directed us to, among other things, (i) classify and disclose the KBM Promoter Group as part of the promoter group of the Company in accordance with applicable requirements under the SEBI ICDR Regulations; (ii) include applicable disclosures in this Draft Red Herring Prospectus based on information available regarding the KBM Promoter Group in the public domain; and (iii) inform the Relevant Family Members about their inclusion as members of the Company's promoter group in the DRHP. Consequently, our Company has pursuant to its letters dated June 28, 2024 informed each of the Relevant Family Members regarding their inclusion as part of the Company's promoter group in the DRHP. Accordingly, disclosures pertaining to the KBM Promoter Group are based on and limited only to the extent of information available in the public domain and accessible to us, in terms of the Exemption Response.

See "*Summary of Offer Document – Exemption from complying with any provisions of securities laws, if any, granted by SEBI*", "*Other Regulatory and Statutory Disclosures—Exemption from complying with any provisions of securities laws, if any, granted by SEBI*" and "*Risk Factors*−*The siblings of our Promoters, who are deemed to be a part of the Promoter Group under the SEBI ICDR Regulations, have not provided their consent to be identified as members of the Promoter Group and have not provided any information in respect of themselves and their relevant entities as Promoter Group. We cannot assure you that complete disclosures relating to the Relevant Family Members and their Relevant Connected Entities are included in this Draft Red Herring Prospectus*." on pages 33, 503 and 53, respectively.

A. Natural persons who are part of the Promoter Group

The individuals forming part of our Promoter Group are as follows:

Sr. No.	Name of the individual	Relationship
Giriraj Singhania		
1.	Raghvendra Singhania	Brother
2.	Kapiraj Singhania(1)(2)	Brother

3.	Birendra Singhania(1)	Brother
4.	Manju Khedia(1)	Sister
5.	Shilpa Singhania	Spouse
6.	Savitri Devi Singhania	Mother
7.	Aditi Singhania	Daughter
8.	Atharvraj Singhania	Son
9.	Madhu Agrawal	Sister
10.	Vijay Bhuwalka	Spouse's father
11.	Girija Bhuwalka	Spouse's mother
12.	Nilesh Bhuwalka	Spouse's brother
13.	Ashutosh Bhuwalka	Spouse's brother
14.	Sumita Agarwal	Spouse's sister
Raghvendra Singhania		
1.	Giriraj Singhania	Brother
2.	Kapiraj Singhania(1)(2)	Brother
3.	Birendra Singhania(1)	Brother
4.	Manju Khedia(1)	Sister
5.	Varsha Singhania	Spouse
6.	Devraj Singhania	Son
7.	Tarini Singhania	Daughter
8.	Savitri Devi Singhania	Mother
9.	Madhu Agrawal	Sister
10.	Sanjay Jhunjhunwala	Spouse's brother
11.	Rajesh Jhunjhunwala	Spouse's brother
12.	Sangita Lohia	Spouse's sister
13.	Sunita Goenka	Spouse's sister
14.	Ritu Trehan	Spouse's sister

(1)Pursuant to Regulation 2(1)(pp)(ii) of the SEBI ICDR Regulations, an "immediate relative" of a promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or the spouse) is required to form part of the 'Promoter Group'. Accordingly, while Kapiraj Singhania, Birendra Singhania and Manju Khedia are members of the promoter group in accordance with Regulation 2(1)(pp)(ii) of the SEBI ICDR Regulations, the relevant confirmations and undertakings in respect of them and their Relevant Connected Entities as "promoter group", as defined under the SEBI ICDR Regulations have not been provided by them. However, Birendra Singhania and Manju Khedia, through affidavits dated January 12, 2024 and January 18, 2024 respectively, have stated that they are unwilling to be identified, or to have any entity related to them by way of their respective shareholding in such entities be identified, as members of the Promoter Group of our Company, or provide any information in this regard to our Company. Consequently, our Company has included disclosures pertaining to Kapiraj Singhania, Birendra Singhania and Manju Khedia and their Relevant Connected Entities based on and limited only to the extent of information available in the public domain. See "Risk Factors –The siblings of our Promoters, who are deemed to be a part of the Promoter Group under the SEBI ICDR Regulations, have not provided their consent to be identified as members of the Promoter Group and have not provided any information in respect of themselves and their relevant entities as Promoter Group. We cannot assure you that complete disclosures relating to the Relevant Family Members and their Relevant Connected Entities are included in this Draft Red Herring Prospectus." on page 53.

(2)Our Company is not aware of any details pertaining to any of Kapiraj Singhania's Relevant Connected Entities, we note that pursuant to the Deed of Partition of HUF dated March 2, 2022 executed among Giriraj Singhania, Raghvendra Singhania, Kapiraj Singhania, Birendra Singhania, Manju Khedia, Madhu Agrawal and Savitri Devi Singhania, the ownership of certain entities was vested with Kapiraj Singhania. We do not have details of ownership or status of these entities as on date of this DRHP. We have also run searches for certain entities on the Ministry of Corporate Affairs (MCA) website, and the status of these entities as per MCA records as on the date of this DRHP is set out below:

S No.	Name of Entity	Current Status (Active, Inactive, Under liquidation etc.)
1.	Annapurna Malleables Private Limited	Under liquidation
2.	Vindhya Vasini Industries Limited	Under liquidation
3.	Sree Lalita Greenlands Private Limited	Active
4.	Vindhya Vasini Overseas Private Limited	Active
5.	Raj Rajeshwari Forge Private Limited	Struck Off

B. Entities forming part of the Promoter Group

The entities forming part of our Promoter Group are as follows:

Sr. No.	Name of the entity	Promoter group relation
1.	Sharda Shree Agriculture & Developers Private Limited	Body corporate in which 20% or more of the equity share capital is held by the Promoters of our Company or their immediate relatives, or a firm or Hindu Undivided Family in which
2.	Shivalik Power and Steel Private Limited	
3.	Ujjwal Investment Consultants Private Limited	
4.	Everwise Suppliers Private Limited	

5.	Padent Highrise Limited	the 'promoter' or any one or more of their relative is a member
6.	Shree Krishna Infratech Private Limited	
7.	Vardaan Infrastructure Private Limited	
8.	Vardan Green Acres LLP	
9.	Om Holdings	
10.	Vindhya Vasini Developers	
11.	Samarth Investment Co.	
12.	Giriraj Singhania (HUF)	
13.	Raghvendra Singhania (HUF)	
14.	Sharda Shree Agriculture	
15.	Malooram Singhania and Co.	
16.	Cleanearth Enterprises LLP	
17.	Om Farm Developers	
18.	3Ace Infrastructures	
19.	Ormack Plywood Industry Private Limited	
20.	Shubh Shivalik Products Private Limited	
21.	VSGS Technologies Private Limited	
22.	Ashutosh Bhuwalka HUF	
23.	Acelandmark Luxury Spaces LLP	
24.	Trioeye India LLP	
25.	Purv Polyfilms Private Limited	Bodies corporate in which the Promoters hold 20% or more equity share capital indirectly
26.	Contra Vanijya Private Limited	
27.	Vardaan Buildcon LLP	

OUR GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the applicable accounting standards, for the purpose of identification of "group companies", our Company has considered (i)such companies (other than Promoters) with which there were related party transactions during the period for which Restated Consolidated Financial Information have been disclosed in this Draft Red Herring Prospectus, as covered under Ind AS 24; and (ii) any other companies which are considered material by our Board.

In respect of item (i) above, our Company has entered into related party transactions with Shivalik Auto and Engineering Private Limited during the period for which Restated Consolidated Financial Information has been disclosed in this Draft Red Herring Prospectus, as covered under Ind AS 24. However, Shivalik Auto and Engineering Private Limited has not been identified as a Group Company pursuant to its amalgamation into our Company by effect of the Composite Scheme. For details, please see "History and Certain Corporate Matters – Details regarding Material Acquisitions or Divestments of Business/ Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the last 10 Years – Composite Scheme of Arrangement among SAEPL, NVPL, ACPL, GVPL with our Company and demerger of SPSPL and its vesting into our Company" on page 324.

In respect of item (ii) above, our Board in its meeting held on June 28, 2024, has considered and adopted the Materiality Policy, inter alia, for identification of companies that shall be considered material and shall be disclosed as a group company in the Draft Red Herring Prospectus. In terms of the Materiality Policy, a company shall be considered 'material', and will be disclosed as a 'Group Company' in the Offer Documents, if a company is a member of the Promoter Group in terms of Regulation 2(1)(pp) of SEBI ICDR Regulations, and has entered into one or more transactions with our Company (on a consolidated basis) in the most recent financial year and/or the relevant stub period (covered in the Proforma Financial Information included in this Draft Red Herring Prospectus) that cumulatively exceed 10.00% of the total consolidated revenue of our Company, as per the Proforma Financial Information of our Company for the most recent financial year and/or the relevant stub period.

Based on the above criteria, laid out by the SEBI ICDR Regulations and our Materiality Policy, our Board has identified Sharda Shree Agriculture and Developers Private Limited, and Shivalik Power and Steel Private Limited as the group companies of our Company ("**Group Companies**") as on the date of this Draft Red Herring Prospectus.

Details of our Group Companies

1. Sharda Shree Agriculture and Developers Private Limited

The registered office of Sharda Shree Agriculture and Developers Private Limited bearing CIN: U01122CT1994PTC008642 ("**SSADPL**") is situated at Tatya Para, Raipur, Chhattisgarh – 492001.

The details of the reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share derived from the audited financial statements of SSADPL for the financial years ended March 31, 2023, March 31, 2022, and March 31, 2021, in terms of the SEBI ICDR Regulations are available on the Company's website at www.shivalikengineering.com/investor/.

2. Shivalik Power and Steel Private Limited

The registered office of Shivalik Power and Steel Private Limited bearing CIN: U27109CT2004PTC16584 ("**SPSPL**") is situated at C-33, 3rd Floor, Ashoka Millennium, Ring Road No.1, Rajendra Nagar Chowk, near Shailendra Nagar, Raipur, Chhattisgarh - 492001.

The details of the reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share derived from the audited financial statements of SPSPL for financial years ended March 31, 2023, March 31, 2022, and March 31, 2021, in terms of the SEBI ICDR Regulations are available on the Company's website at www.shivalikengineering.com/investor/.

Interest of Group Companies in our Company

(a) ***In the promotion of our Company or business interests in our Company***

None of our Group Companies has any interest in the promotion of our Company. Except as disclosed in the section "*Other Financial Information*" on page 424, none of our group companies has any business interest in our Company. SSADPL may be deemed to be interested to the extent of its shareholding in the Company and benefits arising thereon.

(b) ***In the properties acquired by our Company in the past three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired***

Except as disclosed in "*History and Certain Corporate Matters - Details regarding Material Acquisitions or Divestments of Business/Undertakings, Mergers, Amalgamation, any Revaluation of Assets, etc. in the last 10 Years*" on page 324, none of our Group Companies has any interest in the properties acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or that are proposed to be acquired by our Company.

(c) ***In transactions for acquisition of land, construction of building and supply of machinery***

None of our Group Companies has any interest in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits amongst the Group Companies with our Company

There are no common business pursuits between SSADPL and our Company. While SPSPL and our Company were in the same line of business, the Demerged Undertaking of SPSPL has been demerged and vested in our Company pursuant to the Composite Scheme. There remain no common business pursuits between SPSPL and our Company.

Related Business Transactions with our Group Companies and significance on the financial performance of our Company

For details of business transactions with our Group Companies, please see "*Other Financial Information*" on page 424.

Litigations

None of our Group Companies are currently party to any pending litigations which would have a material impact on our Company. For further details, please see "*Outstanding Litigation and Material Developments – Other material pending litigation initiated by our Company*" on page 485 of this Draft Red Herring Prospectus.

Other Confirmations

The equity shares of our Group Companies are not listed on any stock exchange in India or abroad.

Other than as disclosed in "*Our Management – Interest of Directors*", there is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations of our Company) and our Group Companies and their directors.

Other than as disclosed in "*Our Management – Interest of Directors*", there is no conflict of interest between the lessors of immovable properties (crucial for operations of our Company) and our Group Companies and their directors.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of our Articles of Association and the applicable laws including the Companies Act together with the applicable rules issued thereunder. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, acquisitions, overall financial condition of our Company and restrictive covenants of our financial arrangements. Our Company may also, from time to time, pay interim dividends. We may retain all our future earnings, if any, for use in the operations and expansion of our business. Our Company has adopted a dividend distribution policy ("**Dividend Policy**") pursuant to a resolution of the Board dated June 10, 2024. In terms of the Dividend Policy, the dividend pay-out, if any, shall be determined by the Board after taking into account a number of financial parameters, including internal factors and external factors, including the profitable growth of the Company, earning stability and outlook, accumulated reserves, business cycles, economic environment, and industry outlook.

No dividends have been declared and paid by the Company on the Equity Shares as per the Restated Consolidated Financial Information in the preceding three Financial Years and the nine-month period ended December 31, 2023 and from January 1, 2024 until the date of filing of this Draft Red Herring Prospectus.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Shivalik Engineering Industries Limited
C-33, 3rd Floor
Ashoka Millenium, Ring Road No.1
Rajendra Nagar Chowk
Raipur, 492 001
Chhattisgarh, India

Re: Independent auditor's examination report on restated consolidated financial information in connection with proposed initial public offering by Shivalik Engineering Industries Limited

Dear Ladies and Gentlemen,

1. We, M/s Rajendra Prasad, Chartered Accountants ("we", or "us") have examined the attached restated consolidated financial information of Shivalik Engineering Industries Limited (the "Company"), and its associate (collectively, the "Group") which comprise of the restated consolidated statement of assets and liabilities of the Group as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 (as Annexure-I), the restated consolidated statement of profit and loss (including other comprehensive income) (as Annexure-II), the restated consolidated statement of cash flows (as Annexure-III), the restated consolidated statement of changes in equity of the Group (as Annexure-IV) for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, the summary of significant accounting policies and other explanatory information (as Annexure-V) (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company (the "Board of Directors") at their meeting held on June 28, 2024 for the purpose of inclusion in the draft red herring prospectus (the "DRHP") as prepared by the management of the Company (the "Management") in connection with its proposed initial public offer of equity shares of face value of Rs. 5 by way of a fresh issue of equity shares of the Company and an offer for sale by certain selling shareholders (the "IPO"), and prepared in terms of the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act");

    b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and

    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Managements Responsibility for the Restated Consolidated Financial Information

2. The Management and the Board of Directors are responsible for the preparation of the Restated Consolidated Financial Information. The Restated Consolidated Financial Information has been prepared by the Management based on preparation stated in Note 1B to the Restated Consolidated Financial Information. The respective managements and board of directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the respective restated financial information, which have been used for the purpose of preparation of this Restated Consolidated Financial Information by the Management, as aforesaid. The Management and the Board of Directors are also responsible for identifying and ensuring that the Company and the Group comply with the Act, the ICDR Regulations and the Guidance Note.

Auditors Responsibilities

3. We have examined the Restated Consolidated Financial Information taking into consideration:

   (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated October 16, 2023 in connection with the proposed IPO of the Company;

   (b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of code of ethics issued by the ICAI;

   (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

   (d) The requirement of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note, in connection with the proposed IPO.

Restated Consolidated Financial Information

4. This Restated Consolidated Financial Information have been prepared and compiled by the Management from:

   (a) the audited consolidated interim Ind AS financial statements of the Group as at and for the nine month period ended December 31, 2023 prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (the "Ind AS") 34 "Interim Financial Reporting" specified under Section 133 of the Act read with relevant rules thereunder, as amended and the other accounting principles generally accepted in India (the "Consolidated Interim Financial Statements"), which have been approved by the Board of Directors at their meeting held on June 28, 2024.

   (b) the audited special purpose consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 (the "Special Purpose Consolidated Ind AS Financial Statements"), each prepared in accordance with Ind AS specified under section 133 of the Act read with relevant rules issued thereunder, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 28, 2024.

5. For the purpose of our examination, we have relied on:

   (a) the auditor's report dated June 28, 2024 issued by us in respect of the Consolidated Interim Financial Statements as referred to in paragraph 4(a) above.

   (b) the auditor's report dated June 28, 2024 issued by us in respect of the Special Purpose Consolidated Ind AS Financial Statements as referred in paragraph 4(b) above, which included an Emphasis of Matter paragraph which [does not require any corrective adjustment in the Restated Consolidated Financial Information and] has been reproduced below:

   Emphasis of Matter:

   "We draw attention to Note 1B to the Special Purpose Consolidated Ind AS Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Consolidated Ind AS Financial Statements have been prepared by the Company solely for the purpose of preparation of the restated consolidated financial information, as required under the ICDR Regulations, in relation to the proposed initial public offering of the Company. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for any another purpose. Our report is intended solely for the purpose of preparation of the restated consolidated financial information and is not to be used, referred to or distributed for any other purpose without our prior written consent.

   Our opinion is not modified with respect to the above matters."

The statutory audits of the consolidated financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022 and 2021 prepared in accordance with the accounting standards notified under the section 133 of the Act (“Indian GAAP”) (the “Statutory Consolidated Indian GAAP Financial Statements”), which were approved by Board at their meetings held on September 21, 2023, September 5, 2022 and September 25, 2021 respectively, were conducted by us.

6. Based on our examination in accordance with Section 26 of the Act, the ICDR Regulations and the Guidance Note and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:

   (a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed by the Group as at and for the nine-month period ended December 31, 2023;

   (b) do not require any adjustment for modification as there is no modification in the underlying audit reports referred to in paragraph 5 above; and

   (c) have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Consolidated Interim Financial Statements and the Special Purpose Consolidated Ind AS Financial Statements mentioned in paragraph 4 above.

Restrictions on use

9. This examination report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this examination report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this examination report.

11. Our examination report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed IPO. Our examination report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For, M/s Rajendra Prasad
Chartered Accountants
(Firm Registration No.: 000203C)

Praveen Kumar Goyal
Partner
Membership No: 426500
UDIN: 24426500BKGUMD2544
Date: June 28, 2024
Place: Raipur

SHIVALIK ENGINEERING INDUSTRIES LIMITED
CIN - U27107CT2011PLC022353
ANNEXURE I: RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Million)

Particulars	Note	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	2 (a)	1,537.19	1,510.11	705.49	712.13
Right of use assets	2 (b)	36.58	36.88	21.53	21.71
Work in Progress	2 (c)	41.01	-	-	-
Financial Assets;					
- Investments	3	0.60	-	99.22	85.24
- Other financial assets	4	100.60	94.55	33.97	34.02
Other non-current assets	5	32.01	2.96	1.02	2.36
		1,747.99	1,644.50	861.23	855.46
Current Assets					
Inventories	6	984.71	771.46	466.77	329.39
Financial Assets;					
- Trade Receivables	7	902.28	631.09	433.24	497.01
- Cash and cash Equivalents	8	46.85	16.60	14.57	16.51
- Bank balances other than cash and cash equivalents	9	0.10	0.10	3.52	3.52
- Loans	10	-	-	-	1.29
- Others financial assets	4	30.81	6.00	12.60	17.25
Current Tax Assets (Net)		40.16	-	4.30	3.34
Other current assets	5	231.27	286.99	104.87	149.95
		2,236.18	1,712.24	1,039.87	1,018.26
TOTAL ASSETS		**3,984.17**	**3,356.74**	**1,901.10**	**1,873.72**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	11	44.43	52.29	80.42	75.12
Other Equity	12	2,092.73	1,541.90	565.86	449.65
Total Equity		**2,137.16**	**1,594.19**	**646.28**	**524.77**
LIABILITIES					
Non-Current Liabilities					
Financial Liabilities					
- Borrowings	13	378.74	536.20	357.55	446.74
Provisions	14	44.26	26.72	6.83	-
Deferred Tax Liabilities (Net)	15	163.14	150.89	31.96	35.64
Other non-current liabilities		-	-	-	-
		586.14	713.81	396.34	482.38
Current Liabilities					
Financial Liabilities					
- Borrowings	13	717.15	715.98	337.90	332.61
- Trade Payables					
(A) total oustanding dues of micro & small enterprises	16	145.17	44.98	66.77	132.73
(B) total outstanding dues otherthan micro & small enterprises	16	297.58	146.10	377.69	329.15
- Other Financial Liabilities	17	51.78	37.97	18.76	18.97
Other Current Liabilities	18	47.59	97.03	57.13	53.11
Provisions	14	1.60	1.30	0.23	-
Current Tax Liabilities (Net)		-	5.38	-	-
		1,260.87	1,048.74	858.48	866.57
Total Liabilities		**1,847.01**	**1,762.55**	**1,254.82**	**1,348.95**
TOTAL EQUITY AND LIABILITIES		**3,984.17**	**3,356.74**	**1,901.10**	**1,873.72**
Significant Accounting Policies	1				

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI.

As per our report of even date attached.

For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Praveen Kumar Goyal
Partner
Membership No.: 426500
Raipur
Date of Signing 28-06-2024
UDIN : 24426500BKGUMD2544

Raghvendra Singhania
Joint Managing Director
DIN-00327732
Raipur
Date of Signing
28-06-2024

Vinay Agrawal
Whole-time Director
DIN-06954626
Raipur
Date of Signing
28-06-2024

Manoj Patni
Chief Financial Officer
PAN- AFXPP1495C
Raipur
Date of Signing
28-06-2024

Hardeep Choudhary
Company Secretary
PAN- BSLPC2669B
Membership No. A58595
Raipur
Date of Signing
28-06-2024

SHIVALIK ENGINEERING INDUSTRIES LIMITED
CIN - U27107CT2011PLC022353
ANNEXURE II - RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Rupees in Million)

	Particulars	Note	Nine-month period ended 31 December 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
I	**INCOME**					
	Revenue from Operations	19	5,211.83	5,507.08	3,130.05	1,886.48
	Other Income	20	3.15	16.35	2.58	2.46
	TOTAL INCOME		**5,214.98**	**5,523.43**	**3,132.63**	**1,888.94**
II	**EXPENSES**					
	Cost of materials consumed	21	2,661.89	3,525.40	2,270.98	1,192.05
	Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	22	(212.33)	51.26	(138.69)	(27.97)
	Employee Benefits expense	23	332.31	228.52	134.79	91.26
	Finance Costs	24	133.79	104.18	97.44	85.51
	Depreciation and Amortisation expense	25	119.71	88.63	68.67	66.32
	Other Expenses	26	1,403.09	1,135.35	663.16	462.34
	TOTAL EXPENSES		**4,438.46**	**5,133.34**	**3,096.35**	**1,869.51**
III	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX**		**776.52**	**390.09**	**36.28**	**19.43**
IV	**ADD: EXCEPTIONAL ITEMS**		-	-	-	-
V	**PROFIT BEFORE TAX**		**776.52**	**390.09**	**36.28**	**19.43**
VI	**TAX EXPENSE**					
	Current Tax		200.10	118.60	6.21	3.78
	Deferred Tax		14.28	10.66	(9.12)	6.27
	Earlier year Adjustments		5.79	0.30	5.18	(0.21)
	TOTAL TAX EXPENSE		**220.17**	**129.56**	**2.27**	**9.84**
VII	**PROFIT FOR THE YEAR**		**556.35**	**260.53**	**34.01**	**9.59**
	ADD: SHARE OF PROFIT IN ASSOCIATE		-	-	**6.75**	**0.68**
VIII	**PROFIT FOR THE YEAR**		**556.35**	**260.53**	**40.76**	**10.27**
IX	**OTHER COMPREHENSIVE INCOME**					
	Items that will not be reclassified to Profit or Loss					
	Remeasurements of Defined benefit plans		(8.05)	(1.49)	0.88	-
	Income Tax relating to items that will not be reclassified to Profit or Loss		2.03	0.43	(0.26)	-
X	**TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX**		**(6.02)**	**(1.06)**	**0.62**	**-**
XI	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**550.33**	**259.47**	**41.38**	**10.27**
XII	**EARNINGS PER EQUITY SHARE**	31 a)				
	Basic		49.90	29.43	5.31	1.37
	Diluted		49.90	29.43	5.31	1.37

Significant Accounting Policies 1

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI.

As per our report of even date attached.

For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Praveen Kumar Goyal	**Raghvendra Singhania**	**Vinay Agrawal**	**Manoj Patni**	**Hardeep Choudhary**
Partner	Joint Managing Director	Whole-time Director	Chief Financial Officer	Company Secretary
Membership No.: 426500	DIN-00327732	DIN-06954626	PAN- AFXPP1495C	PAN- BSLPC2669B
Raipur	Raipur	Raipur	Raipur	Membership No. A58595
Date of Signing 28-06-2024	Date of Signing	Date of Signing	Date of Signing	Raipur
UDIN : 24426500BKGUMD2544	28-06-2024	28-06-2024	28-06-2024	Date of Signing
				28-06-2024

SHIVALIK ENGINEERING INDUSTRIES LIMITED
CIN - U27107CT2011PLC022353
ANNEXURE III- RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(Rupees in Million)

Particulars	Nine-month period ended 31 December 2023		Year ended 31 March 2023		Year ended 31 March 2022		Year ended 31 March 2021	
A. CASH FLOW FROM OPERATING ACTIVITIES :								
NET PROFIT BEFORE TAX		**776.52**		**390.09**		**36.28**		**19.43**
Adjustment for :								
Depreciation	119.71		88.63		68.67		66.32	
Finance Cost (including fair value change in financial instruments)	133.79		104.18		97.44		85.51	
IPO Expenditure transferred to Retained Earnings	(7.34)		-		-		-	
Profit on sale of asset	(0.96)		-		-		-	
Remeasurements of Defined benefit plans	(8.05)		-		-		-	
Interest Income	(0.83)	**236.32**	(7.77)	**185.04**	(2.58)	**163.53**	(2.46)	**149.37**
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		**1,012.84**		**575.13**		**199.81**		**168.80**
Trade receivables	(271.18)		(197.86)		63.78		(286.89)	
Other Financial assets	(30.86)		(35.72)		4.70		(18.17)	
Other Current Assets	55.72		(182.12)		45.08		(9.12)	
Inventories	(213.25)		(304.69)		(137.38)		(26.70)	
Trade Payable	251.67		(253.38)		(17.42)		202.70	
Provisions	17.83		22.46		7.95		(11.53)	
Other financial liabilities	13.80		19.21		(0.21)		13.79	
Other liabilities	(49.44)	(225.70)	39.90	(892.20)	4.02	(29.48)	22.93	(112.99)
CASH GENERATED FROM OPERATIONS		**787.13**		**(317.07)**		**170.33**		**55.82**
Direct Taxes paid		(251.46)		(61.47)		(7.20)		(6.78)
NET CASH FROM OPERATING ACTIVITIES		**535.68**		**(378.54)**		**163.13**		**49.04**
B. CASH FLOW FROM INVESTING ACTIVITIES								
Purchase of Fixed Assets	(215.57)		(83.18)		(60.52)		(38.08)	
Loans (Financial assets)	-		-		1.29		(0.81)	
Investment (Financial assets)	(0.60)		-		-		-	
Deposits/Balances with Banks	-		3.43		-		-	
Interest Income	0.83		7.77		2.58		2.46	
NET CASH USED IN INVESTING ACTIVITIES		**(215.34)**		**(71.98)**		**(56.65)**		**(36.43)**
C. CASH FLOW FROM FINANCING ACTIVITIES								
(Repayments) / Proceeds from Working Capital Facilities (Net)	33.81		250.44		9.84		(23.69)	
(Repayments) / Proceeds from Issue of shares	-		-		80.13		-	
(Repayments) / Proceeds from of Term Loans	(190.00)		305.79		(24.65)		97.73	
Share of reserves in associate	-		-		(7.22)		0.01	
(Repayments) / Proceeds from Intercorporate loans	(0.00)		0.40		(47.88)		-	
(Repayments) / Proceeds from loan from related parties	(0.10)		0.10		(21.20)		-	
Interest paid	(133.79)		(104.18)		(97.44)		(85.51)	
NET CASH FROM FINANCING ACTIVITIES		**(290.08)**		**452.55**		**(108.42)**		**(11.46)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**30.26**		**2.03**		**(1.94)**		**1.15**
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		**16.60**		**14.57**		**16.51**		**15.36**
- Cash and cash Equivalents		16.60		14.57		16.51		15.36
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR		**46.85**		**16.60**		**14.57**		**16.51**
- Cash and cash Equivalents		46.85		16.60		14.57		16.51

Note to Cash Flow Statement:
1. The above Cash Flow Statement has been prepared under the Indirect Method.
2.Reconciliation of Financing Liabilities

Particulars	31.12.2023	31.03.2023	31.03.2022	31.03.2022
Opening Balance	**1,252.18**	**695.45**	**779.35**	**705.31**
Cash inflow/ (outflow) of non-current borrowings	(190.10)	306.29	(93.73)	97.73
Cash inflow /(outflow) of current borrowings	33.81	250.44	9.84	(23.69)
Closing Balance	**1,095.89**	**1,252.18**	**695.45**	**779.35**

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI.

As per our report of even date attached.

For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Praveen Kumar Goyal
Partner
Membership No.: 426500
Raipur
Date of Signing 28-06-2024
UDIN : 24426500BKGUMD2544

Raghvendra Singhania
Joint Managing Director
DIN-00327732
Raipur
28-06-2024

Vinay Agrawal
Whole-time Director
DIN-06954626
Raipur
28-06-2024

Manoj Patni
Chief Financial Officer
PAN- AFXPP1495C
Raipur
28-06-2024

Hardeep Choudhary
Company Secretary
PAN- BSLPC2669B
Membership No. A58595
Raipur
28-06-2024

SHIVALIK ENGINEERING INDUSTRIES LIMITED
CIN - U27107CT2011PLC022353
ANNEXURE IV - RESTATED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCE)

(Rupees in Million)

EQUITY SHARE CAPITAL	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
	Amount	Amount	Amount	Amount
Authorised Share Capital	286.39	110.00	110.00	110.00
Issued Share Capital	75.12	75.12	75.12	75.12
Subscribed Share Capital	75.12	75.12	75.12	75.12
Fully Paid-up Share Capital	75.12	75.12	75.12	75.12
Partly Paid Up Share Capital (Rs.4 paid up)	-	-	5.30	-
Forfeited Shares *	-	7.86	-	-
Balance at the beginning of the year	44.43	80.42	75.12	75.12
Changes in equity share capital during the year:				
Issued during the year	-	-	5.30	-
Elimination of inter company holdings pursuant to the Composite Scheme	-	(30.69)	-	-
Forfeited during the year	-	(5.30)	-	-
Balance at the end of the reporting year	**44.43**	**44.43**	**80.42**	**75.12**
Share Forfeiture Account	-	5.30	-	-
Add: Forfeited shares acquired pursuant to the Composite Scheme	-	2.56	-	-
Total share capital at the end of the reporting year	**44.43**	**52.29**	**80.42**	**75.12**

** Transferred to Capital Reserve due to annulment of forfeited share*

OTHER EQUITY	Share suspense	Reserves and Surplus				Total
		Capital Reserve	Securities Premium	Retained Earnings	Remeasurements of Defined benefits plans	
Balance as at 31st March, 2020	-	-	**169.05**	**270.33**	-	**439.38**
Ind AS Adjustments						
Balance at the beginning of the Year - 1st April, 2020	-	-	**169.05**	**270.33**	-	**439.38**
Profit for the Year ending 31st March 2021	-	-	-	**10.27**	-	**10.27**
Other Comprehensive Income for the Comparative Year ending 31st March 2021	-	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	**10.27**	-	**10.27**
Balance as at 31st March, 2021	-	-	**169.05**	**280.60**	-	**449.65**
Profit for the Year ending 31st March 2022	-	-	-	40.76	-	40.76
Other Comprehensive Income for the Year ending 31st March 2022	-	-	-	-	0.62	0.62
Total Comprehensive Income for the Year	-	-	-	**40.76**	**0.62**	**41.38**
Add: recevied during the year	-	-	**74.83**	-	-	74.83
Balance as at 31st March, 2022	-	-	**243.88**	**321.36**	**0.62**	**565.86**
Profit for the year ending 31st March 2023	-	-	-	260.53	-	260.53
Other Comprehensive Income for the year ending 31st March 2023	-	-	-	-	(1.06)	(1.06)
Total Comprehensive Income for the year	-	-	-	**260.53**	**(1.06)**	**259.47**
Add: Surplus / (Deficit) arising pursuant to the Composite Scheme	-	(14.88)	-	375.47	-	360.59
Add: Securities Premium acquired pursuant to the Composite Scheme	-	-	347.72	-	-	347.72
Add: Shares to be issued pursuant to the Composite Scheme	79.19	-	-	-	-	79.19
Less: Crossholding elimination	-	-	(70.94)	-	-	(70.94)
Balance as at 31st March, 2023	**79.19**	**(14.88)**	**520.66**	**957.36**	**(0.44)**	**1,541.90**
Profit for the period ending 31st December 2023	-	-	-	556.35	-	556.35
Other Comprehensive Income for the period ending 31st December 2023	-	-	-	-	(6.02)	(6.02)
Add: Transfer pursuant to Annulment due to share forfeiture	-	7.86	-	-	-	7.86
Less: IPO Expenditure	-	-	-	(7.34)	-	(7.34)
Balance as at 31st December 2023	**79.19**	**(7.02)**	**520.66**	**1,506.36**	**(6.46)**	**2,092.73**

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI.

As per our report of even date attached.

For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Praveen Kumar Goyal
Partner
Membership No.: 426500
Raipur
Date of Signing 28-06-2024
UDIN : 24426500BKGUMD2544

Raghvendra Singhania
Joint Managing Director
DIN-00327732
Raipur
Date of Signing
28-06-2024

Vinay Agrawal
Whole-time Director
DIN-06954626
Raipur
Date of Signing
28-06-2024

Manoj Patni
Chief Financial Officer
PAN- AFXPP1495C
Raipur
Date of Signing
28-06-2024

Hardeep Choudhary
Company Secretary
PAN- BSLPC2669B
Membership No. A58595
Raipur
Date of Signing
28-06-2024

Note 1 : Significant Accounting Policies

A **General Information**

Shivalik Engineering Industries Limited (the "Company") is manufacturer of wide range of products for several automobile companies. We are predominantly a supplier of precision engineering components for commercial vehicles, tractors and off-highway vehicles, pipe fittings and rail components.

The Company is a public limited company incorporated in India having its registered office at C-33, 3rd Floor, Ashoka Millenium, Ring Road No 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh- 492001 India and Factory Offices at following locations:

1. Plot No. 8, Heavy Industrial Area, Hathkhoj, Bhilai,District Durg, Chhattisgarh- 490026, India (“Unit-I”)
2. Plot No. 14, 15, 16 Engineering Park, Heavy Industrial Area, Hathkhoj, Bhilai, District Durg, Chhattisgarh-490026, India (“Unit-II”)
3. Plot No. 2A, 3, 4- Engineering Park, Heavy Industrial Area, Hathkhoj, Bhilai District Durg, Chhattisgarh- 490026, India (“Unit-III”)
4. Murhena Road, Village Belsonda, District Mahasamund, Chhattisgarh- 493445, India (“Unit-IV”)

The restated consolidated financial information of Shivalik Engineering Industries Limited and its associate (collectively, the "Group") was approved for issue in accordance with a resolution of the Board on 28 June 2024.

B **Significant Accounting Policies**

Basis of preparation of Restated Consolidated Financial Information

The restated consolidated financial information of the Group comprises of the restated consolidated statement of assets and liabilities as at 31 December 2023, 31 March 2023, 31 March 2022 and 31 March 2021, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the nine-month period ended 31 December 2023 and each of the years ended 31 March 2023, 31 March 2022 and 31 March 2021 and the summary of significant accounting policies and explanatory notes and other explanatory information (collectively, the "Restated Consolidated Financial Information").

These Restated Consolidated Financial Information have been prepared by the Management of the Company in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, issued by the Securities and Exchange Board of India ('SEBI') (the "ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus (the “DRHP”), prepared by the Company in connection with its proposed Initial Public Offer (the “IPO”) in terms of the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act");
b) the ICDR Regulations; and
c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India "(ICAI)", as amended (the “Guidance Note”).

The Restated Consolidated Financial Information of the Group have been prepared in compliance with Indian Accounting Standards (hereinafter referred to as ‘Ind AS’) notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

The Restated Consolidated Financial Information have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Restated Consolidated Financial Information except where a newly issued accounting standard is initially adopted or there is a revision to an existing accounting standard where a change in accounting policy hitherto in use.

The Restated Consolidated Financial Information have been prepared under the historical cost convention except for certain financial instruments measured at fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

These Restated Consolidated Financial Statement have been compiled by the management from:

a) The audited special purpose consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 (together, the “Special Purpose Consolidated Ind AS Financial Statements”) prepared in accordance with accounting principles stated in Ind AS and accounting policies mentioned in subsequent paragraphs, which have been approved by the Board of Directors at their meeting held on 28 June, 2024.

b) The audited special purpose Ind AS financial statements of the Company as at and for the nine-month period ended on December 31, 2023 prepared in accordance with the recognition and measurement principles of Ind AS 34 “Interim Financial Reporting” specified under Section 133 of the Act read with relevant rules thereunder, as amended and the other accounting principles generally accepted in India (the “Consolidated Interim Financial Statements”), which have been approved by the Board of Directors at their meeting held on 28 June, 2024

The Special Purpose Consolidated Ind AS Financial Statements have been prepared by making Ind AS adjustments to the audited consolidated financial statements of the Group as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with the Indian GAAP, which have been approved by the Board of Directors at their meeting held on June 12, 2023, July 10, 2022 and July 23, 2021, respectively (the “Statutory Consolidated Indian GAAP Financial Statements”)

Special Purpose Consolidated Ind AS Financial Statements have been prepared solely for the purpose of preparation of Restated Consolidated Financial Information for inclusion in the DRHP in relation to the proposed IPO, which requires financial statements of all the periods included, to be presented under Ind AS. As such, Special Purpose Consolidated Ind AS Financial Statements are not suitable for any other purpose other than for the purpose of preparation of Restated Consolidated Financial Information and are also not financial statements prepared pursuant to any requirements under section 129 of the Act.

These Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of board meetings mentioned above.

These Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:
a) after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2023, March 31, 2022, March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine-month period ended December 31, 2023, as applicable;
b) do not contain any qualifications requiring adjustments; and
c) in accordance with the Act, the ICDR Regulations and the Guidance Note.

These Restated Consolidated Financial Information are presented in Indian Rupee (INR) which is also Functional Currency of the Company and all values are rounded to the nearest Million except when otherwise indicated.

Basis of Consolidation
Equity - accounted investee (Associate)
The group's interest in equity in investees comprise interests in associates. An associate is an entity in which the group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition the Restated Consolidated Financial Information include the groups share of profit or loss of equity accounted investee until the date on which significant influence cease.

Business Combinations under common control
Business combinations involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, are considered as common control business combinations. Such business combinations involving entities or businesses under common control shall be accounted for using the pooling of interests method.

The assets and liabilities of the combining entities or businesses are reflected at their carrying amounts, barring certain assets and liabilities not taken over in terms of business transfer agreements. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies. The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves appearing in the financial statements of the transferor is preserved and appears in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor, for case of acquisition of stake in equity.

The differences, if any, between the amount of consideration paid or payable in cash or and the amount of share capital of the transferor and further adjusted for harmonization of the accounting policies, has been transferred to 'Capital reserve on business combination under common control ' and presented separately from other capital reserves.

In accordance with the MCA Circular 9/2019 dated 21st August, 2019 which stipulates that the appointed date is deemed to be the acquisition date and considering that the law prevails over the provisions of the Accounting Standards, the effect of acquisition has not been given from the beginning of the preceding period as envisaged under IND AS 103.

Pursuant to the requirements of Appendix C of the Ind AS 103, these business combinations under common control are accounted for using the pooling of interest method as explained above. The details of the business combinations, the carrying value of the assets, liabilities and reserves acquired and harmonized as per the revised accounting policies, and the resultant capital reserve are given in note 31(h).

Use of estimates
The preparation of Restated Consolidated Financial Information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include provisions for doubtful debts and advances, future obligations under employee retirement benefit plans, useful lives of fixed assets, contingencies, etc.
Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual result and estimates are recognised in the period in which the results are known/materialise

Current versus non-current classification
The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:
- It is expected to be settled in the 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.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.
d) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

Inventories
Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components is determined on a first in first out (FIFO) method and cost of consumables, stores and spares is determined at Weighted Average.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities)and other related overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The amount of any write-down of inventories to NRV and all abnormal losses of inventories are recognized as expense in the Statement of Profit and Loss in the period in which such write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the NRV is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.

Revenue Recognition and Other Income
The Company derives revenues primarily from sale of goods comprising parts for motor vehciles, trucks and tractors.
Revenue represents amounts received and receivable from third parties and related parties for goods supplied to the customers. The Group recognizes revenue from sale of goods measured upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Revenue is measured based on the transaction price, which is the consideration, adjusted for price variation, trade discounts, rebates, scheme allowances, incentives, and returns, if any. Revenue excludes taxes collected from customers on behalf of the Government. Accumulated experience is used to estimate and accrue for the discounts (using the most likely method) and returns considering the terms of the underlying schemes and agreements with the customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Export Benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

Sale of scrap is accounted for as and when the sale is completed and its collection is reasonably certain.

Revenue from sale of services is recognised at point in time as per contract with customer. In case of contracts where the customer receives and consumes the benefits simultaneously, as the services are rendered, the revenue is recognised over the term of the contract.

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

Contract Balances
Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The amount recognised as contract assets is reclassified to trade receivables once the amounts are billed to the customer as per the terms of the contract.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).Refer to accounting policies of financial assets in section financial instruments initial recognition and subsequent measurement.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Property, Plant and Equipment
Recognition and measurement
Items of property, plant and equipment, other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is carried at cost and is not depreciated.
Cost includes purchase price (after deducting trade discount / rebate), non-refundable duties and taxes, cost of replacing the component parts, borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimates of the cost of dismantling/removing the item and restoring the site on which it is located.

Spares parts procured along with the Plant and Equipment or subsequently individually which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

Subsequent Expenditure
Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured.

Derecognition
An item of PPE is derecognised on disposal or when no future economic benefits are expected from use. Any gain or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Restated Consolidated Statement of Profit and Loss.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance are charged to the Restated Consolidated Statement of Profit and Loss during the reporting year in which they are incurred.

Transition to Ind AS
For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2020 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Depreciation
The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognised.

Depreciation on tangible property, plant and equipment is provided using the straight-line method based on the revised useful life of the assets and in the manner prescribed in Schedule II of Companies Act, 2013 on prorata basis from the date of additions and/or disposal. Addition, to Fixed Assets costing less than or equal to Rs.5,000 are depreciated fully in the year of purchase. The company has considered following useful lives for calculating depreciation.

Assets	Useful Lives
Lease Hold Land	99 years
Factory Building	30 Years
Lab Equipments	15 Years
Plant & Machinery	15 - 20 Years
Weight Bridge	15 Years
Electrical Installation	10 Years
Furniture & Fixture	10 Years
Generator Set	10 Years
Vehicles	8 Years
Office Equipment	5 Years
Computers & Software s	3 - 6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Impairment of tangible assets
At the end of each reporting period, the Group Company reviews the carrying amounts of its PPE to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Statement of Profit and Loss.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a) Financial Assets
A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Company.

Financial assets of the Company comprise trade receivable, cash and cash equivalents, Bank balances, loans to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement
All financial assets except trade receivable are recognized initially at fair value. The financial assets not recorded at fair value through profit or loss, are recognised intially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged in the Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in the Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest.

The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

Subsequent measurement
For purposes of subsequent measurement financial assets are classified in three categories:
- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost
Financial assets are measured at amortized cost if the financials asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financials assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss .

Financial assets at fair value through OCI ('FVTOCI')
Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.

Financial assets at fair value through profit or loss ('FVTPL')
Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit and Loss.

Derecognition
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial assets
The Company assesses impairment based on expected credit loss ('ECL') model on the following:
- Financial assets that are measured at amortised cost; and
- Financial assets measured at FVTOCI.

ECL is measured through a loss allowance on a following basis:-
- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Company follows 'simplified approach' for recognition of impairment on trade receivables and contract assets resulting from normal business transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date,from the date of initial recognition.The Company categorizes a trade receivable as overdue when it has not been settled for more than three years from the due date. This approach is part of the Company's method for estimating lifetime expected credit losses (ECLs).

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls) discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss.

b) Financial Liabilities
The Company's financial liabilities include loans and borrowings including bank overdraft, trade payable, accrued expenses and other payables etc.

Initial recognition and measurement
All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the CWIP, if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the Effective interest rate ('EIR') method.

Subsequent measurement
The subsequent measurement of financial liabilities depends upon the classification as described below:-

Financial Liabilities classified as Amortised Cost
Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

Financial Liabilities classified as Fair value through profit and loss (FVTPL)
Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. 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 recognized 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.

Employee Benefits

Short-term Employees Benefits
All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

Post-employment benefits
The Company provides the following post-employment benefits:
i) Defined benefit plans such as gratuity and
ii) Defined Contribution plans such as provident fund & employee State Insurance Scheme

Defined benefits plans
The cost of providing defined benefit plans such as gratuity is determined on the basis of present value of defined benefits obligation which is computed using the projected unit credit method with independent actuarial valuation made at the end of each annual reporting period, which recognizes each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

Defined Contribution Plans
Payments to defined contribution retirement benefit plans, viz., Provident Fund for eligible employees are recognized as an expense when employees have rendered the service entitling them to the contribution.

Compensated Absences/ Leave Encashment

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The company's liability is actuarially determined (using Projected Unit Credit Method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of govenment bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss in the period in which they arise. Past service costs are recognised immediately in statement of profit and loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Borrowing costs

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as adjustment to interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition / construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

The group identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining an asset. Borrowing cost incurred on specific borrowings are capitalised to the cost of the qualifying asset. For general borrowings, the group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset based on the weighted average of the borrowing costs applicable to general borrowings. The capitalisation of borrowing costs commences when the company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Leases

Where the Company is a lessee-

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a 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 Company assesses whether:
- the contract conveys the right to use an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the identified asset.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for leases with a term of twelve months or less (short-term leases) and low value leases. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability is measured by discounting the lease payments using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially recognised 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 and restoration costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. ROU assets are depreciated on a straight-line basis over the asset's useful life or the lease whichever is shorter. Impairment of ROU assets is in accordance with the Company's accounting policy for impairment of tangible and intangible assets.

In line with IND AS 116, the company accounts for leasehold land, held under a 99-year lease, as a 'right-of-use' (ROU) asset. This accounting treatment arises from the recognition of an upfront lease premium as the primary cost associated with the lease. Importantly, this lease arrangement does not result in the recording of a lease liability, as the transaction comprises a one-time payment without subsequent recurring lease payments.

Annual maintenance costs related to the leasehold land are not included within the ROU asset or as part of the lease liability, given their nature as ancillary and non-recoverable expenses. Consistent with the guidance provided by IND AS 116, the company recognizes these maintenance costs as expenses in the profit and loss statement in the period they are incurred.

Where the Company is a lessor-

Lease income from operating leases where the Company is a lessor is recognised in the Statement of Profit and Loss on a straight- line basis over the lease term.

Statement of Cash Flows and Cash and Cash Equivalents
Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash-in-hand and demand deposit with banks with original maturity 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.

Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

Income Taxes
Income tax expense /income comprises current tax expense /income and deferred tax expense/income. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In which case, the tax is also recognised directly in equity or other comprehensive income, respectively.

Current tax
Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.
Current tax assets and liabilities are offset only if,
- the Group has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

Deferred Tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Earnings per Share:
Basic earnings per share (EPS) is computed by dividing the profit after tax or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving the basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all the dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity would decrease the net profit per share from continuing ordinary operations.

Government Grants
Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Grants in the form of non-monetary assets are recognised at fair value and presented as deferred income which is recognized in the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

Government grants (grants related to income) are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support with no future related costs are recognized in the Statement of Profit and Loss in the period in which they become receivable. Grants related to income are presented under other income in the Statement of Profit and Loss except for grants received in the form of rebate or exemption which are deducted in reporting the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant and measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The grant set up as deferred income is recognised in the Statement of Profit and Loss on a systematic basis.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

Dividend Distribution to equity shareholders

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

C **First time adoption of Ind AS – mandatory exceptions / optional exemptions**

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2020 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2020 (the transition date).

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Deemed cost for PPE and CWIP

The Company has elected to continue with the carrying value of its PPE and CWIP recognized as of 1st April 2020 (Transition date) measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

Standards / amendments issued

The Group has considered the amendments to Schedule III of the Companies Act 2013 notified by Ministry of Corporate Affairs ("MCA") via notification dated 24 March 2021 in the Restated Consolidated Financial Information, wherever applicable

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect this amendment to have any significant impact in its financial statements

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

(Rupees in Million)

Note 2 (a) Property, Plant and Equipment | **Note 2 (b) : Right of use asset**

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Electrical Installations	Other Assets	Total	Leasehold Land	Total
Gross Block												
At Deemed cost as at 01 April 2020	**-**	**81.69**	**595.23**	**1.75**	**14.80**	**1.19**	**5.27**	**47.05**	**6.26**	**753.24**	**10.13**	**10.13**
Additions	-	-	25.09	-	-	-	-	-	-	**25.09**	**11.71**	**11.71**
Disposals	-	-	-	-	-	-	-	-	-	**-**		**-**
At cost as at 31 March 2021	**-**	**81.69**	**620.32**	**1.75**	**14.80**	**1.19**	**5.27**	**47.05**	**6.26**	**778.33**	**21.84**	**21.84**
Additions	-	-	60.07	0.05	1.41	0.20	0.12	-	-	**61.85**	**-**	**-**
Disposals	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
At cost as at 31 March 2022	**-**	**81.69**	**680.39**	**1.80**	**16.21**	**1.39**	**5.39**	**47.05**	**6.26**	**840.18**	**21.84**	**21.84**
a. Additions in asset due to Business Combination	2.36	144.78	955.86	7.45	25.23	2.18	2.87	63.70	3.36	**1,207.79**	16.07	16.07
b. Addition during the year	-	-	74.05	-	6.11	-	0.12	0.96	-	**81.24**	**-**	**-**
Disposals /adjustments	-	-	-	-	(0.00)	-	-	-	-	**(0.00)**	**-**	**-**
At cost as at 31st March 2023	**2.36**	**226.47**	**1,710.30**	**9.25**	**47.55**	**3.57**	**8.38**	**111.71**	**9.62**	**2,129.21**	**37.91**	**37.91**
Additions	-	14.48	107.03	-	27.79	0.28	1.14	-	-	**150.73**	-	**-**
Disposals /adjustments	**-**	**-**	**-**	**-**	(14.22)	**-**	**-**	**-**	**-**	**(14.22)**	**-**	**-**
At cost as at 31 December 2023	**2.36**	**240.95**	**1,817.33**	**9.25**	**61.12**	**3.85**	**9.52**	**111.71**	**9.62**	**2,265.71**	**37.91**	**37.91**
Depreciation Block												
Depreciation / Amortisation for the period	-	3.03	50.61	0.44	2.42	0.48	1.56	6.95	0.71	**66.20**	**0.13**	**0.13**
Disposals /adjustments	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Accumulated depreciation / amortisation as at 31 March 2021	**-**	**3.03**	**50.61**	**0.44**	**2.42**	**0.48**	**1.56**	**6.95**	**0.71**	**66.20**	**0.13**	**0.13**
Depreciation / Amortisation for the period	-	3.02	53.59	0.20	2.42	0.35	1.25	6.95	0.71	**68.49**	**0.18**	**0.18**
Disposals /adjustments	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Accumulated depreciation / amortisation as at 31 March 2022	**-**	**6.05**	**104.20**	**0.64**	**4.84**	**0.83**	**2.81**	**13.90**	**1.42**	**134.69**	**0.31**	**0.31**
a. Depreciation due to Business Combination	-	32.79	320.51	2.58	18.85	2.01	2.46	13.77	3.07	396.03	0.46	0.46
b. Depreciation during the year	-	4.16	69.93	0.43	3.47	0.10	1.04	8.50	0.73	**88.36**	**0.27**	**0.27**
Disposals /adjustments	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Accumulated depreciation / Amortisation as at the 31st March 2023	**-**	**43.00**	**494.64**	**3.66**	**27.17**	**2.94**	**6.31**	**36.16**	**5.22**	**619.09**	**1.03**	**1.03**
Depreciation	**-**	5.91	97.32	0.60	3.97	0.14	0.96	9.95	0.57	119.42	0.29	0.29
Disposals /adjustments	**-**	**-**	**-**	**-**	(9.97)	**-**	**-**	**-**	**-**	**(9.97)**	**-**	-
Accumulated depreciation / Amortisation as at the 31st December 2023	**-**	**48.91**	**591.95**	**4.26**	**21.17**	**3.08**	**7.27**	**46.11**	**5.79**	**728.54**	**1.33**	**1.33**
Net Block												
As at 31st March 2021	**-**	**78.66**	**569.71**	**1.31**	**12.38**	**0.71**	**3.71**	**40.10**	**5.55**	**712.13**	**21.71**	**21.71**
As at 31st March 2022	**-**	**75.64**	**576.19**	**1.16**	**11.37**	**0.56**	**2.58**	**33.15**	**4.84**	**705.49**	**21.53**	**21.53**
As at 31st March 2023	**2.36**	**183.47**	**1,215.67**	**5.59**	**20.38**	**0.63**	**2.07**	**75.55**	**4.39**	**1,510.11**	**36.88**	**36.88**
As at 31st December 2023	**2.36**	**192.05**	**1,225.38**	**4.99**	**39.95**	**0.77**	**2.25**	**65.60**	**3.83**	**1,537.19**	**36.58**	**36.58**

Notes:

1. The title deeds of immovable properties (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group, except for the immovable properties acquired through business combination where in the formal transfer of the title deeds for land and buildings acquired is in process

2. The Group has elected to continue with the carrying value of its property, plant and equipment recognised as of 1st April, 2020 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost as of the transition date.

3. Other Assets includes weigh bridge and generator set

4.The leasehold land, held under a 99-year lease, is reported as a 'right-of-use' asset, as per IND AS 116. The recognized amount represents the upfront lease premium, without a corresponding lease liability, due to the absence of ongoing lease payments

Note 2 (c) Capital Work in Progress

(Rupees in Million)

Particulars	**As at 31 December 2023**	**As at 31 March 2023**	**As at 31 March 2022**	**As at 31 March 2021**
Unit III (Machine Shop)	41.01	-	-	-
Total	**41.01**	**-**	**-**	**-**

CWIP ageing schedule **(Rupees in Million)**

Particulars	**Outstanding for following periods from due date of payment**				
	Less than 1 year	**1-2 Years**	**2-3 Years**	**More than 3 Years**	**Total**
As at 31 December 2023	41.01	-	-	-	**41.01**
As at 31 March 2023	-	-	-	-	**-**
As at 31 March 2022	-	-	-	-	**-**
As at 31 March 2021	-	-	-	-	**-**

Note 3
Investments **(Rupees in Million)**

Particulars	No. of Shares							
	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Unquoted - Investment in Associate (Equity Method)								
Equity Shares of Shivalik Auto Engineering (P) Ltd. (Face Value - Rs. 10 Per Share) *	-	-	55,56,400	55,56,400	-	-	99.22	85.24
Investment in Partnership Firm								
Shivalik Green Farms **	-	-	-	-	0.60	-	-	-
Total	**-**	**-**	**55,56,400**	**55,56,400**	**0.60**	**-**	**99.22**	**85.24**
Aggregate value of unquoted investment							**99.22**	**85.24**

* Pursuant to the composit Composite Scheme, these Investments in Associates got eliminated.

** The company invested in 'Shivalik Green Farms' on 9th October 2023 with an initial ownership interest of 99%. On 15th November 2023, the company's ownership interest was revised to 10%. Since the company intends to divest its interest in the partnership, it has been concluded that this investment does not require consolidation in the financial statements in accordance with Ind AS 110.

Share of each partner in the profits of the Firm as on 31st December 2023 is as under:

Name of Partner	Profit Sharing Ratio
Sanket Agrawal	90.00%
Shivalik Engineering Industries Limited	10.00%

Note 4
Other Financial Assets **(Rupees in Million)**

Particulars	Non-Current				Current			
	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Bank deposits with more than 12 months maturity	16.92	18.25	-	-	-	-	3.62	2.61
Others;								
Security Deposits	83.68	76.30	33.97	34.02	-	-	-	-
Salary and wage advance	-	-	-	-	27.98	3.64	8.50	12.36
Export Benefits receivables	-	-	-	-	0.59	0.00	0.48	2.24
Others;	-	-	-	-	2.24	2.36	-	0.04
Total	**100.60**	**94.55**	**33.97**	**34.02**	**30.81**	**6.00**	**12.60**	**17.25**

Note 5
Other Assets **(Rupees in Million)**

Particulars	Non-Current				Current			
	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Capital Advances	32.01	2.96	1.02	2.36	-	-	-	-
Advances other than capital advances;								
Advances to suppliers	-	-	-	-	225.23	271.65	97.92	144.21
Sub Total	**32.01**	**2.96**	**1.02**	**2.36**	**225.23**	**271.65**	**97.92**	**144.21**
Others								
Balance with Statutory authorities	-	-	-	-	1.78	-	1.74	1.74
Prepaid Expenses	-	-	-	-	4.26	15.34	5.21	4.00
Sub Total	**-**	**-**	**-**	**-**	**6.04**	**15.34**	**6.95**	**5.74**
Total	**32.01**	**2.96**	**1.02**	**2.36**	**231.27**	**286.99**	**104.87**	**149.95**

Note 6
Inventories **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
(Valued at lower of Cost and Net Realisable Value)				
Raw Materials	91.33	102.06	77.67	74.67
Finished goods	724.48	512.15	334.58	195.89
Stores and spares	168.90	157.25	54.52	58.83
Total	**984.71**	**771.46**	**466.77**	**329.39**

Note 7
Trade Receivables **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Trade receivables				
Unsecured, considered good	902.28	631.09	433.24	497.01
Total	**902.28**	**631.09**	**433.24**	**497.01**

Note: The Company has used a practical expedient for computing expected credit loss allowance for trade receivables, taking into account historical credit loss experience and accordingly, provisions are made for expected credit loss for amounts due from customers where necessary.

Trade Receivables ageing schedule **(Rupees in Million)**

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months -1 year	1-2 Years	2-3 Years	More than 3 Years	
As at 31 December 2023	785.55	93.40	17.91	1.60	0.01	3.81	**902.28**
As at 31 March 2023	487.79	137.03	0.54	0.48	0.95	4.30	**631.09**
As at 31 March 2022	198.97	101.68	-	124.55	8.04	-	**433.24**
As at 31 March 2021	344.63	62.03	-	82.21	8.14	-	**497.01**

Note 8
Cash and Cash Equivalents **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Balances with Banks (of the nature of cash and cash equivalents)	39.47	2.98	2.93	4.84
Cash on hand	7.38	2.82	0.84	0.87
Deposits with original maturity of less than 3 months	-	10.80	10.80	10.80
Total	**46.85**	**16.60**	**14.57**	**16.51**

Note 9
Bank Balances other than Cash and Cash Equivalents **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Deposits with original maturity of more than 3 months but less than 12 months	0.10	0.10	3.52	3.52
Total	**0.10**	**0.10**	**3.52**	**3.52**

Note 10
Loans (Unsecured, considered good) **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Loans and Advances to related parties	-	-	-	1.29
Total	**-**	**-**	**-**	**1.29**

Note 11: EQUITY SHARE CAPITAL

(Rupees in Million)

Particulars	As at 31 December 2023		As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Authorised Share Capital	2,86,38,500	286.39	1,10,00,000	110.00	1,10,00,000	110.00	1,10,00,000	110.00
Issued, Subscribed and Fully paid-up Share Capital (refer below notes on allotment pursuant to the Composite Scheme and sub-division of face value of equity shares)	75,11,910	75.12	75,11,910	75.12	75,11,910	75.12	75,11,910	75.12
Issued, Subscribed and Partly paid-up Share Capital (Rs.4 paid up)	-	-	-	-	13,25,631	5.30	-	-
Forfeited Shares	-	-	-	7.86	-	-	-	-
Balance at the beginning of the year	**44,43,301**	**44.43**	**88,37,541**	**80.42**	**75,11,910**	**75.12**	**75,11,910**	**75.12**
Changes in equity share capital during the year:								
Issued during the year	-	-	-	-	13,25,631	5.30	-	-
Elimination of inter company holdings pursuant to the Composite Scheme*	-	-	(30,68,609)	(30.69)	-	-	-	-
Forfeited during the year**	-	-	(13,25,631)	(5.30)	-	-	-	-
Balance at the end of the reporting year	**44,43,301**	**44.43**	**44,43,301**	**44.43**	**88,37,541**	**80.42**	**75,11,910**	**75.12**
Share Forfeiture Account	-	-	-	5.30	-	-	-	-
Add: Forfeited shares acquired pursuant to the Composite Scheme***	-	-	-	2.56	-	-	-	-
Total share capital at the end of the reporting year	**44,43,301**	**44.43**	**44,43,301**	**52.29**	**88,37,541**	**80.42**	**75,11,910**	**75.12**

* Refer Note 31 h) Business Combination

** The Company had allotted 6,45,454 partly paid equity shares on 10 November, 2021 and 6,80,177 partly paid equity shares on 27 December, 2021 through a rights issue to Camelia Grih Nirman Private Limited. As a result, Rs. 4 per share was paid-up at the time of share application. Later on making calls, the call money was not received from Camelia Grih Nirman Private Limited and, hence, the Company forfeited the above mentioned 13,25,631 partly paid equity shares by passing a resolution at the Board Meeting held on 28 June, 2022. On 21 December, 2023, the Board of Directors passed a resolution confirming that the Company shall not re-issue the partly paid-up equity shares which were earlier forfeited by the Company and accordingly, such partly-paid equity shares shall cease to exist with effect from the date of the resolution.

***Shivalik Auto Engineering Private Limited (SAEPL) had allotted 6,38,042 partly paid equity shares on 10 January, 2022 through a rights issue to Camelia Grih Nirman Private Limited. As a result, Rs. 4 per share was paid-up at the time of share application. Later on making calls, the call money was not received from Camelia Grih Nirman Private Limited and, hence, the SAEPL forfeited the above mentioned 6,38,042 partly paid equity shares by passing a resolution at the Board Meeting held on 28 June, 2022.

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The Company has one class of equity shares having a par value of Rs.5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shares in the Company held by each shareholder holding more than 5 % equity shares	As at 31 December 2023		As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	No.	%	No.	%	No.	%	No.	%
Giriraj Singhania	26,81,400	60.35%	26,81,400	60.35%	26,81,400	33.34%	26,81,400	35.70%
Neelkamal Vanijya Pvt Ltd*	-	0.00%	-	0.00%	28,74,930	35.75%	28,74,930	38.27%
Samarth Investment Co. #	9,64,200	21.70%	9,64,200	21.70%	9,64,200	11.99%	9,64,200	12.84%
Sharda Shree Agricultural & Dev Pvt Ltd	7,67,700	17.28%	7,67,700	17.28%	7,67,700	9.55%	7,67,700	10.22%
Camelia Grih Nirmaan Pvt Ltd	-	0.00%	-	0.00%	13,25,631	6.59%	-	0.00%

Particulars of promoter's holding	As at 31st December 2023			As at 31st March 2023			As at 31st March 2022			As at 31st March 2021		
	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year
Equity shares of Rs. 10 each, fully paid-up held by-												
Giriraj Singhania	26,81,400	60.35%	0.00%	26,81,400	60.35%	27.01%	26,81,400	33.34%	-2.35%	26,81,400	35.70%	0.00%
Raghvendra Singhania	1	0.00%	0.00%	1	0.00%	0.00%	1	0.00%	0.00%	-	0.00%	0.00%

Note 11: EQUITY SHARE CAPITAL

(Rupees in Million)

Allotment of the equity shares pursuant to the Composite Scheme

The Company had pursuant to a Composite Scheme among (i) Shivalik Auto Engineering Private Limited, (ii) Neelkamal Vanijya Private Limited. (iii) Adopt Comotrade Private Limited, (iv) Goldmoon Vinimay Private Limited (Companies at (i) to (iv) are hereinafter referred to as the "Transferor Companies") (v) Shivalik Power and Steel Limited (hereinafter referred to as the "Demerged Business") and (vi) the Company, approved by Hon'ble National Company Law Tribunal, Cuttack Bench had issued and allotted 79,18,907 equity shares of face value of Rs.10/- each to the shareholders of the Transferor Companies and the Demerged Business on 06 January 2024. Pursuant to the above mentioned Composite Scheme, 1,93,679 equity shares held by the Demerged Business and 28,74,930 equity shares held by Neelkamal Vanijya Private Limited of the Company were cancelled.

Sub-division of the equity shares of the face value of Rs.10/- each into equity shares of the face value of Rs.5/- each

The Board has at its meeting held on 04 June 2024 approved the sub-division of one equity share of Rs.10/- each into two equity shares of Rs.5/- each. The same was approved by the Shareholders at the Extra-Ordinary General Meeting held on 05 June 2024.

As a consequential effect of the above, the authorised share capital, issued, subscribed and paid-up equity share capital shall stand as:

Particulars	Number	Amount
Authorised Share Capital	5,72,77,000	286.39
Issued Share Capital	2,47,24,416	123.62
Subscribed Share Capital	2,47,24,416	123.62
Fully Paid-up Share Capital	2,47,24,416	123.62

Reconciliation of the number of equity shares outstanding between 31 December, 2023 and as on 28 June, 2024:

Particulars	Number	Amount
Balance as on 31 December 2023	75,11,910	75.12
Allotment and cancellation of equity shares pursuant to the Composite Scheme on 06 January 2024	48,50,298	48.50
	1,23,62,208	123.62
Sub-division of the equity shares of the face value of Rs.10/- each into equity shares of the face value of Rs.5/- each as approved by Board on 04 June 2024 and Shareholders on 05 June 2024	1,23,62,208	-
Total issued, subscribed and paid-up share capital	**2,47,24,416**	**123.62**

Details of shares held by Promoters as on as on 28 June, 2024:

Particulars of promoter's holding	Number	% of total equity shares in the class
Equity shares of Rs. 5 each, fully paid-up held by-		
Giriraj Singhania	63,12,574	25.53%
Raghvendra Singhania*	57,49,068	23.25%

Details of equity shares held by equity shareholders holding more than 5% of the equity shares as on 28 June, 2024:

Particulars of equity shareholders holding more than 5% of the equity shares	Category	Number	% of total equity shares in the class
Giriraj Singhania	Promoter	63,12,574	25.53%
Raghvendra Singhania*	Promoter	57,49,068	23.25%
Shilpa Singhania	Promoter Group	23,10,502	9.35%
Varsha Singhania	Promoter Group	22,00,000	8.90%
Sharda Shree Agriculture & Developers Private Limited	Promoter Group	20,22,040	8.18%
Samarth Investment Co. #	Promoter Group	19,28,400	7.80%
Giriraj Singhania HUF	Promoter Group	14,56,852	5.89%

** Includes 2 equity shares (i.e., 1 equity share prior to the sub-division of the equity shares of the Company approved by the board of directors on June 4, 2024 and the shareholders on June 5, 2024, see Note 32 (b) for further details) of the Company which was inadvertently disclosed to be held by MR Singhania HUF in the Company's Statutory Consolidated Indian GAAP Financial Statements and the Special Purpose Consolidated Ind AS Financial Statements for the financial years ended March 31, 2023 and March 31, 2022. This inadvertent error has been corrected in the Consolidated Interim Financial Statements. The occurrence of this inadvertent error does not impact, and is not a material misstatement or omission in connection with, the financial condition and financial performance of the Company reflected in this Restated Consolidated Financial Information or the implementation of the composite scheme of arrangement among Shivalik Auto Engineering Private Limited, Neelkamal Vanijya Private Limited, Adopt Commotrade Private Limited, Goldmoon Vinimay Private Limited, Shivalik Power and Steel Private Limited and the Company (see Note 31 (h) for further details).*

 # M/s. Samarth Investment Co. ("Samarth") holds Equity Shares (the "Samarth Shares") of the Company. At the time of their dematerialisation, the Samarth Shares (in demat form) were credited to the account of Pranay Agrawal (a partner of Samarth at the time of dematerialisation) and were erroneously attributed to the PAN of Pranay Agrawal and not the PAN of Samarth. By a letter dated June 24, 2024, Pranay Agrawal has confirmed that the Samarth Shares were held in his account (and corporate actions on the Samarth Shares were received thereon from time to time) solely on behalf of Samarth. Pranay Agarwal is not a partner of Samarth since March 31, 2024 and as on the date of this Restated Consolidated Financial Information. In this regard, each of Raghvendra Singhania, in his capacity as one of the current partners of Samarth and Pranay Agrawal, in both his individual capacity and as the erstwhile partner of Samarth, have notified the relevant depository participant and the Company through their respective letters, each dated June 24, 2024, requesting the Samarth Shares to be correctly attributed to the PAN of Samarth and, accordingly, credited to the demat account of Samarth.

Note 12: OTHER EQUITY

a. Other Equity **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Securities Premium	520.66	520.66	243.88	169.05
Retained Earnings	1506.36	957.36	321.36	280.60
Capital Reserve	(7.02)	(14.88)	-	-
Equity Pending Allotment*	79.19	79.19	-	-
Remeasurements of Defined benefits plans	(6.46)	(0.44)	0.62	-
Total	**2,092.73**	**1,541.90**	**565.86**	**449.65**

** Pursuant to the Composite Scheme, the company has made allotment of 79,18,907 equity shares of face value of Rs.10 each on 06th January 2024.*

b. Movements in other equity **(Rupees in Million)**

Particulars	Share Suspense Account (Refer Note 31)	Reserves and Surplus				TOTAL
		Capital Reserve	Securities Premium	Retained Earnings	Remeasurements of Defined benefits plans	
Balance as at 31st March, 2020	-	-	**169.05**	**270.33**	-	**439.38**
Ind AS Adjustments						
Balance at the beginning of the Year - 1st April, 2020	-	-	**169.05**	**270.33**	-	**439.38**
Profit for the Year ending 31st March 2021	-	-	-	10.27	-	10.27
Other Comprehensive Income for the Comparative Year ending 31st March 2021	-	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	**10.27**	-	**10.27**
Balance at the end of the Year ending 31st March 2021	-	-	**169.05**	**280.60**	-	**449.65**
Profit for the Comparative Year ending 31st March 2022	-	-	-	40.76	-	40.76
Other Comprehensive Income for the Comparative Year ending 31st March 2022	-	-	-	-	0.62	0.62
Total Comprehensive Income for the Comparative Year	-	-	-	**40.76**	**0.62**	**41.38**
Add: recevied during the year	-	-	74.83	-	0	74.83
Balance at the end of the comparative reporting Year ending 31st March 2022	-	-	**243.88**	**321.36**	**0.62**	**565.86**
Profit for the Current Reporting year ending 31st March 2023	-	-	-	260.53	-	260.53
Other Comprehensive Income for the Current Reporting year ending 31st March 2023	-	-	-	-	(1.06)	(1.06)
Total Comprehensive Income for the year	-	-	-	**260.53**	**(1.06)**	**259.47**
Add: Surplus / (Deficit) arising pursuant to the Composite Scheme	-	(14.88)	-	375.47	-	360.59
Add: Securities Premium acquired pursuant to the Composite Scheme	-	-	347.72	-	-	347.72
Add: Shares to be issued pursuant to the Composite Scheme	79.19	-	-	-	-	79.19
Less: Crossholding elimination	-	-	(70.94)	-	-	(70.94)
Balance at the end of the reporting year ending 31st March 2023	**79.19**	**(14.88)**	**520.66**	**957.36**	**(0.44)**	**1,541.90**
Profit for the Current Reporting nine-months period ending on 31st December 2023	-	-	-	**556.35**	-	556.35
Other Comprehensive Income for the Current Reporting nine-months period ending 31st December 2023	-	-	-	-	(6.02)	(6.02)
Total Comprehensive Income for the period	-	-	-	**556.35**	**(6.02)**	**550.32**
Add: Surplus / (Deficit) arising pursuant to the Composite Scheme	-	-	-	-	-	-
Add: Securities Premium acquired pursuant to the Composite Scheme	-	-	-	-	-	-
Add: Shares to be issued pursuant to the Composite Scheme	-	-	-	-	-	-
Add: Transfer pursuant to Annulment due to share forfeiture **	-	7.86	-	-	-	**7.86**
Less: IPO Expenditure	-	-	-	(7.34)	-	**(7.34)**
Balance at the end of the reporting nine-months period ending on 31st December 2023	**79.19**	**(7.02)**	**520.66**	**1,506.36**	**(6.46)**	**2,092.73**

Nature and Purpose of each component of equity	Nature and Purpose
i. Securities Premium	Amounts received in excess of par value on issue of shares is classified as Securities Premium
ii. Retained Earnings	Retained earnings are the profits that the Group has earned till date, less any dividends or other distributions paid to shareholders
iii. Capital Reserve	Capital reserve represents the accumulated excess of the value of net assets acquired under business combination over the aggregate consideration transferred and due to annulment of forfeited share.

** On 21 December, 2023, the Board of Directors passed a resolution confirming that the Company shall not re-issue the partly paid-up shares which were forfeited earlier and accordingly, such partly-paid equity shares shall cease to exist with effect from the date of the resolution.

Note 13
Borrowings **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
NON CURRENT				
Secured				
Term loans;				
- from Banks	369.54	526.90	348.75	390.06
Unsecured				
- Inter corporate deposits	9.20	9.20	8.80	56.68
- Loan from related parties	-	0.10	-	-
Sub - Total	**378.74**	**536.20**	**357.55**	**446.74**
CURRENT				
Secured				
Current maturities of long-term debt	178.95	211.59	83.95	67.29
Loans repayable on demand				
- from banks	538.20	504.39	253.95	244.12
Unsecured				
- Loan from related parties	-	-	-	21.20
Sub - Total	**717.15**	**715.98**	**337.90**	**332.61**
Total	**1,095.89**	**1,252.18**	**695.45**	**779.35**

A. Nature of Borrowings & Security	Interest Rate & Terms of repayment
Loan from Punjab National Bank (TL I, II, III)	
The loan is secured by a pari passu charge on the factory land and building at plot no.8, Hathkhoj Industrial Area, Bhilai and plant & Machineries, Electrical Installations and other fixed assets of the unit. The loan is further secured by personal guarantee of promoter directors & Corporate Gurantee of erstwhile Shivalik Power & Steel Private Limited. (Also refer Note 31)	Term Loan against Building and Plant & Machinery (TL I, II and III) - Term loan bearing ROI of 11.95% from Punjab National Bank is repayable in equated instalments as below: 1) TL-I - IC-56- 29 installments of Rs. 2.66 Million commencing March'23 IC-65 - 25 installments of Rs. 0.93 Million commencing from March'23 2) TL-II - 61 installments of Rs. 0.57 Million commencing March'23 3) TL-III - 75 installments of Rs. 0.50 Million commencing March'23. However these loans has been taken over by ICICI Bank Limited in July 2023.
Loan from Punjab National Bank (COVID-19 Loan and GECL)	
The loans are secured by extension of charge over existing primary and collateral securities.	**1) COVID-19 Emergency Credit Facility -** Repayable in equated installment in 18 months commencing from Jan'21 and carries ROI of 8.25% p.a. **2) Guaranteed Emergency Credit Line (GECL) -** Repayable in equated installment in 36 months commencing from January'22 and carries ROI of 8.25% p.a. **3) Guaranteed Emergency Credit Line (GECL 2.0) -** Repayable in equated installment in 48 months commencing from November'23 and carries ROI of 7.60% p.a. However these loans has been taken over by ICICI Bank Limited in July 2023.
Term Loan from Bank of India	
The loan is secured by a pari passu charge on EQM of factory land & building situated at no.8, Hathkhoj Industrial Area, Bhilai and plant & Machineries, Installations and other fixed assets of the unit. The loan is further secured by personal guarantee of promoter directors & Corporate Gurantee of erstwhile Shivalik Power & Steel Private Limited. (Also refer Note 31)	Term loan bearing ROI of 10.40% from Bank of India is repayable in monthly installments as below: **1) TL-I-** Payable in 25 monthly balloning installments commencing Nov'20 **2) TL-II-** Payable in 31 monthly balloning installments commencing Nov'20 **3) TL-III-** Payable in 49 equated installments commencing Nov'20 **4) TL-IV**- Payable in 72 equated installments commencing Nov'20. However these loans has been taken over by Axis Bank Limited in June 2023.
GECL from Bank of India	
The loans are secured by extension of charge over existing primary and collateral securities.	**1) GECL-1** - Repayable in equated installment in 36 months commencing from January'22 and carries ROI of 8.35% p.a. **2) GECL-2** - Repayable in equated installment in 48 months commencing from December'23 and carries ROI of 7.65% p.a. However these loans has been taken over by Axis Bank Limited in June 2023.
Loan from HDFC Bank	
1) The loan is secured by hypothecation of Tractor and personal guarantee of promoter directors. **2)** The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. **3)** The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. **4)** The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. 5) The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors.	**1)** Term loan bearing ROI of 11.55% from HDFC Bank repayable in equated monthly installment of Rs.11,152/- upto May'2019. **2)** Term loan bearing ROI of 9.35% from HDFC Bank repayable in equated monthly installment of Rs.1,21,805/- upto November'2021. **3)** Term loan bearing ROI of 8.51% from HDFC Bank repayable in equated monthly installment of Rs.30,556/- upto November'2022. **4)** Term loan bearing ROI of 9.00% from HDFC Bank repayable in equated monthly installment of Rs.28,173/- upto November'2025. 5) Term loan bearing ROI of 8.5% from HDFC Bank repayable in equated monthly installment of Rs.1,15,604/-.

SHIVALIK ENGINEERING INDUSTRIES LIMITED
CIN - U27107CT2011PLC022353
ANNEXURE VI - NOTES TO RESTATED CONSOLIDATED FINANCIAL INFORMATION

Note 13

A. Nature of Borrowings & Security	Interest Rate & Terms of repayment
Loan from Axis Bank	
1) The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. **2)** The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. **3)** The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. **4)** The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. **5)** The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors. 6) The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors.	1) Term loan bearing ROI of 9.46% from Axis Bank repayable in equated monthly installment of Rs.25,401/- upto November'2021. **2)** Term loan bearing ROI of 9.46% from Axis Bank repayable in equated monthly installment of Rs.26,201/- upto November'2021. **3)** Term loan bearing ROI of 8.95% from Axis Bank repayable in equated monthly installment of Rs.49,286/- upto October'2023. **4)** Term loan bearing ROI of 8.95% from Axis Bank repayable in equated monthly installment of Rs.24,755/- **5)** Term loan bearing ROI of 8.95% from Axis Bank repayable in equated monthly installment of Rs.1,31,495/- 6) Term loan from Axis Bank is repayable in Equitable monthly balancing installments.
Against Term Loan/ FITL/WCTL from State Bank of India	
The loan is secured by a pari passu hypothecation charge on the entire plant and machinery and equitable mortgarge of land & building at Plot No.14, 15 and 16 at Engineering Park, Heavy Industrial Area, Hathkhoj of the of the company. The loan is further secured by personal guarantee of promoter directors & Corporate guarantee of Shivalik Engineering Industries Limited and Erstwhile Shivalik Power & Steel Private Limited. (Refer Note 31)	**Term Loan against Building and Plant & Machinery -** Repayable in balloon installment in 105 monthscommencing from October'2022 and carries ROI of 13.75% **FITL - I -** Repayable in equated installment in 24 months commencing from April'21 and carries ROI of 13.75% **FITL - II & III -** Repayable in equated installment in 24 months commencing from April'2022 and carries ROI of 14.75%
Against Guaranteed Emergency Credit Line WCTL (GECL) and GECL Extension	
Extension of hypothecation charge over entire Current Assets of the Company by way of hypothecation of the stocks of raw materials, stock in process, finished goods etc. at the Company's premise/ godown,including goods in transit/ shipment, outstanding moneys, book debts, receivables, other current assets, etc., both present and future.GECL and GECL (Extension) shall rank second charge with the existing credit facilities in terms of cash flows (including repayments) and securities	**GECL** - Repayable in equated installment in 36 months commencing from October'2021 and carries ROI of 9.25% **GECL Extension** - Repayable in equated installment in 36 months commencing from November'2023 and carries ROI of 9.25%
Against Loan from Punjab National Bank	
The loan is secured by a pari passu charge on the entire fixed assets of the proposed foundry & engineering project for mfg. of ready to use finished components for Automobiles, Railways and Engg. components. The loan is further secured by personal guarantee of promoter directors.	a. Term loan from PNB Bank repayable in equated monthly installment commencing from Oct 21 of which rate of interest is 8.55% b. Term loan from PNB Bank repayable in equated monthly installment commencing from Nov 23 of which rate of interest is 8.55%. However these loans has been taken over by ICICI Bank Limited in July 2023.
Against Loan from HDFC Bank	
The loan is secured by hypothecation of Vehicle and personal guarantee of promoter directors.	a. Term loan from HDFC Bank is repayable in Equitable monthly balancing installments commencing from 05 February 2023.
Against Loan from Kotak Bank	
The loan is secured by a pari passu charge on the entire fixed assets of the proposed foundry & engineering project for mfg. of ready to use finished components for Automobiles, Railways and Engg. components. The loan is further secured by personal guarantee of promoter directors.	Term loan from Kotak Bank repayable in equated monthly installment commencing from Oct 22 of which rate of interest is 9.55%
Against Term Loan from ICICI Bank	
The Term loan is secured by Current Assets, Immovable Fixed Assets [Plot No.-08, Near by 33/11 kv substation Hathkhoj, Ganga Iron & Steels, Chhawni Road , Durg ; Mauza- Ghodari, Kh no.1173, 1189/2, 1178/2, 1234, 1179, 1190, 1233, 1228, 1188, 1256 & 1171 , P.h. No. 87/35 , R.N.M. Tah. & Dist. , Mahasamund (C.G.) ; Flat No.-N- 201 (second floor) ,Building No-3 "Goleccha Park Phase 1", , Mauza- Purena, Rani Durgawati ward no.-45, , Kh. No. 27/2, P. H. No.113 , Raipur , Chhattisgarh], Movable Fixed Assets [Unit No.- 08 , Heavy Industrial Area Bhilai, Plot No.- 08 (Area5acre),Mauza- Hathkhoj , R. n.m.- Jamul, Tah. & Dist.- Durg (C.G.) , Plot No.- 08, Near by 33/11 kv substation HathkhojGanga Iron & Steels, Chhawni Road, , Durg] and personal guarantee of promoter directors.	1) Term loan (TL-1) bearing ROI of 9.5% from ICICI Bank repayable in 36 equated monthly installments commencing from July 23. 2) Term loan (TL-2) bearing ROI of 9.5% from ICICI Bank repayable in 36 equated monthly installments commencing from July 23. 3) Term loan (TL-3) bearing ROI of 9.5% from ICICI Bank repayable in 36 equated monthly installments commencing from July 23.
Working Capital Demand Loan	
The loan is secured by hypothecation of asset created out of bank loan	The loan is repayable on balloning instalments commencing from December 20 and carries ROI of 7.70%
Working Capital Demand Loan - In relation to Erstwhile Shivalik Engineering Industries Limited & Erstwhile Shivalik Auto Engineering Private Limited (Refer Note 31)	The working capital facility is secured hypothecation charge over entire Current Assets of the Company by way of hypothecation of the stocks of raw materials, stock in process, finished goods etc. at the Company's premise/ godown, including goods in transit/ shipment,outstanding moneys, book debts, receivables, other current assets, etc., both present and future.
Working Capital Demand Loan - In relation to Erstwhile Shivalik Power & Steel Private Limited (Refer Note 31)	The working capital facilities from Banks are secured by pari-passu charge over entire current assets i.e. stocks of Raw Material, Finished Goods,Consumables, Semi-Finished Goods and trade receivables of the Company and second charge over the other movable assets and immovable assets of the Company.

B. The Quarterly returns/statements of current assets filed by the Company for the year ended 31st March, 2023 with the Bank are in agreement with the books of accounts.

Note 14
Provisions **(Rupees in Million)**

Particulars	Non Current				Current			
	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Provision for Gratuity	36.55	21.81	6.83	-	1.25	0.82	0.23	-
Provision for Leave Encashment	7.71	4.91	-	-	0.35	0.48	-	-
Total	**44.26**	**26.72**	**6.83**	**-**	**1.60**	**1.30**	**0.23**	**-**

Note 15
Deferred Tax Liabilities - (Net) **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Deferred Tax Liabilities (Net);				
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	174.70	160.53	81.23	88.31
Deferred Tax Asset:				
- Accrued Expenses allowable on Actual Payments	(11.56)	(9.64)	(1.78)	-
	163.14	150.89	79.45	88.31
Add: MAT Credit Entitlement	-	-	(47.49)	(52.67)
Total	**163.14**	**150.89**	**31.96**	**35.64**

Note 16
Trade Payables **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Outstanding due of Micro and Small Enterprises (Refer Note 31(b))	145.17	44.98	66.77	132.73
Outstanding due of Creditors other than Micro and Small Enterprises	297.58	146.10	377.69	329.15
Total	**442.75**	**191.08**	**444.46**	**461.88**

Trade Payables aging schedule **(Rupees in Million)**

Particulars	Outstanding for following periods from due date of payment					Total
Outstanding due of Creditors other than Micro and Small Enterprises	**Not Due**	**Less than 1 year**	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	
As at 31 December 2023	149.91	136.65	2.06	1.74	7.21	**297.58**
As at 31 March 2023	74.04	69.70	0.17	-	2.19	**146.10**
As at 31 March 2022	172.94	183.24	4.05	15.79	1.67	**377.69**
As at 31 March 2021	249.39	45.66	23.04	11.06	-	**329.15**

Particulars	Outstanding for following periods from due date of payment					Total
Outstanding due to Micro and Small Enterprises	**Not Due**	**Less than 1 year**	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	
As at 31 December 2023	67.39	77.77	0.00	-	-	**145.17**
As at 31 March 2023	21.74	23.24	-	-	-	**44.98**
As at 31 March 2022	25.10	41.67	-	-	-	**66.77**
As at 31 March 2021	22.06	110.67	-	-	-	**132.73**

Note 17
Other Financial Liabilities **(Rupees in Million)**

Particulars	Non Current				Current			
	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Carried at Amortised Cost :								
Others :								
Payable Against Capital Assets	-	-	-	-	9.01	9.13	3.37	3.36
Employee benefits	-	-	-	-	31.02	27.10	13.38	12.79
Liabilities for expenses	-	-	-	-	11.75	1.74	2.01	2.82
Total	**-**	**-**	**-**	**-**	**51.78**	**37.97**	**18.76**	**18.97**

Note 18
Other Liabilities **(Rupees in Million)**

Particulars	Non Current				Current			
	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Contract Liabilities	-	-	-	-	23.50	10.32	23.33	16.28
Statutory Dues	-	-	-	-	24.10	86.71	33.80	36.83
Total	**-**	**-**	**-**	**-**	**47.59**	**97.03**	**57.13**	**53.11**

Movement of contract liabilities is as under ; **(Rupees in Million)**

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
As at beginning of the year	10.32	23.33	16.28	-
Recognised as revenue from contracts with customers	(12.55)	(73.23)	(185.97)	(1.86)
Advance from customers received during the year	25.73	60.22	193.02	18.14
Balance at the close of the year	**23.50**	**10.32**	**23.33**	**16.28**

Note 19
Revenue from Operations **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Sale Of Products	5,207.41	5,504.73	3,117.97	1,749.62
Sale Of Services; and				
Sale of Services	-	-	11.58	135.82
	5,207.41	5,504.73	3,129.55	1,885.44
Other Operating Revenues:				
Export Incentives	4.42	2.35	0.50	1.04
Total	**5,211.83**	**5,507.08**	**3,130.05**	**1,886.48**

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no seperate disclosures of disaggregated revenues are reported.

Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Gross Sales (Contracted Price)	5,325.84	5,547.43	3,139.01	1,766.41
Reductions towards variable consideration (Turnover discount, Price Variation, Other Expenses)	(118.43)	(42.70)	(21.04)	(16.79)
Revenue recognised	**5,207.41**	**5,504.73**	**3,117.97**	**1,749.62**

Note 20
Other Income **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Interest Income	0.83	7.77	2.58	2.46
Gain on Foreign Exchange Translations	-	1.55	-	-
Other Non-Operating Income;				
Miscellaneous Income	2.32	7.03	-	-
Total	**3.15**	**16.35**	**2.58**	**2.46**

Note 21
Cost of Materials consumed **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Opening Stock of Raw Materials	102.06	77.67	74.67	72.74
Opening Stock of Raw Materials on the Composite Scheme	-	60.92	-	-
Purchases during the year	2,651.16	3,488.87	2,273.98	1,193.98
Closing Stock of Raw Materials	(91.33)	(102.06)	(77.67)	(74.67)
Total	**2,661.89**	**3,525.40**	**2,270.98**	**1,192.05**

Note 22
Changes In Inventories Of Finished Goods And Work-In-Progress **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Closing Stock:				
Finished Goods	724.48	512.15	334.58	195.89
Work-in-Progress	-	-	-	-
Stock-in-Trade	-	-	-	-
	724.48	512.15	334.58	195.89
Less: Opening Stock:				
Finished goods	512.15	334.58	195.89	167.92
Finished goods on the Composite Scheme	-	228.83	-	-
Work-in-Progress	-	-	-	-
Stock-in-Trade	-	-	-	-
	512.15	563.41	195.89	167.92
Total	**(212.33)**	**51.26**	**(138.69)**	**(27.97)**

Note 23
Employee Benefits Expense **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Salaries and Wages	290.47	199.71	103.61	75.93
Contribution to provident, gratuity and other funds	36.21	18.65	16.72	3.53
Staff welfare expenses	5.63	10.16	14.46	11.80
Total	**332.31**	**228.52**	**134.79**	**91.26**

Note 24
Finance Costs **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Interest on Loans and Deposits	0.99	0.79	2.14	3.15
Interest on Term Loan	50.42	34.03	42.37	37.52
Interest on Working Capital Facilities	22.66	23.01	27.76	28.35
Bill Discounting Charges	59.72	46.35	25.17	16.49
Total	**133.79**	**104.18**	**97.44**	**85.51**

Note 25
Depreciation and Amortisation expense **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Depreciation on Property, Plant And Equipment	119.42	88.36	68.49	66.19
Amortisation of ROU Assets	0.29	0.27	0.18	0.13
Total	**119.71**	**88.63**	**68.67**	**66.32**

Note 26
Other Expenses **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Stores and Spares Consumed	801.09	725.53	391.36	266.79
Power and Fuel	369.16	240.93	171.21	129.58
Advertisement Expenses	3.57	2.21	0.53	0.39
Processing Expenses	10.31	16.28	13.85	6.77
Rent	11.65	17.69	8.77	4.99
Rates and Taxes	2.48	0.32	0.37	0.07
Insurance	18.68	6.96	5.27	5.84
Printing and Stationery	1.02	0.41	0.06	0.11
Repairs and Renewals:				
Buildings	0.96	0.21	-	-
Plant and Machinery	16.48	21.66	4.24	4.37
Other Assets	11.00	3.63	-	-
Travelling and Conveyance	17.58	12.64	3.29	1.56
Communication Expenses	0.86	0.59	0.33	0.33
Foreign Exchange Translation	0.51	-	0.99	0.04
Interest on Other Statutory Dues	0.57	0.02	0.61	3.46
Legal & Professional expenses	16.79	7.38	4.40	4.21
Corporate Social Responsibility Expenses	2.87	2.50	1.59	2.13
Vehicle Expenses	0.73	0.18	-	-
Auditors' Remuneration:				
As Auditors:				
Audit fee	0.60	0.65	0.03	0.03
Freight and Forwarding (Net)	68.07	57.83	41.93	23.82
Bank Charges	5.42	4.68	1.99	2.30
Miscellaneous Expenses	42.69	13.05	12.34	5.55
Total	**1,403.09**	**1,135.35**	**663.16**	**462.34**

Note 27

A. Capital Management

For the purpose of Group's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Holding Company. The primary objective of the Group's Capital Management is to maximise the Share Holder Value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Group monitors using a gearing ratio which is net debts divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, less cash and short term deposit.

(Rupees in Million)

Particulars	31-Dec-23	31-Mar-23	31-Mar-22	31-Mar-21
Interest bearing Loans and Borrowings	1,095.88	1,252.18	695.45	779.34
Less: Cash and Short Term Deposits	46.95	16.69	18.09	20.03
Net Debt	1,048.94	1,235.49	677.36	759.31
Equity	44.43	52.29	80.42	75.12
Other Equity	2,092.73	1,541.90	565.86	449.65
Total Capital	2,137.16	1,594.18	646.29	524.77
Capital and Net Debt	3,186.10	2,829.67	1,323.65	1,284.09
Gearing Ratio %	32.92%	43.66%	51.17%	59.13%

B. Financial Risk Management

The Group is exposed to market risk, credit risk and liquidity risk. The Group's board of director oversees the management of these risks. The Group's board of director is responsible to ensure that Group's financial risk activities which 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. The board of directors reviews and agrees policies for managing each of these risks, which are

i) 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 interest rate risk and currency risk financial instruments affected by market risk include trade receivables, trade payables and borrowings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest Rate Risks

The Company borrows funds in Indian Rupees to meet both the long term and short term funding requirements. Interest rate is fixed for the tenure of the Long term loans availed by the Company. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the nine-month period ended 31st December, 2023, 31st March, 2023, 31st March, 2022, 31st March, 2021 would have been decreased/increased by

Particulars		31-Dec-23	31-Mar-23	31-Mar-22	31-Mar-21
Term Loans	Rs. Million	548.49	738.49	432.70	457.35
Sensitivity (+/- 1%)	Rs. Million	5.48	7.38	4.33	4.57

Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company does not enter into forward exchange contracts to hedge its foreign currency exposures. Foreign currency risks from financial instruments at the end of the reporting period expressed in INR :

Unhedged Short Term Exposures :

Particulars	Currency	As at 31 December 2023		As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
		Amount in Foreign Currency - In Million	Amount- In ₹ Million	Amount in Foreign Currency - In Million	Amount- In ₹ Million	Amount in Foreign Currency - In Million	Amount- In ₹ Million	Amount in Foreign Currency - In Million	Amount- In ₹ Million
Financial Assets	USD	0.78	64.71	0.43	35.60	0.34	25.63	0.29	21.55
Net exposure	USD	0.78	64.71	0.43	35.60	0.34	25.63	0.29	21.55

The company is mainly exposed to changes in US Dollar

The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date.

The sensitivity to a 0.25% to 1% increase or decrease in US Dollar against INR with all other variables held constant will be as follows;

Particulars	Currency	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Sensitivity (+/- 1%)	USD	0.65	0.36	0.26	0.22

ii) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis

Cash and cash equivalents and deposits with bank

Cash and cash equivalents of the Group are held with banks which have high credit rating. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Note 27

Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Group has a policy under which each new customer is analysed individually for creditworthiness before offering credit period and delivery terms and conditions.

Based on internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognized in the Statement of Profit and Loss within other expenses.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. The Group assesses and manages credit risk based on the Group's credit policy. The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information

The ageing analysis of trade receivables is disclosed in Note 7

Security Deposits

Group has given security deposit to state government companies for electricity supply . Being government companies, the Group does not have exposure to any credit risk.

iii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Groups financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The group has practiced financial diligence and syndicated adequate liquidity in all business scenarios.

Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements

Particulars	As at 31 December 2023			
	Less than 1 year	1-3 years	3-5 years	More Than 5 years
Borrowings	726.35	345.26	24.28	-
Trade Payable	431.74	3.80	7.21	-
Other Financial Liabilities	51.78	-	-	-

Particulars	As at 31 March 2023			
	Less than 1 year	1-3 years	3-5 years	More Than 5 years
Borrowings	716.56	274.52	131.10	130.00
Trade Payable	188.72	0.17	2.19	-
Other Financial Liabilities	37.97	-	-	-

Particulars	As at 31 March 2022			
	Less than 1 year	1-3 years	3-5 years	More Than 5 years
Borrowings	432.55	190.76	67.94	4.21
Trade Payable	422.94	19.84	1.68	-
Other Financial Liabilities	18.77	-	-	-

Particulars	As at 31 March 2021			
	Less than 1 year	1-3 years	3-5 years	More Than 5 years
Borrowings	356.61	356.94	58.15	7.66
Trade Payable	427.77	34.11	-	-
Other Financial Liabilities	18.97	-	-	-

Note 28 (a)- Explanation of transition to Ind AS

The Restated Consolidated Financial Information for the nine-month period ended 31 December 2023 and years ended 31 March 2023, 31 March 2022 and 31 March 2021 are the Consolidated financial information prepared by the Group in accordance with Ind AS. For the periods upto and including the year ended 31 March 2023, 31 March 2022, and 31 March 2021, the Group prepared its consolidated financial information in accordance with the Generally Accepted Accounting Principles in India (previous GAAP). Reconciliation and description of the effect of transition from previous IGAAP to Ind AS are provided below:
Accordingly, the Group has prepared consolidated financial information which comply with Ind AS applicable for the nine-months ended 31 December 2023, together with the comparative year data as at and for the years ended 31 March 2023, 31 March 2022 and 31 March 2021, as described in the summary of significant accounting policies.

A. Optional Exemptions availed

i) Deemed Cost - Previous GAAP carrying amount

The Company has elected to continue with the carrying value of its PPE, CWIP and Intangible assets recognized as of 1st April 2020 (Transition date) measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

B. Applicable Mandatory Exceptions

i) Estimates

Estimates in accordance with Ind AS at the transition date will be consistent with estimates made for the same date in accordance with IGAAP (after adjustments to reflect any difference in Accounting Policies) unless there is objective evidence that those estimates were in error

ii) Derecognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2020 (the transition date).

iii) Classification and measurement of financial instrument

As required under Ind AS 101 the company has assessed the classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

iv) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

C. Transition to Ind AS - Reconciliations

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent reconciliations from IGAAP to Ind AS

i. Reconciliation of balance sheet as at 31 March, 2023, 31 March, 2022, 31 March, 2021 and April 01, 2020

ii. Reconciliation of Total Comprehensive Income for the year ended March 31, 2023, March 31, 2022, March 31, 2021

On account of transition to Ind AS, there is no material adjustment to the Statement of Cash Flows

The presentation requirments under previous GAAP differs from Ind AS and hence previous GAAP infromation has been regrouped for ease of reconciliation with Ind AS.The regrouped previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP

Note 28 C (i) - Reconciliation of Equity as at 1 April 2020

(Rupees in Million)

Particulars	Previous GAAP *	Reclassificatioin	Ind AS	Adjustments	Ind AS
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	763.35	(10.13)	753.22	-	**753.22**
Right of use assets	-	10.13	10.13	-	**10.13**
- Investments	84.57	0.00	84.57	-	**84.57**
- Other financial assets	30.45	0.00	30.45	-	**30.45**
Other non-current assets	-	1.09	1.09	-	**1.09**
Current Assets					
Inventories	302.69	0.00	302.69	-	**302.69**
Financial Assets;					
- Trade Receivables	210.12	(0.00)	210.12	-	**210.12**
- Cash and cash Equivalents	15.36	(0.00)	15.36	-	**15.36**
- Bank balances other than cash and cash equivalents	-	3.52	3.52	-	**3.52**
- Loans	-	0.48	0.48	-	**0.48**
- Others financial assets	137.00	(134.35)	2.65	-	**2.65**
Current Tax Assets (Net)	-	0.34	0.34	-	**0.34**
Other current assets	64.36	76.47	140.83	-	**140.83**
TOTAL ASSETS	**1,607.90**	**(52.45)**	**1,555.45**	**-**	**1,555.45**
Equity					
Equity Share Capital	75.12	0.00	75.12	-	**75.12**
Other Equity	439.38	(0.00)	439.38	-	**439.38**
Total Equity	**514.50**	**(0.00)**	**514.50**	**-**	**514.50**
LIABILITIES					
Non-Current Liabilities					
Financial Liabilities					
- Borrowings	362.44	0.00	362.44	-	**362.44**
Deferred Tax Liabilities (Net)	82.03	-52.45	29.58	-	**29.58**
Other non-current liabilities	98.14	-98.14	-	-	**-**
Current Liabilities					
Financial Liabilities					
- Borrowings	267.80	75.06	342.86		**342.86**
- Trade Payables					
(A) total oustanding dues of micro & small enterprises	-	-	-	-	
(B) total outstanding dues otherthan micro & small enterprises	84.57	174.61	259.18	-	**259.18**
- Other Financial Liabilities	-	5.18	5.18	-	**5.18**
Other Current Liabilities	186.89	-156.71	30.18	-	**30.18**
Provisions	11.53	0.00	11.53	-	**11.53**
Total Liabilities	**1,093.40**	**-52.45**	**1,040.95**	**-**	**1,040.95**
TOTAL EQUITY AND LIABILITIES	**1,607.90**	**-52.45**	**1,555.45**	**-**	**1,555.45**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Note 28 C (i) - Reconciliation of Equity as at 31st March 2021

(Rupees in Million)

Particulars	Previous GAAP *	Reclassification	Ind AS	Adjustments	Ind AS
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	733.84	(21.71)	712.13	-	712.13
Right of use assets	-	21.71	21.71	-	21.71
Financial Assets;					
- Investments	85.24	-	85.24	-	85.24
- Other financial assets	-	34.02	34.02	-	34.02
Other non-current assets	34.02	(31.66)	2.36	-	2.36
	853.10	**2.36**	**855.46**	**-**	**855.46**
Current Assets			-		
Inventories	329.39	-	329.39	-	329.39
Financial Assets;					
- Trade Receivables	497.01	-	497.01	-	497.01
- Cash and cash Equivalents	16.51	-	16.51	-	16.51
- Bank balances other than cash and cash equivalents	-	3.52	3.52	-	3.52
- Loans	151.12	(149.83)	1.29	-	1.29
- Others financial assets	-	17.25	17.25	-	17.25
Current Tax Assets (Net)	-	3.34	3.34	-	3.34
Other current assets	78.46	71.49	149.95	-	149.95
	1,072.49	**(54.23)**	**1,018.26**	**-**	**1,018.26**
Total assets	**1,925.59**	**(51.87)**	**1,873.72**	**-**	**1,873.72**
EQUITY AND LIABILITIES					
Equity					
Equity share capital	75.12	-	75.12	-	75.12
Other equity	449.64	-	449.65	-	449.65
Equity attributable to owners	**524.76**	**-**	**524.77**	**-**	**524.77**
Non Controlling Interest	-	-	-	-	-
Total equity	**524.76**	**-**	**524.77**	**-**	**524.77**
LIABILITIES					-
Non-current liabilities					-
Financial Liabilities					
- Borrowings	446.74	-	446.74	-	446.74
Deferred Tax Liabilities (Net)	88.31	(52.67)	35.64	-	35.64
Other non-current liabilities	89.47	(89.47)	-	-	-
	624.52	**(142.14)**	**482.38**	**-**	**482.38**
Current Liabilities					-
Financial Liabilities					
- Borrowings	244.12	88.49	332.61	-	332.61
- Trade Payables					
(A) total oustanding dues of micro & small enterprises	-	132.73	132.73	-	132.73
(B) total outstanding dues otherthan micro & small enterprises	151.03	178.12	329.15	-	329.15
- Other Financial Liabilities	-	18.97	18.97	-	18.97
Other Current Liabilities	381.16	(328.05)	53.11	-	53.11
Total current liabilities	**776.31**	**90.27**	**866.57**	**-**	**866.57**
Total liabilities	**1,400.83**	**(51.87)**	**1,348.95**	**-**	**1,348.95**
Total equity and liabilities	**1,925.59**	**(51.87)**	**1,873.72**	**-**	**1,873.72**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Note 28 C (i) - Reconciliation of Equity as at 31st March 2022

(Rupees in Million)

Particulars	Previous GAAP *	Reclassification	Ind AS	Adjustments	Ind AS
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	727.02	(21.53)	705.49	-	705.49
Right of use assets	-	21.53	21.53	-	21.53
Financial Assets;					
- Investments	80.29	-	99.22	-	99.22
- Other financial assets	-	33.97	33.97	-	33.97
Other non-current assets	33.97	(32.95)	1.02	-	1.02
	841.28	**1.02**	**861.23**	**-**	**861.23**
Current Assets					
Inventories	466.77	-	466.77	-	466.77
Financial Assets;					
- Trade Receivables	433.23	0.01	433.24	-	433.24
- Cash and cash Equivalents	14.57	-	14.57	-	14.57
- Bank balances other than cash and cash equivalents	-	3.52	3.52	-	3.52
- Loans	103.88	(103.88)	-	-	-
- Others financial assets	-	12.60	12.60	-	12.60
Current Tax Assets (Net)	-	4.30	4.30	-	4.30
Other current assets	70.00	34.87	104.87	-	104.87
	1,088.45	**(48.58)**	**1,039.87**	**-**	**1,039.87**
Total assets	**1,929.73**	**(47.55)**	**1,901.10**	**-**	**1,901.10**
EQUITY AND LIABILITIES					
Equity					
Equity share capital	80.42	-	80.42	-	80.42
Other equity	546.95	-	565.86	-	565.86
Equity attributable to owners	**627.37**	**-**	**646.28**	**-**	**646.28**
Non Controlling Interest	-	-	-	-	-
Total equity	**627.37**	**-**	**646.28**	**-**	**646.28**
LIABILITIES					-
Non-current liabilities					-
Financial Liabilities					
- Borrowings	357.55	-	357.55	-	357.55
- Lease liabilities					-
Provisions	6.83	-	6.83	-	6.83
Deferred Tax Liabilities (Net)	79.45	(47.49)	31.96	-	31.96
Other non-current liabilities	-	-	-	-	-
	443.83	**(47.49)**	**396.34**	**-**	**396.34**
Current Liabilities					-
Financial Liabilities					
- Borrowings	337.90	-	337.90	-	337.90
- Trade Payables					
(A) total oustanding dues of micro & small enterprises	66.76	-	66.77	-	66.77
(B) total outstanding dues otherthan micro & small enterprises	377.05	0.64	377.69	-	377.69
- Other Financial Liabilities	-	18.76	18.76	-	18.76
Other Current Liabilities	76.59	(19.46)	57.13	-	57.13
Provisions	0.23	-	0.23	-	0.23
Current Tax Liabilities (Net)	-	-	-	-	-
Total current liabilities	**858.53**	**(0.06)**	**858.48**	**-**	**858.48**
Total liabilities	**1,302.36**	**(47.56)**	**1,254.82**	**-**	**1,254.82**
Total equity and liabilities	**1,929.73**	**(47.56)**	**1,901.09**	**-**	**1,901.09**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Note 28 C (i) - Reconciliation of Equity as at 31st March 2023

(Rupees in Million)

Particulars	Previous GAAP *	Reclassification	Ind AS	Adjustments	Ind AS
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	1,546.97	(36.86)	1,510.11	-	1,510.11
Right of use assets	-	36.88	36.88	-	36.88
Financial Assets;		-	-		
- Investments	-	-	-	-	-
- Other financial assets	15.52	79.03	94.55	-	94.55
Other non-current assets	76.31	(73.34)	2.96	-	2.96
	1,638.80	**5.71**	**1,644.50**	**-**	**1,644.50**
Current Assets					
Inventories	771.46	-	771.46	-	771.46
Financial Assets;					
- Trade Receivables	631.10	(0.01)	631.09	-	631.09
- Cash and cash Equivalents	16.60	-	16.60	-	16.60
- Bank balances other than cash and cash equivalents	-	0.10	0.10	-	0.10
- Loans	274.22	(274.22)	-	-	-
- Others financial assets	-	6.00	6.00	-	6.00
Other current assets	24.56	262.43	286.99	-	286.99
	1,717.94	**(5.71)**	**1,712.24**	**-**	**1,712.24**
Total assets	**3,356.74**	**(0.00)**	**3,356.74**	**-**	**3,356.74**
EQUITY AND LIABILITIES					
Equity					
Equity share capital	80.42	(28.13)	52.29	-	52.29
Other equity	1,513.78	28.13	1,541.90	-	1,541.90
Equity attributable to owners	**1,594.20**	**-**	**1,594.18**		**1,594.18**
Non Controlling Interest	**-**	**-**	**-**	**-**	**-**
Total equity	**1,594.20**	**-**	**1,594.18**	**-**	**1,594.18**
LIABILITIES					**-**
Non-current liabilities					**-**
Financial Liabilities					
- Borrowings	536.20	-	536.20	-	536.20
Provisions	26.72	-	26.72	-	26.72
Deferred Tax Liabilities (Net)	150.89	-	150.89	-	150.89
Other non-current liabilities	9.13	(9.13)	-	-	-
	722.95	**(9.13)**	**-**	**-**	**713.81**
Current Liabilities					**-**
Financial Liabilities					
- Borrowings	715.98	-	715.98	-	715.98
- Trade Payables					
(A) total oustanding dues of micro & small enterprises	44.98	-	44.98	-	44.98
(B) total outstanding dues otherthan micro & small enterprises	146.09	-	146.10	-	146.10
- Other Financial Liabilities	-	37.97	37.97	-	37.97
Other Current Liabilities	125.87	(28.85)	97.03	-	97.03
Provisions	6.68	(5.38)	1.30	-	1.30
Current Tax Liabilities (Net)	-	5.38	5.38	-	5.38
Total current liabilities	**1,039.60**	**9.12**	**1,048.74**	**-**	**1,048.74**
Total liabilities	**1,762.55**	**(0.01)**	**1,762.55**	**-**	**1,762.55**
Total equity and liabilities	**3,356.74**	**(0.01)**	**3,356.73**	**-**	**3,356.73**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Note 28C (ii) - Reconciliation of Total Comprehensive Income for the year ended 31 March 2021 **(Rupees in Million)**

Particulars	Foot Note	Previous GAAP *	Reclassification	Ind AS Adjustments	Adjustments	Ind AS
INCOME						
Revenue from Operations	i	1,886.42	0.06	1,886.48	-	1,886.48
Other Income		3.51	(1.05)	2.46	-	2.46
TOTAL INCOME		**1,889.93**	**(0.99)**	**1,888.94**	**-**	**1,888.94**
EXPENSES						
Cost of materials consumed	ii	1,465.60	(273.55)	1,192.05	-	1,192.05
Employee Benefits expense		91.26	-	91.26	-	91.26
Finance Costs	ii	87.82	(2.31)	85.51	-	85.51
Depreciation and Amortisation expense		66.33	-	66.32	-	66.32
Other Expenses	i&ii	187.46	274.87	462.34	-	462.34
TOTAL EXPENSES		**1,870.50**	**(0.99)**	**1,869.51**	**-**	**1,869.51**
PROFIT BEFORE TAX		**19.43**	**(0.00)**	**19.43**	**-**	**19.43**
TAX EXPENSE						
(1) Current Tax		3.78	-	3.78	-	3.78
(2) Deferred Tax		6.27	-	6.27	-	6.27
(3) MAT Credit Utilised		0.06	(0.06)	-	-	-
(4) Earlier Years adjustments		(0.27)	0.06	(0.21)	-	(0.21)
TOTAL TAX EXPENSE		**9.84**	**-**	**9.84**	**-**	**9.84**
PROFIT FOR THE YEAR		**9.59**	**(0.00)**	**9.59**	**-**	**9.59**
ADD: SHARE OF PROFIT IN ASSOCIATE		0.68	0.00	**0.68**	**-**	**0.68**
PROFIT FOR THE YEAR		**10.27**	**(0.00)**	**10.27**	**-**	**10.27**
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to Profit or Loss						
Remeasurements of Defined benefit plans		-	-	-	-	-
Income Tax relating to items that will not be reclassified to Profit or Loss		-	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10.27**	**(0.00)**	**10.27**	**-**	**10.27**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Notes:

i. Revenue Recognition - Ind AS 115

Under Indian GAAP, variable consideration i.e. discounts on Sales was recorded under Other Expenses. Under Ind-AS, revenue from operations is to be recognised net of variable considerations.

ii. Other Expenses/Income

Other expenses viz Stores Consumption and bank charges have reclassified to Other expenses. Export Incentives have been reclassified to Revenue from operations

Note 28 C (ii) - Reconciliation of Total Comprehensive Income for the year ended 31 March 2022 (Rupees in Million)

Particulars	Foot Note	Previous GAAP *	Reclassification	Ind AS Adjustments	Adjustments	Ind AS
INCOME						
Revenue from Operations	i	3,133.02	(2.97)	3,130.05	-	3,130.05
Other Income	ii	3.08	(0.50)	2.58	-	2.58
TOTAL INCOME		**3,136.10**	**(3.47)**	**3,132.63**	**-**	**3,132.63**
EXPENSES						
Cost of materials consumed	ii	2,290.98	(20.00)	2,270.98	-	2,270.98
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		(138.69)	0.00	(138.69)	-	(138.69)
Employee Benefits expense	iii	133.90	0.89	134.79	-	134.79
Finance Costs	ii	99.95	(2.51)	97.44	-	97.44
Depreciation and Amortisation expense		68.67	-	68.67	-	68.67
Other Expenses	i&ii	644.11	19.05	663.16	-	663.16
TOTAL EXPENSES		**3,098.92**	**(2.57)**	**3,096.35**	**-**	**3,096.35**
PROFIT BEFORE TAX		**37.18**	**(0.90)**	**36.28**	**-**	**36.28**
TAX EXPENSE						
(1) Current Tax		6.21	-	6.21	-	6.21
(2) Deferred Tax	iii	(8.86)	(0.26)	(9.12)	-	(9.12)
(3) MAT Credit Utilised		0.01	(0.01)	-	-	-
(4) Earlier Years adjustments		5.18	0.01	5.18	-	5.18
TOTAL TAX EXPENSE		**2.53**	**(0.26)**	**2.27**	**-**	**2.27**
PROFIT FOR THE YEAR		**34.65**	**(0.64)**	**34.01**	**-**	**34.01**
ADD: SHARE OF PROFIT IN ASSOCIATE		6.75	0.00	**6.75**	**-**	**6.75**
PROFIT FOR THE YEAR		**41.40**	**(0.64)**	**40.76**		**40.76**
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to Profit or Loss						
Remeasurements of Defined benefit plans	iii	-	0.88	0.88	-	0.88
Income Tax relating to items that will not be reclassified to Profit or Loss	iii	-	(0.26)	(0.26)	-	(0.26)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**-**	**0.63**	**0.62**	**-**	**0.62**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**41.40**	**(0.02)**	**41.38**	**-**	**41.38**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Notes:

i. Revenue Recognition - Ind AS 115

Under Indian GAAP, variable consideration i.e. discounts on Sales was recorded under Other Expenses. Under Ind-AS, revenue from oeprations is to be recognised net of variable considerations.

ii. Other Expenses/Income

Other expenses viz Stores Consumption and bank charges have reclassified to Other expenses. Export Incentives have been reclassified to Revenue from operations

iii. Defined Benefit Obligation:

Both under previous GAAP and Ind-AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, re-measurements comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the effect of change in asset ceiling (if applicable) and the return on plan assets (excluding net interest) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI). Thus, the employee benefit cost is reduced by Rs. 0.88 Million and deferred tax thereon of Rs. 0.26 Million for 2021-22 and re-measurement losses on defined benefit plans has been recognised in the Other Comprehensive Incomes (net of tax)

Note 28 C (ii) - Reconciliation of Total Comprehensive Income for the year ended 31 March 2023 **(Rupees in Million)**

Particulars	Foot Note	Previous GAAP *	Reclassification	Ind AS Adjustments	Adjustments	Ind AS
INCOME						
Revenue from Operations	i	5,507.08	-	5,507.08	-	5,507.08
Other Income	ii	16.35	-	16.35	-	16.35
TOTAL INCOME		**5,523.43**	**-**	**5,523.43**	**-**	**5,523.43**
EXPENSES						
Cost of materials consumed	ii	3,525.41	(0.01)	3,525.40	-	3,525.40
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		51.26	(0.00)	51.26	-	51.26
Employee Benefits expense	iii	229.65	(1.13)	228.52	-	228.52
Finance Costs	ii	104.19	(0.01)	104.18	-	104.18
Depreciation and Amortisation expense		88.63	-	88.63	-	88.63
Other Expenses	i&ii	1,135.68	(0.33)	1,135.35	-	1,135.35
TOTAL EXPENSES		**5,134.82**	**(1.48)**	**5,133.34**	**-**	**5,133.34**
PROFIT BEFORE TAX		**388.61**	**1.48**	**390.09**	**-**	**390.09**
TAX EXPENSE						
(1) Current Tax		71.12	47.48	118.60	-	118.60
(2) Deferred Tax	iii	10.23	0.43	10.66	-	10.66
(3) MAT Credit Utilised		0.30	(0.30)	-	-	-
(4) Earlier Years adjustments		47.49	(47.19)	0.30	-	0.30
TOTAL TAX EXPENSE		**129.14**	**0.42**	**129.56**	**-**	**129.56**
PROFIT FOR THE YEAR		**259.47**	**1.06**	**260.53**	**-**	**260.53**
ADD: SHARE OF PROFIT IN ASSOCIATE		**-**	**-**	**-**	**-**	**-**
PROFIT FOR THE YEAR		**259.47**	**1.06**	**260.53**		**260.53**
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to Profit or Loss						
Remeasurements of Defined benefit plans	iii	-	(1.49)	(1.49)	-	(1.49)
Income Tax relating to items that will not be reclassified to Profit or Loss	iii	-	0.43	0.43	-	0.43
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**-**	**(1.06)**	**(1.06)**	**-**	**(1.06)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**259.47**	**0.00**	**259.47**	**-**	**259.47**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Notes:

i. Revenue Recognition - Ind AS 115

Under Indian GAAP, variable consideration i.e. discounts on Sales was recorded under Other Expenses. Under Ind-AS, revenue from oeprations is to be recognised net of variable considerations.

ii. Other Expenses/Income

Other expenses viz Stores Consumption and bank charges have reclassified to Other expenses. Export Incentives have been reclassified to Revenue from operations

iii. Defined Benefit Obligation:

Both under previous GAAP and Ind-AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, re-measurements comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the effect of change in asset ceiling (if applicable) and the return on plan assets (excluding net interest) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI). Thus, the employee benefit cost is reduced by Rs. 1.49 Million and deferred tax thereon of Rs. 0.43 Million for 2022-23 and re-measurement losses on defined benefit plans has been recognised in the Other Comprehensive Incomes (net of tax)

Note 29
Fair Values and Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are a) recognised and measured at fair value and b) measured at amortised cost and for which fair values are disclosed in the Standalone Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed in the Indian Accounting Standard.

Financial assets and liabilities measured at amortised cost **(Rupees in Million)**

Particulars	**As at 31 December 2023**	**As at 31 March 2023**	**As at 31 March 2022**	**As at 31 March 2021**
	Carrying Value			
Financial Assets - Non current				
Loans	-	-	-	1.29
Security Deposits	83.68	76.30	33.97	34.02
Bank deposits	16.92	18.25	-	-
Other Assets	-	-	-	-
Total Financial Assets	**100.60**	**94.55**	**33.97**	**35.31**
Financial Liabilities - Non current				
Borrowings	378.74	536.20	357.55	446.74
Total Financial Liabitlites	**378.74**	**536.20**	**357.55**	**446.74**

The management assessed that fair value of trade receivables, cash and cash equivalents, security deposits, recoverable from customers, other short-term financial assets, short term borrowings, trade payables and other short-term financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments

*The following methods and assumptions were used to estimate the fair values:

a. Term deposits- The fair value of term deposits is equal to carrying value since they are carrying market interest rates as per the banks.

b. Non-current borrowings - The fair value of non-current borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The carrying value and fair value of the borrowings has been considered the same since the existing interest rate approximates its fair value

c. Others- For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values

Note 30
Income and deferred taxes

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate **(Rupees in Million)**

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Accounting Profit before Income Tax	**776.52**	**390.09**	**36.28**	**19.43**
At India's statutory income tax rate of	**25.17%**	**29.12%**	**29.12%**	**16.69%**
Income Tax at Statutory Rate	195.45	113.60	10.56	3.24
Additional deduction on Expenses	(29.46)	(18.13)	(1.54)	-
Effect of exempt / Lower Tax non-operating income	-	(1.31)	(5.18)	-
Effect of non-deductible expenses	34.10	24.45	2.36	0.54
Total	**200.10**	**118.60**	**6.20**	**3.78**

(b) Movement in deferred tax assets / liabilities

(Rupees in Million)

Particulars	Opening Balance	Addition on Business Combination	Recognised in P&L	Recognised in OCI	Closing Balance
Nine-month Period Ended 31 December 2023					
Deferred Tax Liabilities;					
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	160.53	-	14.17	-	174.70
Deferred Tax Asset:					
- Accrued Expenses allowable on Actual Payments	(9.64)	-	0.11	(2.03)	(11.56)
	150.89	**-**	**14.28**	**(2.03)**	**163.14**
Year Ended31 March 2023					
Deferred Tax Liabilities;					
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	81.23	61.99	17.31	-	160.53
Deferred Tax Asset:					
- Accrued Expenses allowable on Actual Payments	(1.78)	(1.64)	(6.65)	0.43	(9.64)
	79.45	**60.35**	**10.66**	**0.43**	**150.89**
Year Ended31 March 2022					
Deferred Tax Liabilities;					
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	88.31	-	(7.08)	-	81.23
Deferred Tax Asset:					
- Accrued Expenses allowable on Actual Payments	-	-	(2.04)	0.26	(1.78)
	88.31	**-**	**(9.12)**	**0.26**	**79.45**
Year Ended31 March 2021					
Deferred Tax Liabilities (Net);					
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	82.03	-	6.27	-	88.31

Note 31
Additional/Explanatory Information

a) <u>**Earnings Per Share**</u>

Particulars		For the nine-month period ended 31 December 2023	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit after taxation	Rs. Million	556.35	260.53	40.76	10.27
Weighted Average Number of equity shares (Face Value Rs. 10/-*)	Nos.	1,11,49,634	88,53,779	76,83,166	75,11,910
Basic Earnings per share	Rs.	**49.90**	**29.43**	**5.31**	**1.37**
Diluted Number of shares outstanding		**1,11,49,634**	**88,53,779**	**76,83,166**	**75,11,910**
Diluted earnings per share		**49.90**	**29.43**	**5.31**	**1.37**

** The Board, in its meeting held on June 4, 2024, approved the sub-division of one equity share of Rs. 10 each into two equity shares of Rs. 5 each. This decision was subsequently approved by the shareholders at the Extraordinary General Meeting held on June 5, 2024. Accordingly, the authorised share capital of the company was sub-divided from 2,86,38,500 equity shares of Rs. 10 each into 5,72,77,000 equity shares of Rs. 5 each. Additionally, the issued, subscribed, and paid-up capital of the company was sub-divided from 1,23,62,208 equity shares with a face value of Rs. 10 each into 2,47,24,416 equity shares with a face value of Rs. 5 each.*

Weighted average number of Equity Shares

Particulars	For the nine-month period ended 31 December 2023	For the year ended 31-March-2023	For the year ended 31-March-2022	For the year ended 31-March-2021
Number of shares outstanding as at beginning of the year	75,11,910	75,11,910	75,11,910	75,11,910
Issue of Partly Paid shares **	-	-	1,71,256	-
Add: Shares to be issued pursuant to the Composite Scheme *	59,39,180	19,79,727	-	-
Forfeiture of Partly paid shares **	-	1,29,294	-	-
Cancellation of Shares pursuant to the Composite Scheme *	(23,01,457)	(7,67,152)	-	-
Number of shares considered as weighted average shares for basic and diluted	**1,11,49,634**	**88,53,779**	**76,83,166**	**75,11,910**

** Calculated based on the period of holding for the shares issued and cancelled pursuant to the Composite Scheme.*
*** Calculated based on partly paid up value and period of holding.*

b) Disclosures under The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'):
The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under and have been relied upon by the auditors:

(Rupees in Million)

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Principal amounts remaining unpaid to suppliers as at the end of the accounting year	145.17	44.98	66.77	132.73

Note: Other information/ disclosures relating to payments made beyond appointed date, interest accrued and paid and cumulative interest are not derived, hence not available.

c) As required by section 135 of Companies Act, 2013 and Rules therein, a Corporate social responsibility committee has been formed by the Company. The Company has spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013:

(Rupees in Million)

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Gross amount required to be spent by the Company	2.87	0.54	1.59	2.13
Amount spent by the Company during the period/ year on purpose other than construction/ acquisition of assets	0.50	2.50	1.59	2.13
Shortfall at the end of the period	2.37	(1.96)	-	-
Total of previous year short fall	(1.93)	0.03	0.03	0.03
Reason for shortfall	Pertains to ongoing Projects			
Nature of CSR Activities	Donation to charitable & educational institutions			

Note 31

Additional/Explanatory Information

d) Disclosures under Ind AS 108 - ""Operating Segment"

(i)Entity wide disclosure required by Ind AS 108 are as detailed below: **(Rupees in Million)**

Particulars	For the nine-month period ended 31 December 2023	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products	5,207.41	5,504.73	3,117.97	1,749.62
Sale of Services	-	-	11.58	135.82
Other Operating Revenues	4.42	2.35	0.50	1.04

(ii) Geographic information

The table below presents disaggregated revenues from operations with customers and non current assets by geography:

(Rupees in Million)

Particulars	For the nine-month period ended 31 December 2023	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from Operations				
Country of Domicile	4,885.83	5,380.42	2,999.25	1,836.09
Foreign Countries	326.00	126.66	130.80	50.39
Non current Assets				
Located at Country of Domicile	1,646.79	1,549.95	728.05	736.20
Located at Foreign Countries	-	-	-	-

(iii) There are two customers which represents 10% or more of the Company's total revenue amounting to Rs. 2,152.08 Million (41.29%) for the nine-month period ended 31 December 2023.

There was two customers which represents 10% or more of the Company's total revenue amounting to Rs. 2,551.14 Million (46.32%) for the period ended 31 March 2023.

There were three customers which represents 10% or more of the Company's total revenue amounting to Rs. 1,855.23 Million (59.27%) for the period ended 31 March 2022.

There were four customers which represents 10% or more of the Company's total revenue amounting to Rs. 1,245.81 Million (66.04%) for the period ended 31 March 2021.

Note

The Company is predominantly a supplier of precision engineering components for commercial vehicles, tractors and off-highway vehicles, pipe fittings and rail components. These in the context of Ind AS 108 " Operating Segment" is considered to constitute one single primary segment.

In view of the above, primary and secondary reporting disclosures for business segment are not applicable.

Note 31
Additional/Explanatory Information
e) Ratio

Particulars	Numerator	Denominator	As at and for the nine-month period ended 31 December 2023	As at and for the year ended 31 March 2023	Variance (in %)	Explanation for change of 25% or more
a) Current ratio	Current assets	Current liabilities	1.77	1.63	8.63%	
b) Debt equity ratio	Long Term Borrowings	shareholders' equity	0.51	0.79	-34.72%	Decrease in Long term borrowing due to repayments
c) Debt service coverage ratio	Earnings available for debt service	Debt service = Interest + Principal repayments of Long Term Borrowings	2.91	1.57	85.95%	Increase due to higher earnings and gradual reduction in debt obligation
d) Return on equity %	Net profits after taxes	Average shareholder's equity	29.82%	23.26%	28.22%	Increased due to higher earnings
e) Inventory Turnover Ratio	Sales	Average inventory	5.94	8.90	-33.27%	Gap is due to impact of Business Combination and sales figures considered upto Q3 i.e. April 2023 to December 2023
f) Trade receivables turnover ratio	Revenue from operations	Average trade receivables	6.80	10.35	-34.31%	Gap is due to impact of Business Combination and sales figures considered upto Q3 i.e. April 2023 to December 2023
g) Trade payables turnover ratio	Purchases	Average trade payables	8.37	10.98	-23.81%	
h) Net capital turnover ratio	Revenue from operations	Working capital	5.34	8.30	-35.62%	Gap is due to impact of Business Combination and sales figures considered upto Q3 i.e. April 2023 to December 2023
i) Net profit %	Net Profit After Taxes	Revenue from operations	10.67%	4.73%	125.64%	Increased due to higher earnings
j) Return on capital employed %	Earnings before interest and taxes	Capital employed	33.43%	21.42%	56.09%	Increased due to higher earnings

Particulars	Numerator	Denominator	As at and for the year ended 31 March 2023	As at and for the year ended 31 March 2022	Variance (in %)	Explanation for change of 25% or more
a) Current ratio	Current assets	Current liabilities	1.63	1.21	34.79%	Impact of Business Combination
b) Debt equity ratio	Long Term Borrowings	shareholders' equity	0.79	1.08	-27.01%	Increase in other equity due to Business Combination w.e.f 1.1.23
c) Debt service coverage ratio	Earnings available for debt service	Debt service = Interest + Principal repayments of Long Term Borrowings	1.57	0.74	112.33%	Increase in profit due to Business Combination w.e.f 1.1.23
d) Return on equity %	Net profits after taxes	Average shareholder's equity	23.26%	6.96%	234.06%	Impact of Business Combination
e) Inventory Turnover Ratio	Sales	Average inventory	8.90	7.86	13.13%	
f) Trade receivables turnover ratio	Revenue from operations	Average trade receivables	10.35	6.73	53.78%	Impact of Business Combination
g) Trade payables turnover ratio	Purchases	Average trade payables	10.98	5.02	118.80%	Impact of Business Combination
h) Net capital turnover ratio	Revenue from operations	Working capital	8.30	17.26	-51.90%	Impact of Business Combination
i) Net profit %	Net Profit After Taxes	Revenue from operations	4.73%	1.09%	335.37%	Increase in profit due to Business Combination w.e.f 1.1.23
j) Return on capital employed %	Earnings before interest and taxes	Capital employed	21.42%	12.83%	66.98%	Increase in profit due to Business Combination w.e.f 1.1.23

Particulars	Numerator	Denominator	As at and for the year ended 31 March 2022	As at and for the year ended 31 March 2021	Variance (in %)	Explanation for change of 25% or more
a) Current ratio	Current assets	Current liabilities	1.21	1.18	3.09%	
b) Debt equity ratio	Long Term Borrowings	shareholders' equity	1.08	1.49	-27.54%	Repayment of loan as well as increase in other equity due to increase in profit and issue of shares
c) Debt service coverage ratio	Earnings available for debt service	Debt service = Interest + Principal repayments of Long Term Borrowings	0.74	1.23	-39.93%	Increase in profit for the year
d) Return on equity %	Net profits after taxes	Average shareholder's equity	6.96%	1.98%	252.24%	Increase in profit for the year
e) Inventory Turnover Ratio	Sales	Average inventory	7.86	5.97	31.73%	Increase in sales for the year
f) Trade receivables turnover ratio	Revenue from operations	Average trade receivables	6.73	5.34	26.12%	Increase in sales for the year
g) Trade payables turnover ratio	Purchases	Average trade payables	5.02	4.06	23.63%	
h) Net capital turnover ratio	Revenue from operations	Working capital	17.26	12.44	38.75%	Increase in sales for the year
i) Net profit %	Net Profit After Taxes	Revenue from operations	1.09%	0.51%	113.71%	Increase in profit for the year
j) Return on capital employed %	Earnings before interest and taxes	Capital employed	12.83%	10.42%	23.09%	Increase in profit for the year

Note 31
Additional/Explanatory Information **(Rupees in Million)**

f) Disclosures as per IND AS - 19 - Employee Benefits
During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

	Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
i)	Employer's contribution to Provident Fund and Family Pension Fund*	36.21	18.65	16.72	3.53

*Included in " Contribution to Provident and other Funds" (Note 23).

iii) Defined benefit obligation:
a) Leave Encashment - Unfunded

b) The valuation results for the defined benefit gratuity plan are produced in the tables below:

i) Changes in the Present Value of Obligation

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Present Value of Obligation as at the beginning	**22.63**	**18.04**	**5.86**	**NA**
Current Service Cost	6.33	2.47	1.70	1.65
Past Service Cost	0.00			4.21
Interest Expense or Cost	0.78	0.63	0.40	
Re-measurement (or Actuarial) (gain) / loss arising from:	**8.05**	**1.49**	**(0.88)**	
- change in financial assumptions	14.53			
- experience variance (i.e. Actual experience vs assumptions)	-6.48			
Benefits Paid				
Present Value of Obligation as at the end	**37.79**	**22.63**	**7.08**	**5.86**

ii) Expenses Recognised in the Income Statement

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Current Service Cost	6.33	2.47	1.70	1.65
Past Service Cost				4.21
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	0.78	0.63	0.40	-
Expenses Recognised in the Income Statement	**7.11**	**3.10**	**2.10**	**5.86**

iii) Other Comprehensive Income

Particulars	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
Actuarial (gains) / losses				
- change in financial assumptions	14.53	1.49	-	-
- experience variance (i.e. Actual experience vs assumptions)	(6.48)	-	-	-
Return on Plan Assets excluding interest income	-	-	-	-
Components of defined benefit costs recognised in other comprehensive income	**8.05**	**1.49**	**-**	**-**

iv) Actuarial Assumptions

a. Financial Assumptions
The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As on			
	31-Dec-23	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Discount rate (per annum)	7.47%	7.48%	7.29%	6.81%
Salary growth rate (per annum)	10.00%	10.00%	10.00%	10.00%

Note 31
Additional/Explanatory Information **(Rupees in Million)**

f) Disclosures as per IND AS - 19 - Employee Benefits

b. Demographic Assumptions

Particulars	As on			
	31-Dec-23	31-Mar-23	31-Mar-22	31-Mar-21
Mortality Rate (% of IALM 12-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-	100% IALM (2012-
Withdrawal rates, based on age: (per annum)				
Up to 40 years	5.00%	5.00%	5.00%	5.00%

v) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	As on 31 December 2023	As on 31 March 2023	As on 31 March 2022	As on 31 March 2021
Defined Benefit Obligation (Base)	37.79	22.63	7.07	5.85

Particulars	31-Dec-23		31-Mar-23		31-Mar-22		31-Mar-21	
	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.50%)	2.55	2.32	1.34	1.47	0.46	0.50	0.41	0.46
(% change compared to base due to sensitivity)	*-6.75%*	*6.13%*	*-5.92%*	*6.50%*	*-6.51%*	*7.08%*	*-7.00%*	*7.86%*
Salary Growth Rate (- / + 1%)	4.33	5.03	2.52	2.96	0.86	1.02	0.77	0.92
(% change compared to base due to sensitivity)	*-11.45%*	*13.30%*	*-11.14%*	*13.08%*	*-12.17%*	*14.44%*	*-13.15%*	*15.72%*
Withdrawal Rate (-/+ 5%)	9.65	4.78	2.56	5.19	1.00	2.07	1.05	2.29
(% change compared to base due to sensitivity)	*-25.53%*	*12.64%*	*-11.31%*	*22.93%*	*-14.15%*	*29.30%*	*-17.94%*	*39.12%*

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

b. Asset Liability Matching Strategies

The scheme is unfunded

c. Effect of Plan on Entity's Future Cash Flows

- Expected Contribution during the next annual reporting period	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
The Company's best estimate of Contribution during the next year (In Lacs)	12.10	2.14	2.38	2.21

- Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flows)	15 Years	15 Years	15 Years	15 Years

- Expected cash flows over the next (valued on undiscounted basis):	Nine-month Period Ended 31 December 2023	Year Ended 31 March 2023	Year Ended 31 March 2022	Year Ended 31 March 2021
1 year	1.26	0.45	0.23	0.14
2 to 5 years	6.41	5.97	1.18	0.82
6 to 10 years	120.98	29.12	23.01	19.24

vi) Other Long Term Employee Benefits;

Particulars	As on 31 December 2023	As on 31 March 2023	As on 31 March 2022	As on 31 March 2021
Present value of obligation as at 31st March				
Leave Encashment	8.05	5.39	0.00	0.00

Note 31
Additional/Explanatory Information

g) **Related party disclosures (As per Ind AS 24 - Related Party Disclosures):**

(a) Names of related parties and nature of relationship where control exists are as under:

Key Management Personnel:

Name	Designation
Giriraj Singhania	Managing Director
Raghvendra Singhania	Joint Managing Director
Vinay Agrawal	Whole-time Director
Rina Sharma	Director
Rajesh Tuteja	Director
Ajay Kumar Parasmal Pancholi	Director from 19th March 2024
Vishal Sharma	Director upto 21st December 2023, retired thereafter
Mithlesh Kumar	Director upto 19th March 2024, retired thereafter
Sanjay Goenka	Director upto 19th March 2024, retired thereafter
Manoj Patni	Chief Financial Officer wef 19th March, 2024
Hardeep Choudhary	Company Secretary wef 28 November, 2023

(b) Names of other related parties and nature of relationship:

Other Related Party:

Name	Relationship
Erstwhile Shivalik Auto Engineering Pvt Ltd *	Associate Enterprise
Sharda Shree Agriculture (Partnership Firm)	Enterprise owned or significantly influenced by any key management personnel or their relatives
Sharda Shree Agriculture And Developers Pvt Ltd	Enterprise owned or significantly influenced by any key management personnel or their relatives
Shivalik Power & Steel Pvt Ltd *	Enterprise owned or significantly influenced by any key management personnel or their relatives
Shivalik Green Farms	Reporting Entity holds non-controlling ownership of 10% in the Enterprise
Shilpa Singhania	Relative of Key Management Personnel
Varsha Singhania	Relative of Key Management Personnel

* The Board of Directors of the Company at their meeting held on 31st January, 2023 approved the Composite Scheme ("Composite Scheme") for the amalgamation of Shivalik Auto Engineering Private Limited ("SAEPL"), Neelkamal Vanijya Private Limited ("NVPL"), Adopt Commotrade Private Limited ("ACPL") and GoldmoonVinimay Private Limited ("GVPL") (collectively referred to as the "Transferor Companies") with Shivalik Engineering Industries Limited ("SEIL" or "Transferee/Resulting Company") and demerger of the Castings Division undertaking of Shivalik Power and Steel Private Limited ("SPSPL" or "Demerged Company") and vesting of the same into SEIL and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws. An application was filed with the National Company Law Tribunal, Cuttack Bench (NCLT) on 18th March 2023. The Composite Scheme was sanctioned by the National Company Law Tribunal, Cuttack Bench, on 3rd November, 2023, and the order was filed with the Registrar of Companies on 30th November 2023. The effective date of the Composite Scheme was 1st January 2023.

(c) Transactions with related parties

Nature of Transactions (Rupees in Million)

Particulars	31 December 2023		31 March 2023		31 March 2022		31 March 2021	
	Transactions for the period	Closing Balance	Transactions for the period	Closing Balance	Transactions for the period	Closing Balance	Transactions for the period	Closing Balance
Revenue from Operations								
Erstwhile Shivalik Auto Engineering Pvt Ltd	-	-	196.48	-	69.87	-	46.74	-
Shivalik Power & Steel Pvt Ltd	45.11	(0.02)	751.69	-	598.29	-	294.70	-
Job Work Income								
Erstwhile Shivalik Auto Engineering Pvt Ltd	-	-	1.13	-	-	-	-	-
Purchases								
Erstwhile Shivalik Auto Engineering Pvt Ltd	-	-	1,215.35	-	1,050.70	(190.43)	329.13	(148.15)
Shivalik Power & Steel Pvt Ltd	-	-	135.23	-	164.51	(57.84)	121.02	(30.01)
Commission Expense								
Sharda Shree Agriculture	55.52	53.36	43.56	33.63	16.57	3.46	8.93	0.78
Job Work Expense								
Shivalik Power & Steel Pvt Ltd	-	-	12.85	-	-	-	1.11	-
Rent Expense								
Giriraj Singhania	1.09	(0.01)	1.32	(0.09)	1.20	(0.37)	1.08	0.63
Raghvendra Singhania	1.09	0.26	1.32	(0.07)	1.20	(2.21)	1.08	(1.20)
Shilpa Singhania	1.51	(0.02)	1.60	0.14	1.32	(0.05)	1.20	(1.47)
Sharda Shree Agriculture And Developers Pvt Ltd	-	-	-	-	1.29	-	-	1.29
Remuneration								
Giriraj Singhania	32.00	8.55	26.30	3.19	4.42	(0.69)	0.50	2.11
Vinay Agrawal	5.85	(0.45)	6.90	(0.09)	6.60	1.77	5.40	0.83
Raghvendra Singhania	32.00	7.69	26.30	1.15	4.42	6.12	0.50	8.92
Vishal Sharma	1.20	0.23	0.68	(0.32)	-	-	-	-
Hardeep Choudhary	0.07	-	-	-	-	-	-	-
Loan To								
Giriraj Singhania								
Loan Taken	-		-		-		-	
Interest Expense on Loan	-	1.50	-	1.50	-	-	-	-
Loan Repayment	-		(0.32)		-		-	
Shilpa Singhania								
Loan Taken	-		-		28.65		-	
Interest Expense on Loan	-	0.14	-	0.14	1.35	-	-	-
Loan Repayment	-		-		(30.00)		-	

Particulars	31 December 2023		31 March 2023		31 March 2022		31 March 2021	
	Transactions for the period	Closing Balance	Transactions for the period	Closing Balance	Transactions for the period	Closing Balance	Transactions for the period	Closing Balance
Loan From								
Raghvendra Singhania								
Loan Taken	-		-		-		-	
Interest Expense on Loan	-	-	-	-	-	-	-	(13.70)
Loan Repayment	-		-		(13.70)		-	
Varsha Singhania								
Loan Taken	-		-		-		-	
Interest Expense on Loan	-	-	-	-	-	-	-	(7.50)
Loan Repayment	-		-		(7.50)		-	
Vishal Sharma								
Loan Taken	-		-		-		-	
Interest Expense on Loan	-	-	-	(0.10)	-	-	-	-
Loan Repayment	(0.10)		-		-		-	
Investment in Partnership Firm								
Shivalik Green Farms	0.60	0.60	-	-	-	-	-	-

* Remuneration does not include provisions made for Gratuity as it is determined on an actuarial basis for the Company as a whole.

d) Terms and conditions of transactions with related parties;

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the nine-month period ended 31st December 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023, 31 March 2022 &31 March 2021: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 31

Additional/Explanatory Information **(Rupees in Million)**

h) Business Combination

The Board of Directors of the Company at their meeting held on 31st January, 2023 approved the Composite Scheme ("Composite Scheme") for the amalgamation of Shivalik Auto Engineering Private Limited ("SAEPL"), Neelkamal Vanijya Private Limited ("NVPL"), Adopt Commotrade Private Limited ("ACPL") and GoldmoonVinimay Private Limited ("GVPL") (collectively referred to as the "Transferor Companies") with Shivalik Engineering Industries Limited ("SEIL" or "Transferee/Resulting Company") and demerger of the Castings Division undertaking of Shivalik Power and Steel Private Limited ("SPSPL" or "Demerged Company") and vesting of the same into SEIL and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws. An application was filed with the National Company Law Tribunal, Cuttack Bench (NCLT) on 18th March 2023.

The Composite Scheme was sanctioned by the National Company Law Tribunal, Cuttack Bench, on 3rd November, 2023, and the order was filed with the Registrar of Companies on 30th November 2023. The effective date of the Composite Scheme was 1st January 2023.

The financial statements for the year ended 31st March 2023 have been prepared in accordance with the Composite Scheme and reflect the amalgamation and demerger as if they occurred on the appointed date of 1st January 2023.

In compliance to the requirements of Appendix C of the Ind AS 103, Since Transferor and Transfree Companies are under the common control of the shareholders, the Composite Scheme has been accounted for in the books of the Company using Pooling of Interest method and all assets, liabilities and reserves of the Transferor Company and the Demerged Company has been transferred to the Company at their respective carrying value from the appointed date ["Business combinations of entities under common control"].

The details of the business combinations, the carrying value of the assets, liabilities and reserves acquired and harmonized as per the revised accounting policies, and the resultant capital reserve are given below.

Nature of business combination	Transferee	Transferor	Date
Demerger	Shivalik Engineering Industries Private Limited	Shivalik Power & Steel Private Limited	1st Jan 2023
Acquisition of associate and other companies through inter-se transfer	Shivalik Engineering Industries Private Limited	Shivalik Auto Engineering Private Limited	1st Jan 2023
	Shivalik Engineering Industries Private Limited	Neelkamal Vanijya Private Limited	1st Jan 2023
	Shivalik Engineering Industries Private Limited	Goldmoon Vinimay Private Limited	1st Jan 2023
	Shivalik Engineering Industries Private Limited	Adopt Commotrade Private Limited	1st Jan 2023

Identifiable assets acquired and liabilities assumed and capital reserve arising on demerger and acquisition of subsidiary

Particulars	Shivalik Auto Engineering Private Limited	Shivalik Power & Steel Private Limited	Neelkamal Vanijya Private Limited	Goldmoon Vinimay Private Limited	Adopt Commotrade Private Limited
Assets					
Non-Current Assets					
Property, Plant and Equipment	601.09	218.29	-	-	-
Right of use assets	15.62	-	-	-	-
Financial Assets;					
- Investments	-	8.64	93.44	1.23	1.22
- Loans	-	89.54	-	-	
- Other financial assets	41.25	0.64	-	-	
Other non-current assets	-	18.29	-	-	
	657.96	**335.40**	**93.44**	**1.23**	**1.22**
Current Assets					
Inventories	191.58	174.23	-	-	-
Financial Assets;					
- Trade Receivables	136.08	218.01	-	-	-
- Cash and cash Equivalents	0.75	2.38	0.52	0.18	0.17
- Bank balances other than cash and cash equivalents	-	-	-	-	-
- Loans	0.65	9.87	-	-	-
- Others financial assets	-	-	36.31	-	-
Current Tax Assets (Net)	5.41	-	0.01	-	-
Other current assets	100.34	112.43	-	-	-
	434.81	**516.93**	**36.84**	**0.18**	**0.17**
Total Assets	**1,092.76**	**852.32**	**130.28**	**1.41**	**1.39**

Note 31
Additional/Explanatory Information **(Rupees in Million)**

Particulars	Shivalik Auto Engineering Private Limited	Shivalik Power & Steel Private Limited	Neelkamal Vanijya Private Limited	Goldmoon Vinimay Private Limited	Adopt Commotrade Private Limited
Equity and Liabilities					
Equity					
Equity Share Capital	123.78	49.38	2.66	0.16	0.16
Other Equity	159.57	434.59	127.07	1.22	1.21
Total Equity	**283.35**	**483.97**	**129.73**	**1.38**	**1.37**
Liabilities					
Non-Current Liabilities					
Financial Liabilities					
- Borrowings	479.58	35.56	-	-	-
- Other Financial Liabilities	6.00	-	-	-	-
Provisions	5.10	8.38	-	-	-
Deferred Tax Liabilities (Net)	35.01	26.20	-	-	-
Other non-current liabilities	-	-	-	-	-
	525.69	**70.14**	**-**	**-**	**-**
Current Liabilities					
Financial Liabilities					
- Borrowings	138.42	145.10	-	-	-
- Trade Payables	117.11	119.60	-	-	-
- Other Financial Liabilities	7.83	5.61	0.50		
Other Current Liabilities	20.24	26.75	0.05	0.02	0.02
Provisions	0.12	0.53	-	-	-
Current Tax Liabilities (Net)	-	0.61	-	-	-
	283.72	**298.21**	**0.55**	**0.02**	**0.02**
Total Liabilities	809.41	**368.35**	**0.55**	**0.02**	**0.02**
Total Equity and Liabilities	**1,092.76**	**852.32**	**130.28**	**1.41**	**1.39**

Calculation of Capital Reserve as on 31st March 2023

Net assets and reserves transferred	121.23	49.38	2.66	0.16	0.16
Purchase consideration payable in Cash	26.27	21.73	0.04	15.57	15.58
Capital Reserve as on 31st December 2022	**94.96**	**27.65**	**2.62**	**(15.41)**	**(15.42)**
Add : Differences on account of net assets and reserves not transferred (net of deferred tax)	99.22	7.63	(2.44)	-	-
Capital Reserve as on 31st March 2023	**(4.24)**	**20.02**	**0.18**	**(15.41)**	**(15.42)**

Details of purchase consideration payable at the end of each reporting period:

Particulars	Shivalik Auto Engineering Private Limited	Shivalik Power & Steel Private Limited	Neelkamal Vanijya Private Limited	Goldmoon Vinimay Private Limited	Adopt Commotrade Private Limited
Purchase consideration payable as at December 31, 2022	26.27	21.73	0.04	15.57	15.58
Paid during the year	-	-	-	-	-
Purchase consideration payable as at March 31, 2023	26.27	21.73	0.04	15.57	15.58

Notes:

Pursuant to the Scheme becoming effective, it is proposed that SEIL will issue equity shares to the shareholders of the Transferor Companies and the Demerged Company as follows:

a) 40 (Forty) equity shares of face value of INR 10/- each of SEIL, for every 100(One Hundred) equity shares of face value of INR 10/- each held in SAEPL.

b) 1172 (One Thousand One Hundred Seventy Two) equity shares of face value ofINR 10/- each of SEIL, for every 100 (One Hundred) equity shares of face value of INR 10/- each held in NVPL.

c) 9687 (Nine Thousand Six Hundred Eighty Seven) equity shares of face value ofINR 10/- each of SEIL, for every 100 (One Hundred) equity shares of face value of INR 10/- each held in ACPL.

d) 9679 (Nine Thousand Six Hundred Seventy Nine) equity shares of face value ofINR 10/- each of SEIL, for every 100 (One Hundred) equity shares of face value of INR 10/- each held in GVPL.

e) 44 (Forty Four) equity shares of face value of INR 10/- each of SEIL, for every100 (One Hundred) equity shares of face value of INR 10/- each held in SPSPL.

The shares held by the Transferor Companies, the Demerged Company and the Transferee/Resulting Company inter-se got cancelled.

Note 31
Additional/Explanatory Information **(Rupees in Million)**

	Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
i)	Capital Commitment				
	(i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for	150.76	4.43	-	-
j)	Contingent Liabilities not provided for:				
	(a) Bank guarantees	1.69	824.02	824.02	824.02

k) Disclosures of Leases

The Company has applied para 6 of Ind AS 116 for accounting the short-term leases and leases of low-value assets and recognised the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis

The expenses relating to short-term leases and low-value assets accounted for applying paragraph 6 of Ind AS 116 during the year ended are as below:

(Rupees in Million)

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Expenses related to Short Term Lease & Low Asset Value Lease	11.65	17.69	8.77	4.99
Total Expenses	**11.65**	**17.69**	**8.77**	**4.99**

Annual maintenance costs associated with the leasehold land are not included in the ROU asset or lease liability since they are classified as ancillary and non-recoverable expenses, rather than part of the lease consideration. Therefore, these annual maintenance costs are recognized as expenses in the profit and loss statement in the period they are incurred

Note 32:
Subsequent Events

(a) Allotment and cancellation of the equity shares pursuant to the Composite Scheme (Refer Note 11)
The Company had pursuant to the Composite Scheme among (i) Shivalik Auto Engineering Private Limited, (ii) Neelkamal Vanijya Private Limited. (iii) Adopt Comotrade Private Limited, (iv) Goldmoon Vinimay Private Limited (Companies at (i) to (iv) are hereinafter referred to as the "Transferor Companies") (v) Shivalik Power and Steel Limited (hereinafter referred to as the "Demerged Business") and (vi) the Company, approved by Hon'ble National Company Law Tribunal, Cuttack Bench had issued and allotted 79,18,907 equity shares to the shareholders of the Transferor Companies and the Demerged Business on January 6, 2024.Pursuant to the above mentioned Composite Scheme, 1,93,679 equity shares held by the Demerged Business and 28,74,930 equity shares held by Neelkamal Vanijya Private Limited of the Company were cancelled.

(b) Sub-division of the equity shares of the face value of Rs.10/- each into equity shares of the face value of Rs.5/- each (Refer Note 11)
The Board, in its meeting held on June 4, 2024, approved the sub-division of one equity share of Rs. 10 each into two equity shares of Rs. 5 each. This decision was subsequently approved by the shareholders at the Extraordinary General Meeting held on June 5, 2024. Accordingly, the authorised share capital of the Company was sub-divided from 2,86,38,500 equity shares of Rs. 10 each into 5,72,77,000 equity shares of Rs. 5 each. Additionally, the issued, subscribed, and paid-up capital of the Company was sub-divided from 1,23,62,208 equity shares with a face value of Rs. 10 each into 2,47,24,416 equity shares with a face value of Rs. 5 each.

(c) The Company has accepted (vide Board Resolution dated 10th June, 2024) a fresh sanction of credit facilities in the form of Cash Credit and Term Loan from HDFC Bank Limited totaling INR 980 million, as per the sanction letter dated 10th June, 2024.

These facilities are secured by :

(i) a primary pari passu charge on the Company's entire current assets, present and future, under a multiple banking arrangement with Axis Bank and ICICI Bank.

(ii) exclusive charge on Factory Land and Building:

- situated at plot no 14 & 15 Engineering park, heavy Industrial area, Bhilai Industrial in the name of lessee Shivalik Auto Engg. Pvt Ltd.
- situated at plot no 16, Engineering park, heavy Industrial area, Bhilai Industrial in the name of lessee Shivalik Auto Engg. Pvt Ltd.
- land at Kh No 159,163/1, 167, 170, 367 PHN 78/11, Mandir Hausad, Raipur in the name of Mr. Vishal Sharma.
- Plot No. 02A, 03, 04, Total Area 19791 Sq. Mt. or 1.9791 Hect., on Land Part of Khasra No. 345/2, 341/1, 342/1, 343/1, Property Situated at Mouja- Hathkhoj, Engineering Park, Heavy Industrial Area Hathkhoj Bhilai, P.H.No. 18/03, R.I.C.- Jamul, Tahsil- Bhilai-3, Dist- Durg (C.G.) in the name of lessee M/s Shivalik Engg Industries Limited.

(iii) additionally secured by Personal Guarantee of Mr. Giriraj Singhania, Mr. Raghvendra Singhania and Mr. Vishal Sharma (property owner).

Note 33:
Additional regulatory information required by Schedule III

i No proceedings have been initiated or pending against the Group under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

ii The Group is not declared wilful defaulter by any bank or financial Institution or government or any government authority.

iii The Group has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

iv The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of layers) Rules 2017.

v The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vi The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
(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 There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

viii The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

ix The Group has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) or intangible assets or both during the current or previous year.

x There are no charges or satisfaction which are yet to be registered with ROC.

For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Praveen Kumar Goyal	**Raghvendra Singhania**	**Vinay Agrawal**	**Manoj Patni**	**Hardeep Choudhary**
Partner	Joint Managing Director	Whole-time Director	Chief Financial Officer	Company Secretary
Membership No.: 426500	DIN-00327732	DIN-06954626	PAN- AFXPP1495C	PAN- BSLPC2669B
Raipur	Raipur	Raipur	Raipur	Membership No. A58595
Date of Signing 28-06-2024	Date of Signing	Date of Signing	Date of Signing	Raipur
UDIN : 24426500BKGUMD2544	28-06-2024	28-06-2024	28-06-2024	Date of Signing
				28-06-2024

PROFORMA FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON THE PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION IN CONNECTION WITH PROPOSED INITIAL PUBLIC OFFERING BY SHIVALIK ENGINEERING INDUSTRIES LIMITED

The Board of Directors
Shivalik Engineering Industries Limited
C-33, 3rd Floor
Ashoka Millenium, Ring Road No.1
Rajendra Nagar Chowk
Raipur, 492 001
Chhattisgarh, India

Re: Independent auditor's report on the pro forma condensed consolidated financial information in connection with proposed initial public offering by Shivalik Engineering Industries Limited

Dear Ladies and Gentlemen,

1. We, M/s Rajendra Prasad, Chartered Accountants ("we", or "us"), have completed our assurance engagement to report on the compilation of pro forma condensed consolidated financial information of Shivalik Engineering Industries Limited (the "Company"), and its associate (collectively, the "Group"), which consists of the pro forma consolidated statement of assets and liabilities as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and the pro forma consolidated information of profit and loss for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021 and related notes thereon (hereinafter referred to as the "Pro Forma Consolidated Financial Information"), as approved by the Board of Directors of the Company (the "Board of Directors") at their meeting held on June 28, 2024 for inclusion in the draft red herring prospectus ("DRHP") prepared by the management of the Company (the "Management") in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the proposed initial public offering of equity shares of the Company ("IPO") in order to reflect the impact of a composite scheme of arrangement (more particularly described in paragraph 2 below) made during the financial year ended March 31, 2023.

   The applicable criteria on the basis of which the Management has compiled the Pro Forma Consolidated Financial Information are specified in the "Basis of Preparation" paragraph as described in Note 1 to the Pro Forma Consolidated Financial Information. Because of its nature, the Pro Forma Consolidated Financial Information does not represent the Group's actual financial position and financial performance.

2. The Pro Forma Consolidated Financial Information has been compiled by Management to illustrate the impact on the Group's financial position as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and the Group's financial performance for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, of the composite scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013 and the rules framed thereunder, each as amended (together, the "Act") and other applicable laws (the "Composite Scheme") among the Company, Shivalik Auto Engineering Private Limited ("SAEPL"), Neelkamal Vanijya Private Limited ("NVPL"), Adopt Commotrade Private Limited ("ACPL"), Goldmoon Vinimay Private Limited ("GVPL", and together with SAEPL, NVPL and ACPL, the "Transferor Companies") and Shivalik Power and Steel Private Limited ("SPSPL") and their respective shareholders and creditors, which involved the amalgamation of (a) the entirety of the Transferor Companies and (b) the demerged castings division undertaking of SPSPL (the "Demerged Business"), into the Company with effect from the Composite Scheme's appointed date, i.e., January 1, 2023, as if the Composite Scheme had come into effect on and from April 1, 2020, i.e., the beginning of the earliest period presented by the Pro Forma Consolidated Financial Information.

3. As part of this process:

   (a) the information about the Company's and the Group's financial position and financial performance has been extracted by the Management from the restated consolidated statement of assets and liabilities of the Group as at December 31, 2023 and the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows, the restated consolidated statement of changes in equity of the Group for period ended December 31, 2023, the summary of significant accounting policies and other explanatory information (collectively, the "Consolidated Interim Financial Statements"), which have been approved by the Board of Directors at their meeting held on June 28, 2024 and in respect of which we have issued our consolidated interim audit report dated June 28, 2024;

(b) the information about the Company's and the Group's financial position and financial performance has been extracted by the Management from the restated consolidated statement of assets and liabilities of the Group as at March 31, 2023, March 31, 2022 and March 31, 2021 and the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows, the restated consolidated statement of changes in equity of the Group for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, the summary of significant accounting policies and other explanatory information (collectively, the "Restated Consolidated Financial Information"), which have been approved by the Board of Directors at their meeting held on June 28, 2024 and in respect of which we have issued our examination report dated June 28, 2024;

(c) the information about the financial position and financial performance of the Transferor Companies has been extracted by the Management from the special purpose standalone financial statements of each of the Transferor Companies as at and for the nine-month period ended December 31, 2022 and for each of the years ended March 31, 2022 and March 31, 2021 (the "Transferor Companies' Standalone Financial Statements"), in respect of which we have issued unmodified audit reports dated June 28, 2024; and

(d) the information about the financial position and financial performance of the Demerged Business has been extracted by the Management from the special purpose standalone financial statements of SPSPL as at and for the nine-month period ended December 31, 2022 and for each of the years ended March 31, 2022 and March 31, 2021 (the "Demerged Business Standalone Financial Statements"), in respect of which other auditors have issued unmodified audit reports dated June 28, 2024.

4. We have examined the Pro Forma Consolidated Financial Information and for our examination, we have placed reliance on the following:

(a) the Guide to Reporting on Proforma Financial Statements, Standard on Assurance Engagements (SAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus (the "Pro Forma Financial Reporting Guide") issued by the Institute of Chartered Accountants of India ("ICAI");

(b) the Guidance Note on Combined and Carve-out Financial Statements (2017) issued by ICAI and the related procedures, to the extent applicable (the "Combined and Carve-out FS Guidance Note");

(c) the auditor's report dated June 28, 2024 issued by us in respect of the Consolidated Interim Financial Statements, which have been approved by the Board of Directors at their meeting held on 28;

(d) the auditor's report dated June 28, 2024 issued by us in respect of the Restated Consolidated Financial Information, which have been approved by the Board of Directors at their meeting held on June 28, 2024;

(e) the auditor's reports dated June 28, 2024 issued by us in respect of the Transferor Companies' Standalone Financial Statements; and

(f) the other auditor's reports dated June 28, 2024 in respect of the Demerged Business Standalone Financial Statements

Management's Responsibility for the Pro Forma Consolidated Financial Information

5. The Management is responsible for compiling the Proforma Consolidated Financial Information on the basis stated in Note-1 to the Proforma Consolidated Financial Information and the same has been approved by the Board of Directors. The Management's responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Proforma Consolidated Financial Information on the basis stated in Note-1 to the Proforma Consolidated Financial Information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Group complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of the Pro Forma Consolidated Financial Information.

Independent Auditor's Responsibilities

6. Pursuant to the requirements of the ICDR Regulations, our responsibility is to express an opinion about whether the Pro Forma Consolidated Financial Information has been prepared and compiled, in all material respects, by the Management properly and on the basis as described in Note-1 to the Pro Forma Consolidated Financial Information. Further, the Pro Forma Consolidated Financial Information has been presented and included in the DRHP on a voluntary basis.

7. We conducted our engagement in accordance with Pro Forma Financial Reporting Guide which requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has prepared and compiled, in all material respects, the Pro Forma Consolidated Financial Information properly and on the basis as described in Note-1 to the Pro Forma Consolidated Financial Information.

8. Our work consisted primarily of:

   (a) comparing the respective columns in the Pro Forma Consolidated Financial Information to the underlying restated/audited historical financial statements/information, as the case may be, considering the evidence supporting the adjustments and reclassifications, performing procedures to assess whether the basis of preparation of Pro Forma Consolidated Financial Information as explained in the attached notes to the Pro Forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the amalgamation of the Transferor Companies and the Demerged Business into the Company pursuant to the Composite Scheme; and

   (b) discussing the Pro Forma Consolidated Financial Information with the Management.

9. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to issue this report. This engagement did not involve independent examination of any of the underlying financial information. We believe that the procedures performed by us provide a reasonable basis for our opinion.

10. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in preparing and compiling the Pro Forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in preparing and compiling the Pro Forma Consolidated Financial Information.

11. The purpose of the Pro Forma Consolidated Financial Information included in the DRHP is solely to illustrate the impact that the implementation of amalgamation of the Transferor Companies and the Demerged Business into the Company pursuant to the Composite Scheme on and from the appointed date, i.e., January 1, 2023, as described in Note-1 to the Pro Forma Consolidated Financial Information, would have had on the Company's and the Group's financial position and financial performance as reflected in the Pro Forma Consolidated Financial Information as at the dates and for the periods presented therein, as if the Composite Scheme had come into effect on and from April 1, 2020, i.e., the beginning of the earliest period presented by the Pro Forma Consolidated Financial Information. Accordingly, we do not provide any assurance that the actual outcome of the implementation of the Composite Scheme on and from April 1, 2020 with consequential impact as at the dates and for the periods presented in Pro Forma Consolidated Financial Information, would have been as presented.

12. A reasonable assurance engagement to report on whether the Pro Forma Consolidated Financial Information has been prepared and compiled, in all material respects, properly and on the basis stated in Note-1 to the Pro Forma Consolidated Financial Information, involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the Pro Forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

13. The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Financial Information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

14. Our work has not been carried out in accordance with auditing and other standards and practices generally accepted in jurisdictions other than India and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Other Matter

15. We did not audit the financial information in respect of the Demerged Business as at and for the nine month period ended December 31, 2022 and as at and for the years ended March 31, 2022, March 31, 2021, to the extent considered in the Pro Forma Consolidated Financial Information, which have been audited by other auditors and whose reports have been furnished to us by the Management and our opinions on the Pro Forma Consolidated Financial Information, in so far as they relate to the amounts and disclosures included in respect of Demerged Business, is based solely on the reports of the other auditors.

Opinion

16. In our opinion, the Pro Forma Consolidated Financial Information:

(a) has been compiled, in all material respects, on the basis stated in Note - 1 to the Pro Forma Consolidated Financial Information and in accordance with the Pro Forma Financial Reporting Guide, the Combined and Carve-out FS Guidance Note and the ICDR Regulations; and

(b) as attached to this report, read with respective significant accounting policies and the notes thereto have been properly prepared by the Management on the basis stated in Note - 1 to the Pro Forma Consolidated Financial Information.

Restrictions on Use

17. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us.

18. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

19. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For, **M/s Rajendra Prasad**
Chartered Accountants
(FRNo: **000203C**)

Praveen Kumar Goyal
Partner
Membership No: 426500
UDIN: 24426500BKGUME2815
Date: June 28
Place: Raipur

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SHIVALIK ENGINEERING INDUSTRIES LIMITED
CIN : U27107CT2011PLC022353
Annexure - I : Proforma Condensed Consolidated Statement of Assets and Liabilities

(Rupees in million)

Particulars	As at 31 December 2023	As at 31 March 2023	As at 31 March 2022				As at 31 March 2021			
	Pro Forma Condensed Statement of Assets and Liabilities (Same as Restated Consolidated Financial Information)	Pro Forma Condensed Statement of Assets and Liabilities (Same as Restated Consolidated Financial Information)	Restated Consolidated Statement of Assets and Liabilities of the Group	Financial Information of Merging Companies (Refer Note 1)	Elimination /Proforma Adjustmenst (Refer Note 3 & 4)	Pro Forma Condensed Consolidated Statement of Assets and Liabilities	Restated Consolidated Statement of Assets and Liabilities of the Group	Financial Information of Merging Companies (Refer Note 1)	Elimination /Proforma Adjustmenst (Refer Note 3 & 4)	Pro Forma Condensed Consolidated Statement of Assets and Liabilities
ASSETS										
Non-Current Assets										
Property, Plant and Equipment	1,537.19	1,510.11	705.49	824.59	(7.63)	1,522.45	712.13	847.79	(7.63)	1,552.29
Right of use assets	36.58	36.88	21.53	15.74	-	37.27	21.71	15.91	-	37.62
Work in Progress	41.01	-	-	-	-	-	-	-	-	-
Financial Assets;										
- Investments	0.60	-	99.22	126.37	(203.74)	21.85	85.24	127.19	(189.76)	22.67
- Loans	-	-	-	84.95	(84.95)	-	-	84.95	(84.95)	-
- Other financial assets	100.60	94.55	33.97	37.06	-	71.03	34.02	42.85	-	76.87
Other non-current assets	32.01	2.96	1.02	17.29	-	18.31	2.36	14.65	-	17.01
	1,747.99	**1,644.50**	**861.23**	**1,106.00**	**(296.32)**	**1,670.91**	**855.46**	**1,133.34**	**(282.34)**	**1,706.46**
Current Assets										
Inventories	984.71	771.46	466.77	365.62	-	832.39	329.39	306.60	-	635.99
Financial Assets;										
- Trade Receivables	902.28	631.09	433.24	436.79	(250.41)	619.62	497.01	424.73	(235.49)	686.25
- Cash and cash Equivalents	46.85	16.60	14.57	7.26	-	21.83	16.51	5.37	-	21.88
- Bank balances other than cash and cash equivalents	0.10	0.10	3.52	-	-	3.52	3.52	-	-	3.52
- Loans	-	-	-	0.88	-	0.88	1.29	0.53	-	1.82
- Others financial assets	30.81	6.00	12.60	25.00	-	37.60	17.25	19.52	-	36.77
Current Tax Assets (Net)	40.16	-	4.30	7.48	-	11.78	3.34	6.70	-	10.04
Other current assets	231.27	286.99	104.87	181.62	-	286.49	149.95	157.01	-	306.96
	2,236.18	**1,712.24**	**1,039.87**	**1,024.65**	**(250.41)**	**1,814.11**	**1,018.26**	**920.46**	**(235.49)**	**1,703.23**
TOTAL ASSETS	**3,984.17**	**3,356.74**	**1,901.10**	**2,130.65**	**(546.73)**	**3,485.02**	**1,873.72**	**2,053.80**	**(517.83)**	**3,409.69**
EQUITY AND LIABILITIES										
Equity										
Equity Share Capital (Refer Note C)	44.43	52.29	80.42	176.15	(204.28)	52.29	75.12	173.59	(204.28)	44.43
Other Equity	2,092.73	1,541.90	565.86	616.17	(7.09)	1,174.94	449.65	570.42	6.89	1,026.96
Total Equity	**2,137.16**	**1,594.19**	**646.28**	**792.32**	**(211.37)**	**1,227.23**	**524.77**	**744.01**	**(197.39)**	**1,071.39**
LIABILITIES										
Non-Current Liabilities										
Financial Liabilities										
- Borrowings	378.74	536.20	357.55	585.21	(84.95)	857.81	446.74	585.92	(84.95)	947.71
- Other Financial Liabilities	-	-	-	9.31	-	9.31	-	30.84	-	30.84
Provisions	44.26	26.72	6.83	6.27	-	13.10	-	3.06	-	3.06
Deferred Tax Liabilities (Net)	163.14	150.89	31.96	30.23	-	62.19	35.64	25.95	-	61.59
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
	586.14	**713.81**	**396.34**	**631.02**	**(84.95)**	**942.41**	**482.38**	**645.77**	**(84.95)**	**1,043.20**
Current Liabilities										
Financial Liabilities										
- Borrowings	717.15	715.98	337.90	348.15	-	686.05	332.61	298.81	-	631.42
- Trade Payables										
(A) total oustanding dues of micro & small enterprises	145.17	44.98	66.77	-	-	66.77	132.73	-	-	132.73
(B) total outstanding dues otherthan micro & small enterprises	297.58	146.10	377.69	302.19	(250.41)	429.47	329.15	312.41	(235.49)	406.07
- Other Financial Liabilities	51.78	37.97	18.76	28.97	-	47.73	18.97	32.05	-	51.02
Other Current Liabilities	47.59	97.03	57.13	27.79	-	84.92	53.11	20.61	-	73.72
Provisions	1.60	1.30	0.23	0.21	-	0.44	-	0.14	-	0.14
Current Tax Liabilities (Net)	-	5.38	-	0.00	-	0.00	-	0.00	-	0.00
	1,260.87	**1,048.74**	**858.48**	**707.31**	**(250.41)**	**1,315.38**	**866.57**	**664.02**	**(235.49)**	**1,295.10**
Total Liabilities	**1,847.01**	**1,762.55**	**1,254.82**	**1,338.33**	**(335.36)**	**2,257.79**	**1,348.95**	**1,309.79**	**(320.44)**	**2,338.30**
TOTAL EQUITY AND LIABILITIES	**3,984.17**	**3,356.74**	**1,901.10**	**2,130.65**	**(546.73)**	**3,485.02**	**1,873.72**	**2,053.80**	**(517.83)**	**3,409.69**

The accompanying notes are integral part of the Pro Forma Condensed Consolidated Financial Information..

As per our report of even date attached.

For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Praveen Kumar Goyal
Partner
Membership No.: 426500
Raipur
Date of Signing: 28/06/2024
UDIN: 24426500BKGUME2815

Raghvendra Singhania
Joint Managing Director
DIN-00327732
Raipur
Date of Signing:
28-06-2024

Vinay Agrawal
Whole-time Director
DIN-06954626
Raipur
Date of Signing:
28-06-2024

Manoj Patni
Chief Financial Officer
PAN- AFXPP1495C
Raipur
Date of Signing:
28-06-2024

Hardeep Choudhary
Company Secretary
PAN- BSLPC2669B
Membership No. A58595
Raipur
Date of Signing:
28-06-2024

Annexure II: Proforma Condensed Consolidated Statement of Profit and Loss

(Rupees in million)

Particulars	Note	Nine-month period ended 31 December 2023	Year ended 31 March 2023				Year ended 31 March 2022				Year ended 31 March 2021			
		Pro Forma Condensed Consolidated Statement of Profit and Loss (Same as Restated Consolidated Financial Information)	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss
I INCOME														
Revenue from Operations	2	5,211.83	5,507.08	3,522.00	(2,366.94)	6,662.14	3,130.05	2,806.04	(1,892.15)	4,043.94	1,886.48	1,333.52	(793.11)	2,426.89
Other Income	3	3.15	16.35	7.76	(5.10)	19.01	2.58	5.82	-	8.40	2.46	2.27	-	4.73
TOTAL INCOME		**5,214.98**	**5,523.43**	**3,529.76**	**(2,372.04)**	**6,681.15**	**3,132.63**	**2,811.86**	**(1,892.15)**	**4,052.34**	**1,888.94**	**1,335.79**	**(793.11)**	**2,431.62**
II EXPENSES														
Cost of materials consumed	4	2,661.89	3,525.40	2,364.97	(2,354.09)	3,536.28	2,270.98	1,918.64	(1,892.15)	2,297.47	1,192.05	894.85	(791.99)	1,294.91
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	5	(212.33)	51.26	(61.82)	-	(10.56)	(138.69)	(7.49)	-	(146.18)	(27.97)	23.08	-	(4.89)
Employee Benefits expense	6	332.31	228.52	103.04	-	331.56	134.79	83.48	-	218.27	91.26	52.22	-	143.48
Finance Costs	7	133.79	104.18	90.32	(5.10)	189.40	97.44	94.92	-	192.36	85.51	78.17	-	163.68
Depreciation and Amortisation expense	8	119.71	88.63	63.15	-	151.78	68.67	66.13	-	134.80	66.32	51.67	-	117.99
Other Expenses	9	1,403.09	1,135.35	817.58	(12.85)	1,940.08	663.16	619.50	-	1,282.66	462.34	229.10	(1.11)	690.33
TOTAL EXPENSES		**4,438.46**	**5,133.34**	**3,377.24**	**(2,372.04)**	**6,138.54**	**3,096.35**	**2,775.18**	**(1,892.15)**	**3,979.38**	**1,869.51**	**1,329.09**	**(793.10)**	**2,405.50**
III PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**776.52**	**390.09**	**152.52**	**-**	**542.61**	**36.28**	**36.68**	**-**	**72.96**	**19.43**	**6.70**	**(0.01)**	**26.12**
IV ADD: EXCEPTIONAL ITEMS		-	-	-	-	-	-	-	-	-	-	-	-	-
V PROFIT BEFORE TAX		**776.52**	**390.09**	**152.52**	**-**	**542.61**	**36.28**	**36.68**	**-**	**72.96**	**19.43**	**6.70**	**(0.01)**	**26.12**
VI TAX EXPENSE														
Current Tax		200.10	118.60	20.35	-	138.95	6.21	2.44	-	8.65	3.78	1.24	-	5.02
Deferred Tax		14.28	10.66	21.85	-	32.50	(9.12)	4.50	-	(4.62)	6.27	(0.98)	-	5.29
Earlier year Adjustments		5.79	0.30	1.17	-	1.48	5.18	0.01	-	5.19	(0.21)	2.60	-	2.39
TOTAL TAX EXPENSE		**220.17**	**129.56**	**43.37**	**-**	**172.93**	**2.27**	**6.95**	**-**	**9.22**	**9.84**	**2.86**	**-**	**12.70**
VII PROFIT FOR THE YEAR		**556.35**	**260.53**	**109.15**	**-**	**369.68**	**34.01**	**29.73**	**-**	**63.74**	**9.59**	**3.84**	**(0.01)**	**13.42**
ADD: SHARE OF PROFIT IN ASSOCIATE		-	-	-	-	-	**6.75**	-	**(6.75)**	-	**0.68**	-	**(0.68)**	-
XIV PROFIT FOR THE YEAR		**556.35**	**260.53**	**109.15**	**-**	**369.68**	**40.76**	**29.73**	**(6.75)**	**63.74**	**10.27**	**3.84**	**(0.69)**	**13.42**
VIII OTHER COMPREHENSIVE INCOME														
Items that will not be reclassified to Profit or Loss														
Remeasurements of Defined benefit plans		(8.05)	(1.49)	(2.31)	-	(3.80)	0.88	(0.80)	-	0.08	-	-	-	-
Income Tax relating to items that will not be reclassified to Profit or Loss		2.03	0.43	0.62	-	1.05	(0.26)	0.22	-	(0.04)	-	-	-	-
IX **TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX**		**(6.02)**	**(1.06)**	**(1.69)**	**-**	**(2.75)**	**0.62**	**(0.58)**	**-**	**0.04**	**-**	**-**	**-**	**-**
X TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**550.33**	**259.47**	**107.46**	**-**	**366.93**	**41.38**	**29.15**	**(6.75)**	**63.78**	**10.27**	**3.84**	**(0.69)**	**13.42**
XI EARNINGS PER EQUITY SHARE														
Basic		49.90				29.90				5.16				1.09
Diluted		49.90				29.90				5.16				1.09

The accompanying notes are integral part of the Pro Forma Condensed Consolidated Financial Information..

As per our report of even date attached.

For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Praveen Kumar Goyal
Partner
Membership No.: 426500
Raipur
Date of Signing: 28/06/2024
UDIN: 24426500BKGUME2815

Raghvendra Singhania
Joint Managing Director
DIN-00327732
Raipur
Date of Signing:
28-06-2024

Vinay Agrawal
Whole-time Director
DIN-06954626
Raipur
Date of Signing:
28-06-2024

Manoj Patni
Chief Financial Officer
PAN- AFXPP1495C
Raipur
Date of Signing:
28-06-2024

Hardeep Choudhary
Company Secretary
PAN- BSLPC2669B
Membership No. A58595
Raipur
Date of Signing:
28-06-2024

Note 1 : Background of the Company and Basis of Preparation of Pro Forma Consolidated Financial Information

A **Background**

Shivalik Engineering Industries Limited (the "Company") is manufacturer of wide range of products for several automobile companies. We are predominantly a supplier of precision engineering components for commercial vehicles, tractors and off-highway vehicles, pipe fittings and rail components.

The Company is a public limited company incorporated in India having its registered office at C-33, 3rd Floor, Ashoka Millenium, Ring Road No 1, Rajendra Nagar Chowk, Near Shailendra Nagar, Raipur, Chhattisgarh- 492001 India and Factory Offices at following locations:

1. Plot No. 8, Heavy Industrial Area, Hathkhoj, Bhilai,District Durg, Chhattisgarh- 490026, India ("Unit-I")
2. Plot No. 14, 15, 16 Engineering Park, Heavy Industrial Area, Hathkhoj, Bhilai, District Durg, Chhattisgarh-490026, India ("Unit-II")
3. Plot No. 2A, 3, 4- Engineering Park, Heavy Industrial Area, Hathkhoj, Bhilai District Durg, Chhattisgarh- 490026, India ("Unit-III")
4. Murhena Road, Village Belsonda, District Mahasamund, Chhattisgarh- 493445, India ("Unit-IV")

These Proforma Consolidated Financial Information comprise financial statements of the Company and its associate (collectively, the "Group") and Transferor Companies and the Demerged Business (each, as defined below).

The Company has adopted Ind AS for the period ended December 31, 2023 and for the years ending March 31, 2023, March 31, 2022, March 31, 2021 with a transition date of April 1, 2020 for the purpose of preparation of restated consolidated financial information for inclusion in the draft red herring prospectus in relation to the proposed initial public offering which requires financial statements of all the periods included to be presented and restated in accordance with Indian Accounting Standards (hereinafter referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013, as amended (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 , as amended (the "Restated Consolidated Financial Information"). The Company has presented its Restated Consolidated Financial Information as at and for the nine-month period ended December 31, 2023 and as at and for financial years ended March 31, 2023, March 31, 2022, March 31, 2021 which were derived from restated consolidated financial information as per Ind AS.

Pursuant to the composite scheme of arrangement of Shivalik Auto Engineering Private Limited ("SAEPL"), Neelkamal Vanijya Private Limited ("NVPL"), Adopt Commotrade Private Limited ("ACPL") and GoldmoonVinimay Private Limited ("GVPL") (collectively referred to as the "Transferor Companies") with Shivalik Engineering Industries Limited ("SEIL" or "Transferee/Resulting Company") and demerger of the castings division undertaking of Shivalik Power and Steel Private Limited ("SPSPL" or "Demerged Business") and vesting of the same into SEIL and their respective shareholders and creditors, under Sections 230 to 232 of the Act and other applicable laws (the "Composite Scheme"). The Composite Scheme was sanctioned Cuttack bench of the honourable NCLT vide its order dated 3rd November, 2023 and all the businesses, undertakings, activities, properties, investments and liabilities of each of the Transferor Companies and Demerged Business were transferred to and vested in the Transferee/Resulting Company as per the Scheme with effect from January 01, 2023 being the appointed date.

The certified copy of order and necessary forms was filed with Registrar of Companies, Chhattisgarh at Bilaspur ("ROC") on 30th November, 2023, being the effective date. The Composite Scheme has accordingly been given effect to in these financial statements as per the accounting treatment approved in NCLT order and provided in the Composite Scheme.

As Transferor and Transfree Companies are under the common control of the shareholders, the Composite Scheme has been accounted for in the books of the Company using Pooling of Interest method as prescribed in Appendix C to Ind AS-103 ["Business combinations of entities under common control"].

B **Backgroud of Transaction and Basis of Preparation**

1. The pro forma consolidated financial information of the Group, comprising of the pro forma consolidated statements of assets and liabilities as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, pro forma consolidated statement of profit and loss for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, and related notes thereon (hereinafter referred to as the "Pro Forma Consolidated Financial Information"), is prepared for inclusion in the draft red herring prospectus in relation to the proposed initial public offering of Shivalik Engineering Industries Limited for better comparison considering the financial information of the Transferor Companies and Demerged Business for the relevant period in accordance with the ICDR Regulations and the Guidance note on Proforma Financial Statements, Standard on Assurance Engagements (SAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus (the "Pro Forma Financial Reporting Guide") issued by the Institute of Chartered Accountants of India ("ICAI") and Guidance note on combined and carved-out financials statements (2017), to the extent applicable, issued by the ICAI, to illustrate the impact on the Group's financial position as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and the Group's financial performance for the nine month period ended December 31, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021, of the Scheme, as if the Scheme had come into effect on and from April 1, 2020, i.e., the beginning of the earliest period presented in the Pro Forma Consolidated Financial Information. Accordingly, these Proforma Consolidated Financial Information have been prepared based on the following criteria:

a) By making a line-by-line consolidation of the financial information of the Company, Transferor Companies and Demerged Business as at and for the nine month period ended December 31, 2022 and for each of the years ended March 31, 2022, March 31, 2021

b) Using accounting policies as adopted by the Company for the preparation of Restated Consolidated Financial Information for like transactions and other events in similar circumstances. If a member of the group used accounting policies other than those adopted in the restated consolidated financial information for like transactions and events in similar circumstances, appropriate adjustments have been made to that group member's financial statements in preparing the Proforma Consolidated Financial Information to ensure conformity with the Group's accounting policies.

c) The financial statements of the Transferor Companies and Demerged Business used in the consolidation are drawn up to the same reporting date as that of the Company i.e. December 31, 2022, March 31, 2022 and March 31, 2021.

d) Combining like items of assets, liabilities, equity, income and expenses.

e) Eliminating the carrying amount of the inter-se investment amount in each transferor company and demerged undertaking and transferee company's portion of equity of such Transferor Companies and Demerged Business, if any.

f) Eliminating in full intra group assets and liabilities, equity, income and expenses relating to transactions among entities of the Group.

Note 1 : Background of the Company and Basis of Preparation of Pro Forma Consolidated Financial Information

2. The Proforma Consolidated Financial Information is based on:

a) The restated consolidated financial statement of assets and liabilities of the Company as at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and restated consolidated financial statement of profit and loss of the Company for the period ended December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, both comprising as part of the Restated Consolidated Financial Information on Ind AS basis of the Company;

b) The special purpose financial statements of the Transferor Companies and Demerged Business as at and for the period/ year ended December 31, 2022, March 31, 2022, March 31, 2021 prepared as per Ind AS

Because of their nature, the Proforma Consolidated Financial Information addresses a hypothetical situation and therefore, do not represent Company's factual financial position or results. Accordingly, the Proforma Consolidated Financial Information does not necessarily reflect what the Company's financial condition or results of operations would have been had the merger occurred on the dates indicated and is also not intended to be indicative of expected financial position or results of operations in future periods. The actual statements of assets and liabilities and statement of profit and loss may differ significantly from the amounts These Proforma Consolidated Financial Information illustrate the results of operations that would have resulted had the financial statements of the Company, Transferor Companies and Demerged Business combined at the beginning of the period and the financial position had the financial statements of the Company, Transferor Companies and Demerged Business have been combined at the end of the period.

The proforma adjustments are based upon available information and assumptions that the management of the Group believes to be reasonable. Such Proforma Consolidated Financial Information has not been prepared in accordance with generally accepted accounting principles including accounting standards and accordingly should not be relied upon as if it had been carried out in accordance with those principles, standards and practices.

In addition, the rules and regulations related to the preparation of Proforma Consolidated Financial Information in other jurisdictions may also vary significantly from the basis of preparation as set out in paragraphs below to prepare these Proforma Consolidated Financial Information.

Accordingly, the degree of reliance placed by anyone in other jurisdictions on such Proforma Consolidated Financial Information should be limited. The adjustments made to the Proforma Consolidated Financial Information are included in the following section:

These proforma consolidated financial information was approved by the Board of Directors of the Company on 28 June, 2024.

3. Intercompany Elimination:

Intragroup eliminations have been made in respect of transactions and balances among Transferor Companies, Demerged Business or Transferee Company as per the Composite Scheme in the preparation of these Proforma Consolidated Financial Information.

Eliminations on account of intragroup balances in the Proforma Consolidation Statement of Assets and Liabilities as at March 31 2021 are as follows:

Particulars	**Amount**	**Amount**	**Total**
a. Sales and Purchases			
Decrease in sales	-	(793.11)	(793.11)
Decrease in purchases	(791.99)	-	(791.99)
Decrease in Other Expenses	(1.11)	-	(1.11)
b. Trade Receivable - Payables			
Decrease in Receivable	-	(235.49)	(235.49)
Decrease in Payables	(235.49)	-	(235.49)

Eliminations on account of intragroup balances in the Proforma Consolidation Statement of Assets and Liabilities as at March 31 2022 are as follows:

Particulars	**Amount**	**Amount**	**Total**
a. Sales and Purchases			
Decrease in sales	-	(1,892.15)	(1,892.15)
Decrease in purchases	(1,892.15)	-	(1,892.15)
b. Trade Receivable - Payables			
Decrease in Receivable	-	(250.41)	(250.41)
Decrease in Payables	(250.41)	-	(250.41)

Eliminations on account of intragroup balances in the Proforma Consolidation Statement of Assets and Liabilities as at March 31 2023 are as follows:*

Particulars	**Amount**	**Amount**	**Total**
a. Sales and Purchases			
Decrease in sales	-	(2,366.94)	(2,366.94)
Decrease in purchases	(2,354.09)	-	(2,354.09)
Decrease in Other Expenses	(12.85)	-	(12.85)
Decrease in Other Income	-	(5.10)	(5.10)
Decrease in Finance Cost	(5.10)	-	(5.10)

* Tranctions upto 31.12.2022

4. Adjustments:

To follow the same accounting policy for certain items in the restated consolidated financial statement for the year ended March 31, 2023, some adjustments have been made in the Proforma Consolidated Financial Information for the year ended March 31, 2021. These adjustments also include elimination of share capital of Amlgamating Companies and its adjustment against capital reserve as per the Composite Scheme following the guidance given in Appendix C of Ind AS 103 for the year ended March 31, 2021.

SHIVALIK ENGINEERING INDUSTRIES LIMITED
CIN : U27107CT2011PLC022353
Notes To The Pro Forma Condensed Consolidated Financial Information

Note 1 : Background of the Company and Basis of Preparation of Pro Forma Consolidated Financial Information

a. Proforma adjustment for Equity, Other equity and Goodwill on Consolidation as on 31st March 2021

Particulars	Balance Sheet	Profit & Loss	Total	
Decrease in Equity Share Capital	3.07	-	3.07	Cancellation of Equity Shares of Neelkamal and SPSPL
Decrease in Property, Plant & Equipment	(7.63)	-	(7.63)	Land retained with SPSPL as part of demerged unit
Capital Reserve	(0.23)	-	(0.23)	Excess of net assets acquired
Increase in Other Equity (Share Capital Pending Allotment)	79.19	-	79.189	Refer Note below table b regarding proposed increase in equity shares due to amalgamation and demerger
Decrease in Other Equity (Surplus in statement of profit and loss)	-	(0.68)	(0.68)	Share in Profit of Associate is eliminated on Amalgamation
Decrease in Other Equity (Securities Premium)	71.39	-	71.39	Cancellation of Equity Shares vs Investment & Adjustment of Consideration as per the Composite Scheme

a. Proforma adjustment for Equity, Other equity and Goodwill on Consolidation as on 31st March 2022

Particulars	Balance Sheet	Profit & Loss	Total	
Decrease in Equity Share Capital	3.07	-	3.07	Cancellation of Equity Shares of Neelkamal and SPSPL
Decrease in Property, Plant & Equipment	(7.63)	-	(7.63)	Land retained with SPSPL as part of demerged unit
Capital Reserve	(0.23)	-	(0.23)	Excess of net assets acquired
Increase in Other Equity (Share Capital Pending Allotment)	79.19	-	79.19	Refer Note below table b regarding proposed increase in equity shares due to amalgamation and demerger
Decrease in Other Equity (Surplus in statement of profit and loss)	0.00	(6.75)	(6.75)	Share in Profit of Associate is eliminated on Amalgamation
Decrease in Other Equity (Securities Premium)	(7.22)	-	(7.22)	Share in Securities Premium of Associate is eliminated on Amalgamation
Decrease in Other Equity (Securities Premium)	71.39	-	71.39	Cancellation of Equity Shares vs Investment & Adjustment of Consideration as per the Composite Scheme

Note:
Pursuant to the Composite Scheme becoming effective, it is proposed that SEIL will issue equity shares to the shareholders of the Transferor Companies and the Demerged Company as follows:

a) 40 (Forty) equity shares of face value of INR 10/- each of SEIL, for every 100(One Hundred) equity shares of face value of INR 10/- each held in SAEPL.
b) 1172 (One Thousand One Hundred Seventy Two) equity shares of face value ofINR 10/- each of SEIL, for every 100 (One Hundred) equity shares of face value of INR 10/- each held in NVPL.
c) 9687 (Nine Thousand Six Hundred Eighty Seven) equity shares of face value ofINR 10/- each of SEIL, for every 100 (One Hundred) equity shares of face value of INR 10/- each held in ACPL.
d) 9679 (Nine Thousand Six Hundred Seventy Nine) equity shares of face value ofINR 10/- each of SEIL, for every 100 (One Hundred) equity shares of face value of INR 10/- each held in GVPL.
e) 44 (Forty Four) equity shares of face value of INR 10/- each of SEIL, for every100 (One Hundred) equity shares of face value of INR 10/- each held in SPSPL.

5. Earnings per share :

Earnings per share (basic and diluted) have been computed as follows:
Proforma basic and diluted EPS calculation for the period ended December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 has been based on Proforma Condensed Consolidated Statement of Profit and Loss for the year and the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for additional number of equity shares issued pursuant to the Scheme.
The proforma basic and diluted earning per share for the period ended December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 are calculated as follows:

Particulars	Nine-month period ended 31 December 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Profit after tax attributable to Equity Holders as per Proforma Consolidated Financial Information for the year ended March 31,2021 (Rs. in Millions)	556.35	369.68	63.74	13.42
Weighted average number of Equity Shares	75,11,910	44,43,301	44,43,301	44,43,301
Weighted average additional number of Equity Shares Pursuant to the Composite Scheme	36,37,724	79,18,907	79,18,907	79,18,907
Weighted average number of Shares for EPS	1,11,49,634	1,23,62,208	1,23,62,208	1,23,62,208
Nominal value per equity share (Rs.) :	10	10	10	10
Earnings Per Share (Rs.):				
Basic	49.90	29.90	5.16	1.09
Diluted	49.90	29.90	5.16	1.09

6. Tax Expenses :

Tax expense is determined for respective entities as if these were separate taxable entities from the beginning of the first period presented.

Note 1 : Background of the Company and Basis of Preparation of Pro Forma Consolidated Financial Information

7. Inconsistency between Balance Sheet and Statement of Profit and Loss :
The Proforma Consolidated Statement of Profit and Loss for the year ended March 31, 2021 is prepared as if the transactions occurred immediately before the start of the period, and the Proforma Consolidated Balance Sheet as at March 31, 2021 is prepared as if the transactions occurred at the balance sheet date. It follows that since the Proforma Statement of Profit and Loss and the Proforma Balance Sheet are prepared on different basis/ assumptions, there will be inherent inconsistencies between the two.

8. Other than as mentioned above, no additional adjustments have been made to these Proforma Consolidated Statement of Assets and Liabilites or the Proforma Consolidated Statement of Profit and Loss to reflect any trading results or other transactions of the Group entered into subsequent to March 31, 2021.

C Changes in Equity Share Capital

a The Company had pursuant to a Composite Scheme among (i) Shivalik Auto Engineering Private Limited, (ii) Neelkamal Vanijya Private Limited. (iii) Adopt Comotrade Private Limited, (iv) Goldmoon Vinimay Private Limited (Companies at (i) to (iv) are hereinafter referred to as the "Transferor Companies") (v) Shivalik Power and Steel Limited (hereinafter referred to as the "Demerged Business") and (vi) the Company, approved by Hon'ble National Company Law Tribunal, Cuttack Bench had issued and allotted 79,18,907 equity shares of face value of Rs.10/- each to the shareholders of the Transferor Companies and the Demerged Business on 06 January 2024. Pursuant to the above mentioned Composite Scheme, 1,93,679 equity shares held by the Demerged Business and 28,74,930 equity shares held by Neelkamal Vanijya Private Limited of the Company were cancelled.

b The Company had allotted 6,45,454 partly paid equity shares on 10 November, 2021 and 6,80,177 partly paid equity shares on 27 December, 2021 through a rights issue to Camelia Grih Nirman Private Limited. As a result, Rs. 4 per share was paid-up at the time of share application. Later on making calls, the call money was not received from Camelia Grih Nirman Private Limited and, hence, the Company forfeited the above mentioned 13,25,631 partly paid equity shares by passing a resolution at the Board Meeting held on 28 June, 2022.

c Pursuant to the Composite Scheme of Arrangement, 6,38,042 partly paid equity shares were allotted by Shivalik Auto Engineering Private Limited (SAEPL) on 10 January, 2022 through a rights issue to Camelia Grih Nirman Private Limited. As a result, Rs. 4 per share was paid-up at the time of share application. Later on making calls, the call money was not received from Camelia Grih Nirman Private Limited and, hence, the SAEPL forfeited the above mentioned 6,38,042 partly paid equity shares by passing a resolution at the Board Meeting held on 28 June, 2022.

d On 21 December, 2023, the Board of Directors passed a resolution confirming that the Company shall not re-issue the partly paid-up equity shares which were earlier forfeited by the Company and accordingly, such partly-paid equity shares shall cease to exist with effect from the date of the resolution.

(Rupees in Million)

Particulars	Nine-month period ended 31 December 2023	Year ended 31 March 2023				Year ended 31 March 2022				Year ended 31 March 2021			
	Pro Forma Condensed Consolidated Statement of Profit and Loss (Same as Restated Consolidated Financial Information)	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss
Note 2													
Revenue from Operations													
Sale Of Products	5,207.41	5,504.73	3,499.64	(2,366.94)	6,637.43	3,117.97	2,735.86	(1,892.15)	3,961.68	1,749.62	1,205.71	(793.11)	2,162.22
Sale Of Services; and													
Sale of Services	-	-	-	-	-	11.58	56.77	-	68.35	135.82	109.78	-	245.60
	5,207.41	5,504.73	3,499.64	(2,366.94)	6,637.43	3,129.55	2,792.63	(1,892.15)	4,030.03	1,885.44	1,315.50	(793.11)	2,407.82
Other Operating Revenues:													
Export Incentives	4.42	2.35	5.94	-	8.29	0.50	3.42	-	3.92	1.04	0.34		1.38
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-		-
Scrap Sales	-	-	16.42	-	16.42	-	9.99	-	9.99	-	17.69		17.69
Total	**5,211.83**	**5,507.08**	**3,522.00**	**(2,366.94)**	**6,662.14**	**3,130.05**	**2,806.04**	**(1,892.15)**	**4,043.94**	**1,886.48**	**1,333.52**	**(793.11)**	**2,426.89**
The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence,													
Reconciliation of revenue recognised with the contracted price is as follows:													
Gross Sales (Contracted Price)	5,325.84	5,547.43	3,508.88	(2,366.94)	6,689.37	3,139.01	2,736.26	(1,892.15)	3,983.12	1,766.41	1,206.53	(793.11)	2,179.83
Reductions towards variable consideration (Turnover discount, Price Variation, Other Expenses)	(118.43)	(42.70)	(9.24)	-	(51.94)	(21.04)	(0.39)	-	(21.43)	(16.79)	(0.82)	-	(17.61)
Revenue recognised	**5,207.41**	**5,504.73**	**3,499.64**	**(2,366.94)**	**6,637.43**	**3,117.97**	**2,735.86**	**(1,892.15)**	**3,961.69**	**1,749.62**	**1,205.71**	**(793.11)**	**2,162.22**
Note 3													
Other Income													
Interest Income	0.83	7.77	5.95	(5.10)	8.62	2.58	4.28	-	6.86	2.46	2.00	-	4.46
Gain on Foreign Exchange Translations	-	1.55	1.21	-	2.76	-	-	-	-	-	-	-	-
Share of profit from partnership firm	-	-	-	-	-	-	0.03	-	0.03	-	-	-	-
Share of Income for retirement from Vindhya vasini infrabuild LLP	-	-	0.46	-	0.46	-	1.27	-	1.27	-	-	-	-
Other Non-Operating Income;													
Miscellaneous Income	2.32	7.03	0.14	-	7.17	-	0.24	-	0.24	-	0.27	-	0.27
Total	**3.15**	**16.35**	**7.76**	**(5.10)**	**19.01**	**2.58**	**5.82**	**-**	**8.40**	**2.46**	**2.27**	**-**	**4.73**

(Rupees in Million)

Particulars	Nine-month period ended 31 December 2023	Year ended 31 March 2023				Year ended 31 March 2022				Year ended 31 March 2021			
	Pro Forma Condensed Consolidated Statement of Profit and Loss (Same as Restated Consolidated Financial Information)	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss
Note 4													
Cost of Materials consumed													
Opening Stock of Raw Materials	102.06	77.67	83.02	-	160.69	74.67	66.50	-	141.17	72.74	16.91	-	89.65
Opening Stock of Raw Materials on merger	-	60.92	-	(60.92)	-	-	-	-	-	-	-	-	-
Purchases during the year	2,651.16	3,488.87	2,342.88	(2,354.09)	3,477.65	2,273.98	1,935.16	(1,892.15)	2,316.99	1,193.98	944.44	(791.99)	1,346.43
Closing Stock of Raw Materials	(91.33)	(102.06)	(60.92)	60.92	(102.06)	(77.67)	(83.02)	-	(160.69)	(74.67)	(66.50)	-	(141.17)
Total	**2,661.89**	**3,525.40**	**2,364.97**	**(2,354.09)**	**3,536.28**	**2,270.98**	**1,918.64**	**(1,892.15)**	**2,297.47**	**1,192.05**	**894.85**	**(791.99)**	**1,294.91**
Note 5													
Changes In Inventories Of Finished Goods And Work-In-Progress													
Closing Stock:					-				-				-
Finished Goods	724.48	512.15	228.83	(228.83)	512.15	334.58	167.01	-	501.59	195.89	159.52	-	355.41
Work-in-Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-in-Trade	-	-	-	-	-	-	-	-	-	-	-	-	-
	724.48	512.15	228.83	(228.83)	512.15	334.58	167.01	-	501.59	195.89	159.52	-	355.41
Less: Opening Stock:													
Finished goods	512.15	334.58	167.01	-	501.59	195.89	159.52	-	355.41	167.92	182.61	-	350.53
Finished goods on merger	-	228.83	-	(228.83)	-	-	-	-	-	-	-	-	-
Work-in-Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-in-Trade	-	-	-	-	-	-	-	-	-	-	-	-	-
	512.15	563.41	167.01	(228.83)	501.59	195.89	159.52	-	355.41	167.92	182.61	-	350.53
Total	**(212.33)**	**51.26**	**(61.82)**	**0.00**	**(10.56)**	**(138.69)**	**(7.49)**	**-**	**(146.18)**	**(27.97)**	**23.08**	**-**	**(4.89)**
Note 6													
Employee Benefits Expense													
Salaries and Wages	290.47	199.71	93.20	-	292.91	103.61	58.77	-	162.38	75.93	32.64		108.57
Contribution to provident, gratuity and other funds	36.21	18.65	9.44	-	28.09	16.72	6.69	-	23.40	3.53	3.96		7.49
Staff welfare expenses	5.63	10.16	0.40	-	10.56	14.46	18.02	-	32.48	11.80	15.62		27.42
Total	**332.31**	**228.52**	**103.04**	**-**	**331.56**	**134.79**	**83.48**	**-**	**218.27**	**91.26**	**52.22**	**-**	**143.48**
Note 7													
Finance Costs													
Interest on Loans and Deposits	0.99	0.79	79.55	(5.10)	75.25	2.14	78.76	-	80.90	3.15	78.17	-	81.32
Interest on Term Loan	50.42	34.03	-	-	34.03	42.37	-	-	42.37	37.52	-	-	37.52
Interest on Working Capital Facilities	22.66	23.01	10.76	-	33.77	27.76	16.16	-	43.92	28.35	-	-	28.35
Bill Discounting Charges	59.72	46.35	-	-	46.35	25.17	-	-	25.17	16.49	-	-	16.49
Total	**133.79**	**104.18**	**90.32**	**(5.10)**	**189.40**	**97.44**	**94.92**	**-**	**192.36**	**85.51**	**78.17**	**-**	**163.68**
Note 8													
Depreciation and Amortisation expense													
Depreciation on Property, Plant And Equipment	119.42	88.36	63.03	-	151.39	68.49	65.96	-	134.45	66.19	51.50	-	117.69
Amortisation of ROU Assets	0.29	0.27	0.13	-	0.39	0.18	0.17	-	0.35	0.13	0.17	-	0.30
Total	**119.71**	**88.63**	**63.15**	**-**	**151.78**	**68.67**	**66.13**	**-**	**134.80**	**66.32**	**51.67**	**-**	**117.99**

(Rupees in Million)

Particulars	Nine-month period ended 31 December 2023	Year ended 31 March 2023				Year ended 31 March 2022				Year ended 31 March 2021			
	Pro Forma Condensed Consolidated Statement of Profit and Loss (Same as Restated Consolidated Financial Information)	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss	Restated Consolidated Statement of Profit and Loss of the Group	Financial Information of Merging Companies (Refer Note 1)	Pro Forma Adjustments (Refer Note 3)	Pro Forma Condensed Statement of Profit and Loss
Note 9													
Other Expenses													
Stores and Spares Consumed	801.09	725.53	616.97	(12.85)	1,329.65	391.36	388.95	-	780.31	266.79	113.43	(1.11)	379.11
Power and Fuel	369.16	240.93	160.85	-	401.78	171.21	189.16	-	360.37	129.58	97.29	-	226.87
Advertisement Expenses	3.57	2.21	-	-	2.21	0.53	-	-	0.53	0.39	-	-	0.39
Processing Expenses	10.31	16.28	11.83	-	28.11	13.85	12.66	-	26.51	6.77	4.07	-	10.84
Rent	11.65	17.69	1.20	-	18.89	8.77	1.77	-	10.54	4.99	3.71	-	8.70
Rates and Taxes	2.48	0.32	0.25	-	0.57	0.37	0.50	-	0.87	0.07	0.03	-	0.10
Insurance	18.68	6.96	2.85	-	9.81	5.27	7.24	-	12.51	5.84	1.51	-	7.35
Printing and Stationery	1.02	0.41	0.72	-	1.13	0.06	0.03	-	0.09	0.11	0.03	-	0.14
Repairs and Renewals:													
Buildings	0.96	0.21	0.23	-	0.44	-	0.01	-	0.01	-	-	-	-
Plant and Machinery	16.48	21.66	6.48	-	28.14	4.24	6.92	-	11.16	4.37	0.27	-	4.64
Other Assets	11.00	3.63	7.74	-	11.37	-	2.58	-	2.58	-	0.38	-	0.38
Travelling and Conveyance	17.58	12.64	0.06	-	12.70	3.29	0.08	-	3.37	1.56	0.32	-	1.88
Communication Expenses	0.86	0.59	0.28	-	0.87	0.33	0.35	-	0.68	0.33	0.31	-	0.64
Foreign Exchange Translation	0.51	-	-	-	-	0.99	0.55	-	1.54	0.04	0.09	-	0.13
Interest on Other Statutory Dues	0.57	0.02	0.03	-	0.05	0.61	0.20	-	0.81	3.46	0.01	-	3.47
Legal & Professional expenses	16.79	7.38	2.15	-	9.53	4.40	2.37	-	6.77	4.21	2.57	-	6.78
Corporate Social Responsibility Expenses	2.87	2.50	0.55	-	3.05	1.59	1.77	-	3.36	2.13	0.24	-	2.37
Vehicle Expenses	0.73	0.18	0.72	-	0.90	-	0.60	-	0.60	-	0.22	-	0.22
Auditors' Remuneration:													
As Auditors:													
Audit fee	0.60	0.65	0.03	-	0.68	0.03	0.09	-	0.12	0.03	0.09	-	0.12
Freight and Forwarding (Net)	68.07	57.83	0.00	-	57.83	41.93	0.01	-	41.94	23.82	0.01	-	23.83
Bank Charges	5.42	4.68	1.25	-	5.93	1.99	1.66	-	3.65	2.30	2.31	-	4.61
Miscellaneous Expenses	42.69	13.05	3.41	-	16.46	12.34	2.00	-	14.34	5.55	2.19	-	7.74
Total	**1,403.09**	**1,135.35**	**817.58**	**(12.85)**	**1,940.08**	**663.16**	**619.50**	**-**	**1,282.66**	**462.34**	**229.10**	**(1.11)**	**690.33**

The accompanying notes 1 to 9 are integral part of the Pro Forma Condensed Consolidated Financial Information.

As per our report of even date attached.
For RAJENDRA PRASAD
CHARTERED ACCOUNTANTS
Firm Registration No.: 000203C

Praveen Kumar Goyal
Partner
Membership No.: 426500
Raipur
Date of Signing: 28/06/2024
UDIN: 24426500BKGUME2815

For and on behalf of the Board of Directors of
SHIVALIK ENGINEERING INDUSTRIES LIMITED

Raghvendra Singhania
Joint Managing Director
DIN-00327732
Raipur
Date of Signing:
28-06-2024

Vinay Agrawal
Whole-time Director
DIN-06954626
Raipur
Date of Signing:
28-06-2024

Manoj Patni
Chief Financial Officer
PAN- AFXPP1495C
Raipur
Date of Signing:
28-06-2024

Hardeep Choudhary
Company Secretary
PAN- BSLPC2669B
Membership No. A58595
Raipur
Date of Signing:
28-06-2024

OTHER FINANCIAL INFORMATION

The accounting ratios derived from Restated Consolidated Financial Information required to be disclosed under the SEBI ICDR Regulations are set forth below:

(in ₹ million other than share data)

Particulars	For the nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Restated earnings per Equity Share (in ₹) - Basic	49.90	29.43	5.31	1.37
Restated earnings per Equity Share (in ₹) - Diluted	49.90	29.43	5.31	1.37
Return on Equity (Net worth) (%)(1)	29.82	23.26	6.96	1.98
Net asset value per Equity Share (in ₹)(2)	191.68	180.06	84.12	69.86
EBITDA(3)	1,030.02	582.90	202.39	171.26
Operating EBITDA(4)	1,026.87	566.55	199.81	168.80

Notes:

(1) Calculated by dividing profit after tax by average of closing Net Worth during that year and the previous year.
(2) Calculated as net worth as of the end of the relevant year divided by the weighted average number of equity shares the end of the respective year.
(3) Calculated as restated profit before exceptional items and tax plus finance costs, depreciation and amortisation expense.
(4) Calculated as restated profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.

Reconciliation of restated net profit (loss) to the restated earnings per Equity Share – basic and diluted:

(in ₹ million other than share data)

Particulars	For the nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Restated net profit as per profit and loss for calculation of basic earnings per Equity Share	556.35	260.53	40.76	10.27
Net profit for calculation of basic EPS (A)	**556.35**	**260.53**	**40.76**	**10.27**
Weighted average number of equity shares for calculating basic EPS (B)	11,149,634	8,853,779	7,683,166	7,511,910
Restated earnings per Equity Share (in ₹) - Basic (A/B)	49.90	29.43	5.31	1.37
Restated net profit for calculation of diluted EPS (C)	556.35	260.53	40.76	10.27
Weighted average number of equity shares for calculating diluted EPS (D)	11,149,634	8,853,779	7,683,166	7,511,910
Restated earnings per Equity Share (in ₹) – Diluted (C/D)	**49.90**	**29.43**	**5.31**	**1.37**

Reconciliation of return on net worth (%):

(in ₹ million unless otherwise mentioned)

Particulars	For the nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Restated net profit for the periods (E)	556.35	260.53	40.76	10.27
Average net worth (F)	1,865.68	1,120.24	585.53	519.64
Return on net worth (%) (E/F*100)	**29.82**	**23.26**	**6.96**	**1.98**

Reconciliation of net asset value per share:

(in ₹ million other than share data)

Particulars	For the nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net worth at the end of the periods (G)	2,137.16	1,594.19	646.28	524.77
Weighted average number of equity shares outstanding at the end of the periods (H)	11,149,634	8,853,779	7,683,166	7,511,910
Net asset value per share (in ₹) (G/H)	**191.68**	**180.06**	**84.12**	**69.86**

Reconciliation of EBITDA:

(in ₹ million)

Particulars	For the nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Restated profit before tax (before exceptional items) (I)	776.52	390.09	36.28	19.43
Finance costs (J)	133.79	104.18	97.44	85.51
Depreciation and amortization expenses (K)	119.71	88.63	68.67	66.32
EBITDA (in ₹) (M=I+J+K)	**1,030.02**	**582.90**	**202.39**	**171.26**

Set out below are definitions of, and reconciliation to GAAP measures pertaining to the abovementioned Non-GAAP Measures, along with a brief explanation of their calculation based on Pro Forma Consolidated Financial Information.

Growth in Revenue from Operations (%)

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
		(in ₹ million, unless specified otherwise)		
Revenue from operations	5,211.83	6,662.14	4,043.94	2,426.89
Annualized revenue from operations (A)	6,949.11	6,662.14	4,043.94	2,426.89
Revenue from operations for previous period (B)	6,662.14	4,043.94	2,426.89	NA
Growth in revenue from operation (A-B)/B	**4.31%**	**64.74%**	**66.63%**	**NA**

Operating EBITDA and Operating EBITDA Margin

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
	(in ₹ million, unless specified otherwise)			
Profit Before Tax	776.52	542.61	72.96	26.12
Add: Finance Cost	133.79	189.4	192.36	163.68
Add: Depreciation and Amortisation expense	119.71	151.78	134.8	117.99
Less: Other Income	3.15	19.01	8.4	4.73
Operating EBITDA (A)	**1,026.87**	**864.78**	**391.72**	**303.06**
Revenue from Operations (B)	**5,211.83**	**6,662.14**	**4,043.94**	**2,426.89**
Operating EBITDA Margin (A/B)	**19.70%**	**12.98%**	**9.69%**	**12.49%**

PAT Margin

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
		(in ₹ million, unless otherwise specified)		
Profit Before Tax	776.52	542.61	72.96	26.12
Tax Expense	220.17	172.93	9.22	12.70
Profit After Tax (A)	**556.35**	**369.68**	**63.74**	**13.42**
Revenue from Operations (B)	**5,211.83**	**6,662.14**	**4,043.94**	**2,426.89**
PAT Margin (A/B)	**10.67%**	**5.55%**	**1.58%**	**0.55%**

Return on Equity and Return on Capital Employed

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
		(in ₹ million, unless otherwise specified)		
Profit After Tax (A)	**556.35**	**369.68**	**63.74**	**13.42**
Equity at the beginning of the year	1,594.19	1,227.23	1,071.39	NA
Equity at the end of the year	2,137.16	1,594.19	1,227.23	1,071.39
Average Equity (B)	**1,865.67**	**1,410.71**	**1,149.31**	**1,071.39**
Return on Equity (A/B)	**29.82%**	**26.21%**	**5.55%**	**1.25%**
Profit Before Tax	776.52	542.61	72.96	26.12
Add: Finance Cost	133.79	189.40	192.36	163.68
Profit Before Interest And Tax (C)	**910.31**	**732.01**	**265.32**	**189.80**
Total Assets	**3,984.17**	**3,356.74**	**3,485.02**	**3,409.69**
Less: Current Liabilities	1,260.87	1,048.74	1,315.38	1,295.10
Capital Employed (D)	**2,723.30**	**2,308.00**	**2,169.64**	**2,114.59**
Return on Capital Employed (C/D)	**33.43%**	**31.72%**	**12.23%**	**8.98%**

Debt / Total Equity (Total Net Worth)

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
	(in ₹ million, unless otherwise specified)			
Borrowings – Non-Current (A)	378.74	536.20	857.81	947.71
Borrowings – Current (B)	717.15	715.98	686.05	631.42
Debt (C=A+B)	**1,095.89**	**1,252.18**	**1,543.86**	**1,579.13**
Total equity (total net worth) (D)	**2,137.16**	**1,594.19**	**1,227.23**	**1,071.39**
Debt / total equity (total net worth) (C / D)	**0.51**	**0.79**	**1.26**	**1.47**

Trade Receivables Turnover Ratio

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
	(in ₹ million, unless otherwise specified)			
Revenue from Operations	5,211.83	6,662.14	4,043.94	2,426.89
Trade receivable at the beginning of the year	631.09	619.62	686.25	N.A.
Trade receivable at the end of the year	902.28	631.09	619.62	686.25
Average Receivable	766.69	625.36	652.93	686.25
Trade Receivable to Turnover Ratio*	**6.80**	**10.65**	**6.19**	**3.54**

**Trade Receivable to Turnover ratio is derived by dividing revenue from operations to average trade receivable.*

Set out below are definitions of, and reconciliation to GAAP measures pertaining to the abovementioned Non-GAAP Measures, along with a brief explanation of their calculation based on Restated Consolidated Financial Information.

Growth in Revenue from Operations (%)

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
	(in ₹ million, unless specified otherwise)			
Revenue from operations	5,211.83	5,507.08	3,130.05	1,886.48
Annualized revenue from operations (A)	6,949.11	5,507.08	3,130.05	1,886.48
Revenue from operations for previous period (B)	5,507.08	3,130.05	1,886.48	NA
Growth in revenue from operation (A-B)/B	**26.18%**	**75.94%**	**65.92%**	**NA**

Operating EBITDA and Operating EBITDA Margin

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
	(in ₹ million, unless specified otherwise)			
Profit Before Tax	776.52	390.09	36.28	19.43
Add: Finance Cost	133.79	104.18	97.44	85.51
Add: Depreciation and Amortisation expense	119.71	88.63	68.67	66.32
Less: Other Income	3.15	16.35	2.58	2.46
Operating EBITDA (A)	**1,026.87**	**566.55**	**199.81**	**168.80**
Revenue from Operations (B)	**5,211.83**	**5,507.08**	**3,130.05**	**1,886.48**
Operating EBITDA Margin (A/B)	**19.70%**	**10.29%**	**6.38%**	**8.95%**

PAT Margin

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
		(in ₹ million, unless otherwise specified)		
Profit Before Tax	776.52	390.09	36.28	19.43
Tax Expense	220.17	129.56	2.27	9.84

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
		(in ₹ million, unless otherwise specified)		
Share of Profit in Associate	-	-	6.75	0.68
Profit After Tax (A)	**556.35**	**260.53**	**40.76**	**10.27**
Revenue from Operations (B)	**5,211.83**	**5,507.08**	**3,130.05**	**1,886.48**
PAT Margin (A/B)	**10.67%**	**4.73%**	**1.30%**	**0.54%**

Return on Equity and Return on Capital Employed

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
		(in ₹ million, unless otherwise specified)		
Profit After Tax (A)	**556.35**	**260.53**	**40.76**	**10.27**
Equity at the beginning of the year	1594.19	646.28	524.77	514.50
Equity at the end of the year	2137.16	1594.19	646.28	524.77
Average Equity (B)	**1865.67**	**1120.23**	**585.53**	**519.64**
Return on Equity (A/B)	**29.82%**	**23.26%**	**6.96%**	**1.98%**
Profit Before Tax	776.52	390.09	36.28	19.43
Add: Finance Cost	133.79	104.18	97.44	85.51
Profit Before Interest And Tax (C)	**910.31**	**494.27**	**133.72**	**104.94**
Total Assets	3,984.17	3,356.74	1,901.10	1,873.72
Less: Current Liabilities	1,260.87	1,048.74	858.48	866.57
Capital Employed (D)	**2,723.29**	**2,308.00**	**1,042.62**	**1,007.15**
Return on Capital Employed (C/D)	**33.43%**	**21.42%**	**12.83%**	**10.42%**

Debt / Total Equity (Total Net Worth)

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
		(in ₹ million, unless otherwise specified)		
Borrowings – Non-Current (A)	378.74	536.20	357.55	446.74
Borrowings – Current (B)	717.15	715.98	337.90	332.61
Debt (C=A+B)	**1,095.89**	**1,252.18**	**695.45**	**779.34**
Total equity (total net worth) (D)	**2,137.16**	**1,594.19**	**646.28**	**524.77**
Debt / total equity (total net worth) (C / D)	**0.51**	**0.79**	**1.08**	**1.49**

Trade Receivables Turnover Ratio

Metric	As of and for the			
	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
	(in ₹ million, unless otherwise specified)			
Revenue from Operations	5,211.83	5,507.08	3,130.05	1,886.48
Equity at the beginning of the year	631.09	433.24	497.01	210.12
Equity at the end of the year	902.28	631.09	433.24	497.01
Average Receivable	766.69	532.17	465.13	353.57
Trade Receivable to Turnover Ratio*	**6.80**	**10.35**	**6.73**	**5.34**

**Trade Receivable to Turnover ratio is derived by dividing revenue from operations to average trade receivable.*

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, both standalone, and to the extent available, consolidated, (collectively, the "Audited Financial Statements") are available on our website at www.shivalikengineering.com/investor/. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision. None of our Company or any of its advisors, nor Book Running Lead Managers or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

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

The following discussion and analysis is intended to convey the management's perspective on our financial condition and results of operations as of and for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, and the nine months ended December 31, 2023, and should be read in conjunction with our Pro Forma Consolidated Financial Information and Restated Consolidated Financial Information, including the related schedules, notes, annexures and the significant accounting policies thereto included in "Restated Consolidated Financial Information" and "Pro Forma Financial Information" on pages 359 and 410, respectively.

Unless otherwise indicated or the context requires otherwise, the financial information included in this section is derived from our Pro Forma Consolidated Financial Information. We have also included various financial and operational performance indicators in this Draft Red Herring Prospectus, some of which have not been derived from the Pro Forma Consolidated Financial Information and the Restated Consolidated Financial Information. The manner of calculation and presentation of some of the financial and operational performance indicators, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. See "Risk Factors — Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable" on page 65.

The industry information contained in this section is derived from the report "Assessment of market potential for industrial engineered components" dated June, 2024 prepared by CRISIL Market Intelligence & Analytics and commissioned by our Company in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

For further details and risks in relation to the CRISIL Report, see "Risk Factors — This Draft Red Herring Prospectus contains information from third parties, including an industry report prepared by an independent third-party research agency, CRISIL Market Intelligence and Analytics ("CRISIL"), which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer." on page 64 and "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation" on page 18.

Unless otherwise stated, or the context otherwise requires, any reference to "the Company" or "our Company" refers to our Company on a standalone basis, and a reference to "we", "us" or "our" refers to our Company together with our Subsidiaries, on a consolidated basis.

Some of the information in this section, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" and "Risk Factors" on pages 22 and 35, respectively, for a discussion of certain factors that may affect our business, results of operations or financial condition. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Overview

We are a prominent precision engineering company in India, with a primary focus on manufacturing casting components including high-quality metal components for use in, among others, the automotive, agriculture, railways and off-highway industries. (*Source: CRISIL Report*). We are predominantly a supplier of precision engineering components for commercial vehicles, tractors and off-highway vehicles, pipe fittings and rail components, with 297 SKUs as of December 31, 2023. Our offerings provide comprehensive end-to-end solutions to our customers, encompassing the entire value chain through our vertically integrated operations - from designing, melting, casting, and cleaning to value-added options such as machining, assembly and reverse engineering services.

We cater to leading brands in India such as Daimler India Commercial Vehicles Private Limited, Ashok Leyland Limited, AAM India Manufacturing Corporation Private Limited, Watson & Chalin India Private Limited (Hendrickson Commercial Vehicle Systems (India) and VE Commercial Vehicles Limited, and export to Accuride Corporation (U.S.A.) and Webb Wheel Products Inc. in the commercial vehicles segment. Our customers also include Mahindra and Mahindra Limited, International Tractors Limited and Escorts Kubota Limited in the tractor segment and DMW CNC Solutions India Private Limited, Shakti Precision Components (India) Private Limited, Precision Machine and Auto Components Private Limited and PMP Drive Systems India Private Limited in the off-highway vehicles segment and National Engineering Industries Limited in the railways segment. Further, we also supply to Star Pipe Products, Houston, Texas, U.S.A.

We commenced our operations in 2007, under the aegis of SPSPL (whose casting division, i.e., the Demerged Undertaking has been merged into our Company pursuant to the Composite Scheme), and opened our first facility in Chhattisgarh with an installed manufacturing capacity of 25,000 MT. We have expanded our capacity and currently operate three manufacturing facilities and are in the process of setting up our separate, consolidated machining unit in Chhattisgarh, with their total installed manufacturing capacity as at December 31, 2023 being 83,800 MT for engineering, melting, casting and cleaning and machining. Further, while we have expanded to overseas markets such as U.S.A. with offerings from our pipe fittings segment, we also aim to expand our automotive offerings overseas. To that effect, we are currently involved in the sample development and submission phase for our wheel hubs with a U.S.A. based company. We are also registered with the Indian Railways as a supplier for certain components, to their channel partners, who supply the finished products to the Indian Railways.

Our in-house design and engineering capabilities enable us to deliver a wide range of precision engineering components and solutions with a focus on quality and have allowed us to diversify our business in both the automotive and non-automotive sectors. Along with our manufacturing services, we further offer machining and assembly solutions for a diversified base of customers. In addition, we believe that we also add value to the business of our customers by offering reverse engineering solutions to support their design requirements. Our reverse engineering capabilities comprise deconstruction of sample products provided by our customers to develop products that meet their specific requirements.

Our offerings encompass various sectors such as commercial vehicles segment, including brake drums, wheel hubs, carriers, brackets, differential cases and covers, casings, as well as the tractor segment, including trumpets, transmission housings, gear box housings, clutch housings, front axle support, crank case and brackets. We have diversified our product portfolio to include steering axle and modular axle for off-highway segment, fitted backing rings, axles end caps, base plates covers and adapters, among other products for the railway segment, and pipe fittings for water work application. For details in relation to our offerings, see " – *Our Products*" on page 298. The finishing activities offered by us include fettling, machining, painting, assembly and packaging.

We are also one of the largest foundries and machine shops in India and produce a wide range of casting products with a production capacity of more than 8000 MT per month. (*Source: CRISIL Report*) Our manufacturing and machining infrastructure comprises of four strategically-located facilities (i.e., three manufacturing facilities and one machining facility) spread across Chhattisgarh. Our integrated manufacturing facilities are well-positioned to provide designing, engineering, melting, casting and cleaning services, as well as machining and assembly services. Our facilities are spread out across a total area of 115,484.78 sq. meters. The table below sets details of our installed manufacturing capacity and capacity utilisation, for the periods indicated:

Particulars	**Nine months ended**	**Fiscal**		
	December 31, 2023	**2023**	**2022**	**2021**
Installed manufacturing capacity (*in MT*)	83,800	83,800	83,800	83,800
Capacity utilisation (*in %*)	60.56*	69.47	52.20	36.04

As certified by Ahskar and Associates, Chartered Engineers, by way of their certificate dated June 28, 2024.
**Not annualised.*

We manufacture and supply a wide range of precision engineered casting products. (*Source: CRISIL Report*). The following table sets forth the revenue from operations with respect to automotive and non-automotive sectors for the periods indicated, based on our Pro Forma Consolidated Financial Information:

End-use industry	For the nine months period ended		Fiscal					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)
Automotive(1) (A)	**4,596.29**	**88.19%**	**6,035.97**	**90.60%**	**3,481.75**	**86.10%**	**1,957.16**	**80.64%**
Commercial vehicles (2)	3,066.87	58.84%	3,987.53	59.85%	2,315.81	57.27%	987.77	40.70%
Tractor	1,529.42	29.35%	2,048.44	30.75%	1,165.94	28.83%	969.39	39.94%
Non-automotive(3) (B)	**389.73**	**7.48%**	**543.37**	**8.16%**	**463.58**	**11.46%**	**159.89**	**6.59%**
Railway	146.79	2.82%	193.78	2.91%	123.60	3.06%	106.90	4.40%
Pipe fittings	242.94	4.66%	349.59	5.25%	339.98	8.40%	52.99	2.19%
Others (C)(4)	**225.81**	**4.33%**	**82.80**	**1.24%**	**98.61**	**2.44%**	**309.84**	**12.77%**
Total (A+B+C)	**5,211.83**	**100.00%**	**6,662.14**	**100.00%**	**4,043.94**	**100.00%**	**2,426.89**	**100.00%**

Notes:

(1) *Automotive includes commercial vehicles and tractors.*
(2) *Commercial vehicles include off-highway vehicles.*
(3) *Non-automotive includes railway and pipe fittings segment.*
(4) *Other includes revenue from scrap and other unallocable sales.*

The following table sets forth the revenue from operations with respect to automotive and non-automotive sectors for the periods indicated, based on our Restated Consolidated Financial Information:

End-use industry	For the nine months period ended		Fiscals					
	December 31, 2023		2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Total Revenue from Operations (%)
Automotive(1) (A)	**4,596.29**	**88.19%**	**4,415.30**	**80.17%**	**2,420.84**	**77.34%**	**1,403.32**	**74.39%**
Commercial vehicles (2)	3,066.87	58.84%	2,921.29	53.05%	1,555.35	49.69%	653.16	34.62%
Tractor	1,529.42	29.35%	1,494.01	27.12%	865.49	27.65%	750.16	39.77%
Non-automotive(3) (B)	**389.73**	**7.48%**	**86.86**	**1.58%**	**-**	**-**	**-**	**-**
Railway	146.79	2.82%	54.86	1.00%	-	-	-	-
Pipe fittings	242.94	4.66%	32.00	0.58%	-	-	-	-
Others (C)(4)	**225.81**	**4.33%**	**61.49**	**1.12%**	**28.90**	**0.92%**	**141.72**	**7.51%**
Total (A+B+C)	**5,211.83**	**100.00%**	**4,563.65**	**82.87%**	**2,449.74**	**78.26%**	**1,545.04**	**81.90%**

Note: Does not include sales made to SAEPL and SPSPL, which in turn would fulfil the order for our customers, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, i.e., prior to the effect of the Composite Scheme.

(1) *Automotive includes commercial vehicles and tractors.*
(2) *Commercial vehicles include off-highway vehicles.*
(3) *Non-automotive includes railway and pipe fittings segment.*
(4) *Others includes revenue from scrap and other unallocable sales.*

We believe that the quality of our output and our service has contributed to our long-standing relationships with our customers, which we believe, has positioned us as a trusted supplier for several Indian and global OEMs. The following table sets forth our revenue contribution to our total revenue from operations, from customers, for the nine months period ended December 31, 2023, and for Fiscals 2023, 2022 and 2021, who have been associated with us for the periods as mentioned below, based on our Pro Forma Consolidated Financial Information:

Period of customer relationship	Number of customers	As of and for the			
		For the nine period months ended	Financial Years ended March 31,		
		December 31, 2023	2023	2022	2021
More than 10 years	5	44.09%	51.24%	44.48%	35.16%
More than 5 years, but less than 10 years	12	42.02%	37.79%	39.90%	48.02%
More than 3 years, but less than 5 years	3	3.67%	3.58%	2.84%	0.56%

The following table sets forth our revenue contribution to our total revenue from operations, from customers, for the nine months period ended December 31, 2023, and for Fiscals 2023, 2022 and 2021, who have been associated with us for the periods as mentioned below, based on our Restated Consolidated Financial Information:

Period of customer relationship	Number of customers	As of and for the			
		For the nine period months ended	Financial Years ended March 31,		
		December 31, 2023	2023	2022	2021
More than 10 years	5	44.09%	41.48%	29.77%	22.08%
More than 5 years, but less than 10 years	12	42.02%	34.37%	41.88%	39.25%
More than 3 years, but less than 5 years	3	3.67%	3.58%	3.24%	0.53%

We have in place quality systems and processes which we believe, enable us to meet the rigorous and specific requirements of our customers within the stipulated timelines. Our facilities have received various quality and standard certifications including IATF 16949:2016, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, and are subject to regular customer audits. For further details regarding certifications of our facilities, see " – *Our Manufacturing Facilities and Warehouses*" on page 301.

Before we are selected as a supplier for an OEMs and their vendors, we undergo a selection process, failing which we would not be awarded any purchase orders. These tests cover, *inter alia*, facility assessment by customers along with process audits by our customers. The parts produced also undergo a testing process, before any purchase orders are awarded to us.

Our products for the railway segment, which are supplied to channel partners of Indian Railways such as National Engineering Industries Limited, which are subject to inspection by the Indian Railways.

We have received many awards over the years, including an award for outstanding contribution in supply chain management at the annual supplier conference organized by VE Commercial Vehicles, a Volvo Group and Eicher Motors joint venture and the best APQP Project Award – 2022 by Shakti Precision Components (I) Private Limited, among others.

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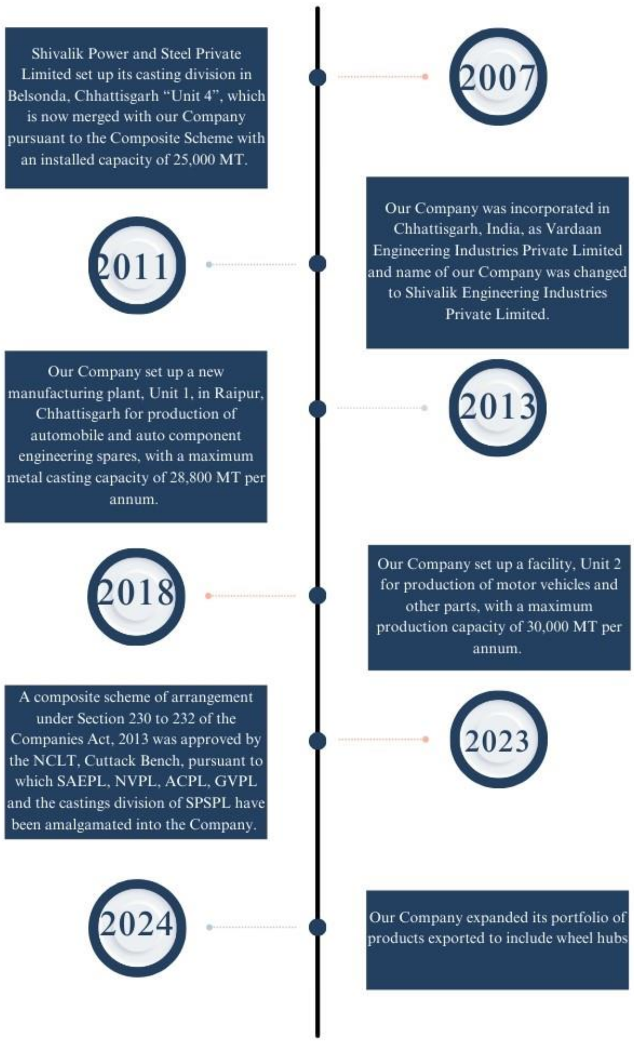
Key Milestones



We have a professional and experienced management team led by our distinguished board of directors. The senior members of our management team include our Promoter and Managing Director, Giriraj Singhania, Promoter and Joint Managing Director, Raghvendra Singhania, and our Whole-time Director Vinay Agrawal. We believe our experienced management team also enables us to compete for market opportunities, formulate and execute business strategies, manage customer expectations and proactively address changes in market conditions.

India is one of the fastest growing economies and by 2025, India is predicted to be the third largest auto component market in the world. Production of CVs in India is expected to increase at 2-4% CAGR between fiscals 2024 and 2029, with exports projected to grow at 5-7% CAGR in the same period. Further, the production of tractors in India, spanning from fiscal year 2024 to 2029, portrays a positive and steadily ascending trend of 6-8% CAGR over the 5-year period in India. The union budget 2024-25 has also allocated INR 751.4 billion for automobiles and auto components. *(Source: CRISIL report)*

Non-GAAP Measures

We use certain supplemental non-generally accepted accounting principles measures ("**Non-GAAP Measures**") to review and analyse our financial and operating performance from period to period, and to evaluate our business, and for forecasting purposes. Although these Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us because they are widely used measures to evaluate a company's operating and financial performance. Further, our management believes that when taken collectively with financial measures prepared in accordance with Ind AS, these Non-GAAP Measures may be helpful to investors because they provide an additional tool for investors to use in evaluating our ongoing results and trends. Presentation of these Non-GAAP Measures should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported and presented in our Restated Consolidated Financial Information set out in this Draft Red Herring Prospectus.

These Non-GAAP Measures are not defined under Ind AS, are not presented in accordance with Ind AS and have limitations as analytical tools which indicate, among other things, that they do not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments; changes in, or cash requirements for, our working capital needs; and the finance cost, or cash requirements. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements. These Non-GAAP Measures may differ from similar titled information used by other companies, including peer companies, who may calculate such information differently and hence their comparability with those used by us may be limited. Therefore, these Non-GAAP Measures should not be viewed as substitutes for performance or profitability measures under Ind AS or as indicators of our operating performance, cash flows, liquidity or profitability.

Also see "*Risk Factors — Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*" on page 65.

The table below sets forth certain Non-GAAP Measures as of and for the periods indicated, based on our Pro Forma Consolidated Financial Information.

S. No.	Metric	As of and for the			
		Nine months period ended	Fiscal		
		December 31, 2023	2023	2022	2021
1.	Growth in Revenue from Operations (%) #	4.31%	64.74%	66.63%	NA
2.	Operating EBITDA (₹ *in million*)	1,026.87	864.78	391.72	303.06
3.	Operating EBITDA Margin (%) #	19.70%	12.98%	9.69%	12.49%
4.	PAT Margin (%) #	10.67%	5.55%	1.58%	0.55%
5.	Return on Equity (%)#	29.82%	26.21%	5.55%	1.25%
6.	Return on Capital Employed (%)#	33.43%	31.72%	12.23%	8.98%
7.	Debt/Total Equity (Total Net Worth)#	0.51	0.79	1.26	1.47
8.	Trade Receivables Turnover Ratio	6.80	10.65	6.19	3.54

 # Not annualised for December 31, 2023

Notes:

(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*

(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*

(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*

(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*

(5) *Return on Equity has been calculated as profit after tax before other comprehensive income divided by average total equity.*

(6) *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*

(7) *Debt / total equity (total net worth) is calculated as total non-current borrowings plus current borrowings divided by total equity.*

(8) *Trade receivable turnover ratio has been calculated as revenue from operations divided by average trade receivables.*

The table below sets forth certain Non-GAAP Measures as of and for the periods indicated, based on our Restated Consolidated Financial Information.

S. No.	Metric	As of and for the			
		Nine months period ended	Fiscal		
		December 31, 2023	2023	2022	2021
1.	Growth in Revenue from Operations (%) #	26.18%	75.94%	65.92%	NA
2.	Operating EBITDA *(₹ in million)*	1,026.87	582.90	202.39	171.27
3.	Operating EBITDA Margin (%) #	19.70%	10.58%	6.47%	9.08%
4.	PAT Margin (%) #	10.67%	4.73%	1.30%	0.54%
5.	Return on Equity (%)#	29.82%	23.26%	6.96%	1.98%
6.	Return on Capital Employed (%)#	33.43%	21.42%	12.83%	10.42%
7.	Debt/Total Equity (Total Net Worth)#	0.51	0.79	1.08	1.49
8.	Trade Receivables Turnover Ratio	6.80	10.35	6.73	5.34

 # Not annualised for December 31, 2023

Notes:

(1) Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.
(2) Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.
(3) Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.
(4) PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.
(5) Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.
(6) Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.
(7) Debt / total equity (total net worth) is calculated as total non-current borrowings plus current borrowings divided by total equity.
(8) Trade receivable turnover ratio has been calculated as revenue from operations divided by average trade receivable.

For reconciliation in relation to the definitions of, and reconciliation to GAAP measures pertaining to the abovementioned Non-GAAP Measures, along with a brief explanation of their calculation based on Pro Forma Consolidated Financial Information and the Restated Consolidated Financial Information, see "*Other Financial Information*" on page 424.

Discussion of our Key Performance Indicators

We utilize a set of financial and non-financial key performance indicators that our management reviews in evaluating the performance of our business. Our management believes that the presentation of these key performance indicators in this Draft Red Herring Prospectus are important to understanding our performance from period to period and also have an impact on our results of operations. These key performance indicators may or may not be comparable with similarly-titled metrics presented by others operating in our industry. These indicators are not intended to be a substitute for, or superior to, any measures of performance prepared in accordance with Ind AS, and may not fully reflect our financial performance, liquidity, profitability or cash flows.

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Set forth below are some of our key operational performance indicators as of and for the periods indicated, along with reasons for the changes, increases or decrease in these key operational performance indicators during the periods indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	**As at and for the**				**Reason for change**
	Nine months period ended	**Financial Years ended March 31,**			
	December 31, 2023 (in ₹ million, except where specified otherwise)	**2023 (in ₹ million, except where specified otherwise)**	**2022 (in ₹ million, except where specified otherwise)**	**2021 (in ₹ million, except where specified otherwise)**	
Revenue from Operations (₹ *in million*)	5,211.83	6,662.14	4,043.94	2,426.89	Our revenue from operations increased due to deeper penetration in the existing markets, entry into new markets and introduction of new value added products with better margins.
Growth in Revenue from Operations (%) # (1)	4.31%	64.74%	66.63%	NA	Our growth in revenue from operations changed due to an increase in the revenue from operations, due to deeper penetration in the existing markets, entry into new markets and introduction of a new value added products with better margins.
Operating EBITDA (₹ *in million*) (2)	1,026.87	864.78	391.72	303.06	Our operating EBITDA increased primarily due to reduction in the cost of goods purchased due to strong negotiation, an increase in bulk purchases of raw material, increase in sales and introduction of new value added products having high margins.
Operating EBITDA Margin (%) # (3)	19.70%	12.98%	9.69%	12.49%	Our operating EBITDA margin increased primarily due to reduction in the cost of goods purchased due to strong negotiation, an increase in bulk purchases of raw material, increase in sales and introduction of new value added products having high margins.
Net Profit for the year (₹ *in million*)	556.35	369.68	63.74	13.42	Our net profit for the year increased primarily due to reduction in the cost of goods purchased due to strong negotiation, an increase in bulk purchases of raw material, increase in sales and introduction of new value added products having high margins
PAT Margin (%) # (4)	10.67%	5.55%	1.58%	0.55%	Our profit after tax margins primarily increased due to reduction in the cost of goods purchased, on account of strong negotiation and bulk purchase of raw material and increase in sales and introduction of new value added products having high margins.
Return on Equity (%) # (5)	29.82%	26.21%	5.55%	1.25%	Increase in overall profitability and optimisation of cost and resources have resulted in better return on equity and thus creating value for our shareholders.
Return on Capital Employed (%) # (6)	33.43%	31.72%	12.23%	8.98%	Increase in overall profitability, optimisation of cost and better resource allocation have resulted in better return on capital employed and thus creating value for our shareholders.

Particulars	As at and for the				Reason for change
	Nine months period ended	Financial Years ended March 31,			
	December 31, 2023 (in ₹ million, except where specified otherwise)	2023 (in ₹ million, except where specified otherwise)	2022 (in ₹ million, except where specified otherwise)	2021 (in ₹ million, except where specified otherwise)	
Debt/Total Net Worth # (7)	0.51	0.79	1.26	1.47	Our debt to total equity (total net worth) ratio improved primarily on account of efficient working capital management and improved cash flows, which were utilized towards repayment of debts.

 # Not annualized for December 31, 2023

Notes:

(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*

(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*

(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*

(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*

(5) *Return on Equity (%) has been calculated as profit after tax before other comprehensive income divided by average total equity.*

(6) *Return on Capital Employed (%) has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*

(7) *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

Set forth below are some of our key operational performance indicators as of and for the periods indicated, along with reasons for the changes, increases or decrease in these key operational performance indicators during the periods indicated, based on our Restated Consolidated Financial Information:

Particulars	As at and for the				Reason for change
	Nine months period ended	Financial Years ended March 31,			
	December 31, 2023	2023	2022	2021	
Revenue from Operations (₹ *in million*)	5,211.83	5,507.08	3,130.05	1,886.48	Our revenue from operations increased due to deeper penetration in the existing markets, entry into new markets and introduction of new value added products with better margins.
Growth in Revenue from Operations (%) # (1)	26.18%	75.94%	65.92%	NA	Our growth in revenue from operations changed due to an increase in the revenue from operations, due to deeper penetration in the existing markets, entry into new markets and introduction of a new value added products with better margins.
Operating EBITDA (₹ *in million*) (2)	1,026.87	566.55	199.81	168.80	Our operating EBITDA increased primarily due to reduction in the cost of goods purchased due to strong negotiation, an increase in bulk purchases of raw material, increase in sales and introduction of new value added products having high margins.
Operating EBITDA Margin (%) # (3)	19.70%	10.29%	6.38%	8.95%	Our operating EBITDA margin increased primarily due to reduction in the cost of goods purchased due to strong negotiation, an increase in bulk purchases of raw material, increase in sales and introduction of new value added products having high margins.
Net Profit for the year (₹ *in million*)	556.35	260.53	40.76	10.27	Our net profit for the year increased primarily due to reduction in the cost of goods purchased due to strong negotiation, an increase in bulk purchases of raw material, increase in sales and introduction of new value added products having high margins
PAT Margin (%) # (4)	10.67%	4.73%	1.30%	0.54%	Our profit after tax margins primarily increased due to reduction in the cost of goods purchased, on account of strong negotiation and bulk purchase of raw material and increase in sales and introduction of new value added products having high margins.
Return on Equity (%) # (5)	29.82%	23.26%	6.96%	1.98%	Increase in overall profitability and optimisation of cost and resources have resulted in better return on equity and thus creating value for our shareholders.
Return on Capital Employed (%) # (6)	33.43%	21.42%	12.83%	10.42%	Increase in overall profitability, optimisation of cost and better resource allocation have resulted in better return on capital employed and thus creating value for our shareholders.

Particulars	As at and for the				Reason for change
	Nine months period ended	Financial Years ended March 31,			
	December 31, 2023	2023	2022	2021	
Debt/Total Net Worth # (7)	0.51	0.79	1.08	1.49	Our debt to total equity (total net worth) ratio improved primarily on account of efficient working capital management and improved cash flows, which were utilized towards repayment of debts.

 # Not annualized for December 31, 2023

Notes:

(1) *Growth in revenue from operations (%) is calculated as revenue from operations for the current period / year minus revenue from operations for the previous period/ year as a % of revenue from operations for the previous period/year.*
(2) *Operating EBITDA is calculated as profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense.*
(3) *Operating EBITDA Margin (%) is the percentage of Operating EBITDA divided by revenue from operations.*
(4) *PAT Margin (%) is calculated as profit (after tax) for the period / year as a % of revenue from operations.*
(5) *Return on Equity has been calculated as profit after tax before other comprehensive income divided by average total equity.*
(6) *Return on Capital Employed has been calculated as profit before exceptional item and tax plus finance costs divided by capital employed calculated as total assets less current liabilities.*
(7) *Calculated as total non-current borrowings plus current borrowings divided by total equity.*

For further information, see "*Basis for Offer Price*" and "*Our Business*" on pages 129 and 284, respectively.

Significant Factors Affecting our Results of Operations and Financial Condition

Relationship with and purchasing patterns of our key customers

Our top five customers contribute to a majority of our revenue from operations. The table below sets forth the contribution from our top one, top three, top five and top ten customers as compared to our total revenue from operations for the periods stated, based on our Pro Forma Consolidated Financial Information:

Customers	Nine months ended December 31, 2023		Fiscals					
			2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)
Top one	1,105.46	21.21%	1,799.45	27.01%	931.74	23.04%	416.51	17.16%
Top three	2,648.83	50.82%	3,953.01	59.34%	2,018.70	49.92%	1,075.36	44.31%
Top five	3,327.20	63.84%	4,755.64	71.38%	2,644.36	65.39%	1,498.93	61.76%
Top 10	4,340.50	83.28%	5,822.16	87.39%	3,472.58	85.87%	1,973.24	81.31%

Note:

(1) *Our top customer, top three customers, top five customers and top 10 customers are based on the revenue contribution of the relevant customer in such period, as the case may be.*

(2) *For the nine months period ended December 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*

(3) *For the Financial Year ended March 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*

The table below sets forth the contribution from our top one, top three, top five and top ten customers as compared to our total revenue from operations for the periods stated, based on our Restated Consolidated Financial Information:

Customers	Nine months ended December 31, 2023		Fiscals					
			2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)	Amount (*in ₹ million*)	Percentage of Revenue from Operations (%)
Top one	1,105.46	21.21%	1,799.45	32.68%	931.74	29.77%	416.51	22.08%
Top three	2,648.83	50.82%	2,981.17	54.13%	1,855.23	59.27%	1,036.94	54.97%
Top five	3,327.20	63.84%	3,783.80	68.71%	2,291.01	73.19%	1,378.49	73.07%
Top 10	4,340.50	83.28%	4,765.68	86.54%	2,820.76	90.12%	1,739.85	92.23%

Notes:

(1) *Includes sales made to SAEPL and SPSPL, which in turn would fulfil the order for our customers, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, i.e., prior to the effect of the Composite Scheme.*

(2) *Our top customer, top three customers, top five customers and top 10 customers are based on the revenue contribution of the relevant customer in such period, as the case may be.*

(3) *For the nine months period ended December 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*

(4) *For the Financial Year ended March 31, 2023, our top 10 customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Escorts Kubota Limited, International Tractors Limited, Mahindra & Mahindra Limited, Shakti Precision Components (India) Private Limited, Star Pipe Products, Houston, Texas, U.S.A., and VE Commercial Vehicles Limited. Certain customers have not been disclosed here due to non-receipt of consent. Further, contribution of each individual customer to the revenue from operations of our Company has not been separately disclosed to preserve confidentiality.*

We depend and expect to continue to depend on our top customers for a substantial portion of our revenue. We further rely on purchase orders and delivery schedules issued by our customers from time to time, that set out the price per unit, volume and other terms of sales for our products. However, such purchase orders/delivery schedules may be cancelled unilaterally with or without cause and should such cancellation take place, it may have an adverse impact on our revenue and results of operations. There is no assurance that our top customers will continue to source products from us at volumes or rates consistent with, and commensurate to, the amount of business received from them historically, or at all.

In addition, if one or more of our top customers were to become insolvent or otherwise unable to pay for the products supplied by us in a timely manner, this could have an impact on our business as we may not be able to recoup the unpaid production costs and materials incurred for manufacturing purposes. Going forward, we expect the significance of our top three customers to remain high. A change in our relationship with any of our significant customers will impact our business leading to a reduction in our sales. Furthermore, the loss of any of our top three customers, including as a result of any dispute with or disqualification by them, will have an adverse effect on our business and results of operations. For further information, see "*Risk Factors – We are dependent on our top five customers who contribute more than 60.00% of our revenue from operations for the nine months ended December 31, 2023 and in each of the last three Fiscals. Loss of any of these customers or a reduction in purchases by any of them could adversely affect our business, results of operations and financial condition*" on page 35.

Furthermore, we generally do not have firm commitment of volumes under our supply agreements with most of our customers, with customers typically providing us annual and quarterly forecasts of orders, and further provide us with product-specific delivery schedules at short intervals throughout the year, which help us predict our production volumes for that particular product. While this means that we would be able to take short-notice, large orders for products, since we are contractually bound to reserve our production lines, if actual production volumes differ significantly from our estimates, we generally seek to make up any shortfalls through new orders, either with existing or new customers, which may not materialize or materialize with a time lag.

Our sales of products to our customers also depend largely on the number and type of products that we supply to them, and our ability to increase our overall share of their purchases. The effect of variations in our customers' purchasing patterns is dependent on the accuracy of order forecasts provided by them. It may be difficult for us to predict with certainty whether our customers will decide to increase or decrease the inventory levels or their own levels of production, the strategic direction they will pursue, or whether future inventory levels will be consistent with historical levels.

Raw Material Costs and Operating Costs

Our business, financial condition, results of operations and prospects are significantly impacted by the prices of raw materials purchased by us, particularly prices of pig iron and steel scrap (including mild steel scrap). Our financial condition and results of operations are significantly impacted by the availability and costs of raw materials. Raw material pricing can be volatile due to a number of factors beyond our control, including national and global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, fuel prices and availability, power tariffs and currency exchange rates. A sudden spike in prices, such as the increase in iron ore prices, can erode profit margins and make it difficult to offer competitive pricing to customers. (*Source: CRISIL Report*) This volatility in commodity prices can significantly affect our raw material costs.

For instance, the outbreak of the Russia-Ukraine war sent the commodities market into a frenzy, as regions that sourced materials from these countries went into panic mode, with surge in input costs and finished product prices for steel products. The surge in export realizations sent domestic prices on a rally as well, thus impacting procurement prices for domestic consumption. (*Source: CRISIL Report*)

Our ability to manage our raw material costs, operating costs and operations efficiencies is critical to maintaining our competitiveness and profitability. Our profitability is partially dependent on our ability to increase our productivity and reduce our operating expenses.

Significant power and fuel costs

We require substantial power to operate our manufacturing facilities, and energy costs represent a key component of the production costs for our operations. If energy costs were to continue to rise, or if electricity supply arrangements were disrupted, our manufacturing operations could be disrupted, and our profitability could decline. The table below sets forth our power and fuel costs for the periods stated, based on our Pro Forma Consolidated

Financial Information:

Particulars	Nine months ended December 31, 2023		Fiscals					
			2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)
Power and fuel costs	369.16	8.32%	401.78	6.55%	360.37	9.06%	226.87	9.43%

The table below sets forth our power and fuel costs for the periods stated, based on our Restated Consolidated Financial Information:

Particulars	Nine months ended December 31, 2023		Fiscals					
			2023		2022		2021	
	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)	Amount (*in ₹ million*)	Percentage of Total Expenses (%)
Power and fuel costs	369.16	8.32%	240.93	4.69%	171.21	5.53%	129.58	6.93%

We source most of our electricity requirements from the state electricity grid and our own diesel generator sets. Inadequate electricity, and diesel for our generators could result in interruption or suspension of our production operations. In particular, any significant increase in the cost of diesel/fuel could result in an unexpected increase in production cost. If we are unable to successfully pass on this increase in cost to our customers, our business may be negatively impacted.

We intend to utilize a portion of the proceeds from this Offer for funding capital expenditure of our Company to set up a captive solar power plant, which will benefit our Company by reducing our dependence on the state electricity grid and significantly reduce our costs. This will further help us reduce our carbon footprint, in line with our goals of sourcing green energy for component manufacturing. For further details, see "*Objects of the Offer*" on page 114.

Economic conditions of the markets in which we operate

Demand for commercial automobile vehicles is significantly affected by the general level of commercial activity and economic conditions in India, and abroad. Economic slowdowns result in reduced industrial activities and lower consumer spending, directly affecting commercial vehicle sales. (*Source: CRISIL Report*) When the economy contracts, businesses often delay or reduce investments in new commercial vehicles, leading to a drop in orders for automotive castings. (*Source: CRISIL Report*) Any economic downturns, such as the lockdowns imposed due to COVID-19 would result in a decline in commercial vehicle sales, which would translate to lower demand for cast parts.

Since the products offered by our Company including tractors form a part of the automobile vehicles segment, our results of operations may be affected by the level of business activity of our customers, which in turn is affected by the macroeconomic conditions in the economy and the commercial automobile industry.
During periods of economic downturn, many companies may accordingly limit or decrease their production of tractors or commercial vehicles. We may also experience more competitive pricing pressure during periods of economic downturn.

Further, EV adoption in the commercial vehicle segment is gradually picking up pace in the LCV and bus segment due to advancements in battery technology, declining battery costs, and favourable government policies. While the entry of electric vehicles and hybrid engines in India has increased, these advancements have primarily been concentrated in the light motor vehicle segment and overall the commercial vehicle segment has yet to experience a significant impact. (*Source: CRISIL Report*) We do not expect any significant disruption of our business due to the introduction of EVs.

Our current manufacturing capabilities

Our manufacturing and machining infrastructure comprises of four strategically-located facilities (i.e., three manufacturing facilities and one machining facility) spread across Chhattisgarh. The table below sets details of our installed manufacturing capacity and capacity utilisation, for the periods indicated:

Particulars	Nine months ended	Fiscal		
	December 31, 2023	2023	2022	2021
Installed manufacturing capacity (*in MT*)	83,800	83,800	83,800	83,800
Capacity utilisation (*in %*)	60.56*	69.47	52.20	36.04

Based on the certificate dated June 28, 2024, issued by the Chartered Engineer
**Not annualised.*

Our ability to maintain our profitability depends on our ability to maintain high levels of capacity utilization. Capacity utilization is affected by our product mix, our ability to accurately forecast customer demand, to carry out uninterrupted operations, the availability of raw materials, industry/ market conditions as well as overhead costs and manufacturing costs.

We intend to utilise ₹500.00 million out of the Net Proceeds to expand its installed manufacturing capacity of Unit 2 located in Bhilai, Chhattisgarh by setting up a flaskless horizontal line. This addition is expected to increase the existing installed capacity of Unit 2 from 30,000 to 48,000 MT per annum.

Maintaining optimum levels of capacity utilisation is important to maintaining profitability and any operational inefficiencies which could have a material adverse effect on our business and financial condition.

Focus on quality and our product portfolio

We are one of the largest foundries and machine shops in India and produce a wide range of casting products with a production capacity of more than 8000 metric tonnes per month. (*Source: CRISIL Report*)

We manufacture parts for commercial vehicles and tractor segments, including brake drums, wheel hubs, carriers, brackets, differential cases, differential covers, casings and covers, as well as for the off-highway segment vehicles, which include trumpets, transmission housings, gear box housings, clutch housings, front axle support, crank case and brackets. We also offer fitted backing rings, axles end caps, base plates covers and adapters, among other products for the railway segment, and pipe fittings for water work application. In addition, we further offer machining and assembly solutions for a diversified base of customers. In addition, we believe that we also add value to the business of our customers by offering reverse engineering solutions to support their design requirements.

We offer value-added products and reverse engineering services and provide products for our customers based on their requirements. We further intend to diversify our product portfolio and expand into overseas markets. We export components like pipes fittings used for water work application to our customers in the U.S.A. and we have recently secured purchase orders for wheel hubs from companies based in the U.S.A. as well.

Significant Accounting Policies

The significant accounting policies forming basis of the preparation of our Restated Consolidated Financial Information is set forth below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of Restated Consolidated Financial Information

The restated consolidated financial information of the Group comprises of the restated consolidated statement of assets and liabilities as at 31 December 2023, 31 March 2023, 31 March 2022 and 31 March 2021, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the nine-month period ended 31 December 2023 and each of the years ended 31 March 2023, 31 March 2022 and 31 March 2021 and the summary of significant accounting policies and explanatory notes and other explanatory information (collectively, the ‘Restated Consolidated Financial Information').

These Restated Consolidated Financial Information have been prepared by the Management of the Company in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, issued by the Securities and Exchange Board of India ('SEBI') (the "ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus (the "DRHP"), prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended;
b) the ICDR Regulations and
c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the "Guidance Note").

The Restated Consolidated Financial Information of the Group have been prepared in compliance with Indian Accounting Standards (hereinafter referred to as 'Ind AS') notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

The Restated Consolidated Financial Information have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Restated Consolidated Financial Information except where a newly issued accounting standard is initially adopted or there is a revision to an existing accounting standard where a change in accounting policy hitherto in use.

The Restated Consolidated Financial Information have been prepared under the historical cost convention except for certain financial instruments measured at fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

These Restated Consolidated Financial Statement have been compiled by the management from:

a) The audited special purpose consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 (together, the "Special Purpose Consolidated Ind AS Financial Statements") prepared in accordance with accounting principles stated in Ind AS and accounting policies mentioned in subsequent paragraphs, which have been approved by the Board of Directors at their meeting held on June 28, 2024.

b) The audited special purpose Ind AS financial statements of the Company as at and for the nine-month period ended on December 31, 2023 prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (the "Ind AS") 34 "Interim Financial Reporting" specified under Section 133 of the Act read with relevant rules thereunder, as amended and the other accounting principles generally accepted in India (the "Consolidated Interim Financial Statements"), which have been approved by the Board of Directors at their meeting held on June 28, 2024.

The Special Purpose Consolidated Ind AS Financial Statements have been prepared by making Ind AS adjustments to the audited consolidated financial statements of the Group as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with the Indian GAAP, which have been approved by the Board of Directors at their meeting held on June 12, 2023, July 10, 2022 and July 23, 2021, respectively (the "Statutory Consolidated Indian GAAP Financial Statements")

Special Purpose Consolidated Ind AS Financial Statements have been prepared solely for the purpose of preparation of Restated Consolidated Financial Information for inclusion in the DRHP in relation to the proposed IPO, which requires financial statements of all the periods included, to be presented under Ind AS. As such, Special Purpose Consolidated Ind AS Financial Statements are not suitable for any other purpose other than for the purpose of preparation of Restated Consolidated Financial Information and are also not financial statements prepared pursuant to any requirements under section 129 of the Act.

These Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of board meetings mentioned above.

These Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations

a) after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2023, March 31, 2022, March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine-month period ended December 31, 2023, as applicable;
b) do not contain any qualifications requiring adjustments; and
c) in accordance with the Act, ICDR Regulations and the Guidance Note.

These Restated Consolidated Financial Information are presented in Indian Rupee (INR) which is also Functional Currency of the Company and all values are rounded to the nearest Million except when otherwise indicated.

Basis of Consolidation

Equity - accounted investee (Associate)

The group's interest in equity in investees comprise interests in associates. An associate is an entity in which the group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition the Restated Consolidated Financial Information include the groups share of profit or loss of equity accounted investee until the date on which significant influence cease.

Business Combinations under common control

Business combinations involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, are considered as common control business combinations. Such business combinations involving entities or businesses under common control shall be accounted for using the pooling of interests method.

The assets and liabilities of the combining entities or businesses are reflected at their carrying amounts, barring certain assets and liabilities not taken over in terms of business transfer agreements. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies. The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves appearing in the financial statements of the transferor is preserved and appears in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor, for case of acquisition of stake in equity.

The differences, if any, between the amount of consideration paid or payable in cash or and the amount of share capital of the transferor and further adjusted for harmonization of the accounting policies, has been transferred to 'Capital reserve on business combination under common control ' and presented separately from other capital reserves.

In accordance with the MCA Circular 9/2019 dated 21st August, 2019 which stipulates that the appointed date is deemed to be the acquisition date and considering that the law prevails over the provisions of the Accounting Standards, the effect of acquisition has not been given from the beginning of the preceding period as envisaged under IND AS 103.

Pursuant to the requirements of Appendix C of the Ind AS 103, these business combinations under common control are accounted for using the pooling of interest method as explained above. The details of the business combinations, the carrying value of the assets, liabilities and reserves acquired and harmonized as per the revised accounting policies, and the resultant capital reserve are given in note 31(h).

Use of estimates

The preparation of Restated Consolidated Financial Information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include provisions for doubtful debts and advances, future obligations under employee retirement benefit plans, useful lives of fixed assets, contingencies, etc.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual result and estimates are recognised in the period in which the results are known/materialise.

Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:
   - Expected to be realized or intended to be sold or consumed in the normal operating cycle,
   - Held primarily for the purpose of trading,
   - Expected to be realised within twelve months after the reporting period, or
   - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:
   - It is expected to be settled in the 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.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components is determined on a first in first out (FIFO) method and cost of consumables, stores and spares is determined at Weighted Average.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities) and other related overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The amount of any write-down of inventories to NRV and all abnormal losses of inventories are recognized as expense in the Statement of Profit and Loss in the period in which such write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the NRV is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.

Revenue Recognition and Other Income

The Company derives revenues primarily from sale of goods comprising parts for motor vehicles, trucks and tractors.

Revenue represents amounts received and receivable from third parties and related parties for goods supplied to the customers. The Group recognizes revenue from sale of goods measured upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Revenue is measured based on the transaction price, which is the consideration, adjusted for price variation, trade discounts, rebates, scheme allowances, incentives, and returns, if any. Revenue excludes taxes collected from customers on behalf of the Government. Accumulated experience is used to estimate and accrue for the discounts (using the most likely method) and returns considering the terms of the underlying schemes and agreements with the customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Export Benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

Sale of scrap is accounted for as and when the sale is completed and its collection is reasonably certain.

Revenue from sale of services is recognised at point in time as per contract with customer. In case of contracts where the customer receives and consumes the benefits simultaneously, as the services are rendered, the revenue is recognised over the term of the contract.

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

Contract Balances

Contract Assets

"A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The amount recognised as contract assets is reclassified to trade receivables once the amounts are billed to the customer as per the terms of the contract."

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).Refer to accounting policies of financial assets in section financial instruments initial recognition and subsequent measurement.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment, other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is carried at cost and is not depreciated.
Cost includes purchase price (after deducting trade discount / rebate), non-refundable duties and taxes, cost of replacing the component parts, borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimates of the cost of dismantling/removing the item and restoring the site on which it is located.

Spares parts procured along with the Plant and Equipment or subsequently individually which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

Subsequent Expenditure

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured.

Derecognition

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use. Any gain or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Restated Consolidated Statement of Profit and Loss.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance are charged to the Restated Consolidated Statement of Profit and Loss during the reporting year in which they are incurred.

Transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2020 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Depreciation

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognised.

Depreciation on tangible property, plant and equipment is provided using the straight-line method based on the revised useful life of the assets and in the manner prescribed in Schedule II of Companies Act, 2013 on prorata basis from the date of additions and/or disposal. Addition, to Fixed Assets costing less than or equal to Rs.5,000 are depreciated fully in the year of purchase. The company has considered following useful lives for calculating depreciation.

Assets	Useful Lives
Lease Hold Land	99 years
Factory Building	30 Years
Lab Equipments	15 Years
Plant & Machinery	15 - 20 Years
Weight Bridge	15 Years
Electrical Installation	10 Years
Furniture & Fixture	10 Years
Generator Set	10 Years
Vehicles	8 Years
Office Equipment	5 Years
Computers & Softwares	3 - 6 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Impairment of tangible assets

At the end of each reporting period, the Group Company reviews the carrying amounts of its PPE to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Statement of Profit and Loss.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a) Financial Assets

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Company.

Financial assets of the Company comprise trade receivable, cash and cash equivalents, Bank balances, loans to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets except trade receivable are recognized initially at fair value. The financial assets not recorded at fair value through profit or loss, are recognised intially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged in the Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in the Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest.

The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financials asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financials assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Financial assets at fair value through OCI ('FVTOCI')

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.

Financial assets at fair value through profit or loss ('FVTPL')

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial assets

The Company assesses impairment based on expected credit loss ('ECL') model on the following:

- Financial assets that are measured at amortised cost; and
- Financial assets measured at FVTOCI.

ECL is measured through a loss allowance on a following basis:-

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Company follows 'simplified approach' for recognition of impairment on trade receivables and contract assets resulting from normal business transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition. The Company categorizes a trade receivable as overdue when it has not been settled for more than three years from the due date. This approach is part of the Company's method for estimating lifetime expected credit losses (ECLs).

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls) discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss.

b) Financial Liabilities

The Company's financial liabilities include loans and borrowings including bank overdraft, trade payable, accrued expenses and other payables etc.

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the CWIP, if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the Effective interest rate ('EIR') method.

Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:-

Financial Liabilities classified as Amortised Cost

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

Financial Liabilities classified as Fair value through profit and loss (FVTPL)

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. 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 recognized 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.

Employee Benefits

Short-term Employees Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

Post-employment benefits

The Company provides the following post-employment benefits:

i. Defined benefit plans such as gratuity and
ii. Defined contribution plans such as provident fund & employee state insurance scheme

Defined benefits plans

The cost of providing defined benefit plans such as gratuity is determined on the basis of present value of defined benefits obligation which is computed using the projected unit credit method with independent actuarial valuation made at the end of each annual reporting period, which recognizes each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation.

The net Interest cost Is calculate" by 'pplying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

Defined Contribution Plans

Payments to defined contribution retirement benefit plans, viz., Provident Fund for eligible employees are recognized as an expense when employees have rendered the service entitling them to the contribution.

Compensated Absences/ Leave Encashment

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The company's liability is actuarially determined (using Projected Unit Credit Method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss in the period in which they arise. Past service costs are recognised immediately in statement of profit and loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Borrowing costs

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as adjustment to interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition / construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

The group identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining an asset. Borrowing cost incurred on specific borrowings are capitalised to the cost of the qualifying asset. For general borrowings, the group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset based on the weighted average of the borrowing costs applicable to general borrowings. The capitalisation of borrowing costs commences when the company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Leases

Where the Company is a lessee-

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a 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 Company assesses whether:

- the contract conveys the right to use an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the identified asset.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for leases with a term of twelve months or less (short-term leases) and low value leases. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability is measured by discounting the lease payments using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially recognised 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 and restoration costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. ROU assets are depreciated on a straight-line basis over the asset's useful life or the lease whichever is shorter. Impairment of ROU assets is in accordance with the Company's accounting policy for impairment of tangible and intangible assets.

In line with IND AS 116, the company accounts for leasehold land, held under a 99-year lease, as a 'right-of-use' (ROU) asset. This accounting treatment arises from the recognition of an upfront lease premium as the primary cost associated with the lease. Importantly, this lease arrangement does not result in the recording of a lease liability, as the transaction comprises a one-time payment without subsequent recurring lease payments.

Annual maintenance costs related to the leasehold land are not included within the ROU asset or as part of the lease liability, given their nature as ancillary and non-recoverable expenses. Consistent with the guidance provided by IND AS 116, the company recognizes these maintenance costs as expenses in the profit and loss statement in the period they are incurred.

Where the Company is a lessor-

Lease income from operating leases where the Company is a lessor is recognised in the Statement of Profit and Loss on a straight- line basis over the lease term.

Statement of Cash Flows and Cash and Cash Equivalents

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash-in-hand and demand deposit with banks with original maturity 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.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

Income Taxes

Income tax expense /income comprises current tax expense /income and deferred tax expense/income. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. In which case, the tax is also recognised directly in equity or other comprehensive income, respectively.

Current tax

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

Current tax assets and liabilities are offset only if,

- the Group has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Earnings per Share

Basic earnings per share (EPS) is computed by dividing the profit after tax or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving the basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all the dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity would decrease the net profit per share from continuing ordinary operations.

Government Grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Grants in the form of non-monetary assets are recognised at fair value and presented as deferred income which is recognized in the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

Government grants (grants related to income) are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support with no future related costs are recognized in the Statement of Profit and Loss in the period in which they become receivable. Grants related to income are presented under other income in the Statement of Profit and Loss except for grants received in the form of rebate or exemption which are deducted in reporting the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant and measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The grant set up as deferred income is recognised in the Statement of Profit and Loss on a systematic basis.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

Dividend Distribution to equity shareholders

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

First time adoption of Ind AS – mandatory exceptions / optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2020 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2020 (the transition date).

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Deemed cost for PPE and CWIP

The Company has elected to continue with the carrying value of its PPE and CWIP recognized as of 1st April 2020 (Transition date) measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

Standards / amendments issued

The Group has considered the amendments to Schedule III of the Companies Act 2013 notified by Ministry of Corporate Affairs (“MCA”) via notification dated 24 March 2021 in the Restated Consolidated Financial Information, wherever applicable

Standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect this amendment to have any significant impact in its financial statements

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the accounting policies of the Company during the last three financial years.

Principal Components of Income and Expenditure

Our Income

Our total income consists of revenue from operations and other income.

Revenue from Operations

The components of our revenue from operations are: (i) sale of products; (ii) sale of services; and (iii) other operating revenues, which primarily consists of export incentives.

Set forth below is a breakdown of our revenue from operations, for the periods indicated, based on our Pro Forma Consolidated Financial Information.

Revenue from operations	**Nine months ended December 31, 2023**		**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Percentage of total	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**
	(in %)	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*
Sale of products	99.92	5,207.41	99.63	6,637.43	97.97	3,961.68	89.09	2,162.22
Sale of services	0.00	-	0.00	-	1.69	68.35	10.12	245.60
Other operating revenues	0.08	4.42	0.37	24.71	0.35	13.91	0.88	19.07
Total	**100.00**	**5,211.83**	**100.00**	**6,662.14**	**100.00**	**4,043.94**	**100.00**	**2426.89**

Set forth below is a breakdown of our revenue from operations, for the periods indicated, based on our Restated Consolidated Financial Information.

Revenue from operations	**Nine months ended December 31, 2023**		**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Percentage of total	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**
	(in %)	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*
Sale of products	99.92	5,207.41	99.96	5,504.73	99.61	3,117.97	92.75	1,749.62
Sale of services	-	-	-	-	0.37	11.58	7.20	135.82
Other operating revenues	0.08	4.42	0.04	2.35	0.02	0.50	0.05	1.04
Total	**100.00**	**5,211.83**	**100.00**	**5,507.08**	**100.00**	**3,130.05**	**100.00**	**1,886.48**

Other Income

The key components of our other income are (i) interest income; (ii) gain on foreign exchange translations; (iii) other non-operating income, which primarily consists of miscellaneous income.

Set forth below is a breakdown of our other income, for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Other income	Nine months ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
Interest income	0.83	26.35	8.62	45.34	6.86	81.67	4.46	94.29
Gain on foreign exchange translations	-	-	2.76	14.52	-	-	-	-
Other non-operating income	-	-	-	-	-	-	-	-
Miscellaneous income	2.32	73.65	7.63	40.14	1.54	18.33	0.27	5.71
Total	**3.15**	**100.00**	**19.01**	**100.00**	**8.40**	**100.00**	**4.73**	**100.00**

Set forth below is a breakdown of our other income, for the periods indicated, based on our Restated Consolidated Financial Information:

Other income	Nine months ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
Interest income	0.83	26.35	7.77	47.52	2.58	100.00	2.46	100
Gain on foreign exchange translations	-	-	1.55	9.48	-	-	-	-
Other non-operating income								
Miscellaneous income	2.32	73.65	7.03	42.50	-	-	-	-
Total	**3.15**	**100.00**	**16.35**	**100.00**	**2.58**	**100.00**	**2.46**	**100.00**

Our Expenses

Our expenses comprise: (i) cost of materials consumed (i); changes in inventories of finished goods, stock-in-trade and work-in-progress; (iii) employee benefits expense; (iv) finance costs; (v) depreciation and amortisation expense; and (vi) other expenses.

Set out below is a breakdown of our total expenses, for the periods indicated, based on our Pro Forma Consolidated Financial Information:

Total expenses	Nine months ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
Cost of materials consumed	2,661.89	59.97	3,536.28	57.61	2,297.47	57.73	1,294.91	53.83
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(212.33)	(4.78)	(10.56)	(0.17)	(146.18)	(3.67)	(4.89)	(0.20)
Employee benefits expense	332.31	7.49	331.56	5.40	218.27	5.49	143.48	5.96
Finance costs	133.79	3.01	189.40	3.09	192.36	4.83	163.68	6.80
Depreciation and amortisation expense	119.71	2.70	151.78	2.47	134.80	3.39	117.99	4.91

Total expenses	Nine months ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
Other expenses	1403.09	31.61	1,940.08	31.60	1,282.66	32.23	690.33	28.70
Total	**4,438.46**	**100.00**	**6,138.54**	**100.00**	**3,979.38**	**100.00**	**2,405.50**	**100.00**

Set out below is a breakdown of our total expenses, for the periods indicated, based on our Restated Consolidated Financial Information:

Total expenses	Nine months ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(in ₹ million)	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*	*(in ₹ million)*	*(in %)*
Cost of materials consumed	2,661.89	59.97	3,525.40	68.68	2,270.98	73.34	1,192.05	63.76
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(212.33)	(4.78)	51.26	1.00	(138.69)	(4.48)	(27.97)	(1.50)
Employee benefits expense	332.31	7.49	228.52	4.45	134.79	4.35	91.26	4.88
Finance costs	133.79	3.01	104.18	2.03	97.44	3.15	85.51	4.57
Depreciation and amortisation expense	119.71	2.70	88.63	1.73	68.67	2.22	66.32	3.55
Other expenses	1403.09	31.61	1135.35	22.11	663.16	21.42	462.34	24.74
Total	**4,438.46**	**100.00**	**5,133.34**	**100.00**	**3,096.35**	**100.00**	**1,869.51**	**100.00**

Cost of raw material consumed

Cost of raw materials consumed primarily consists of the cost of raw materials and packing materials that we use in the manufacture of our products.

Changes in inventories of finished goods, stock-in-trade and work-in-progress

Changes in inventory of finished goods, stock-in-trade and work-in-progress is the difference between our opening stock and closing stock of inventory during a Financial Year.

Employees benefits expense

Employee benefits expenses primarily consist of salaries, wages and bonus and as well as contributions to provident and other funds and staff welfare expenses.

Finance costs

Finance costs consist of (i) interest on loans and deposits, (ii) interest on term loan, (iii) interest working capital facilities, and (iv) bill discounting charges.

Depreciation and amortisation expense

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

Other expenses

Other expenses, which primarily consists of stores and spares consumed, power and fuel, insurance, rent, travelling and conveyance, repairs and renewals, freight and forwarding (net), bank charges and miscellaneous expenses. Miscellaneous expenses comprises of, among other things, conveyance expenses and out-of-pocket reimbursements.

Results of Operations

Pro Forma Consolidated Financial Information

The following table sets forth certain information with respect to our results of operations for the periods indicated, the components of which are also expressed as a percentage of total income for such periods.

Particulars	Nine months ended December 31, 2023		Financial Year 2023		Financial Year 2022		Financial Year 2021	
	(in ₹ million)	*% of total income*	*(in ₹ million)*	*% of total income*	*(in ₹ million)*	*% of total income*	*(in ₹ million)*	*% of total income*
Income								
Revenue from operations	5,211.83	99.94	6,662.14	99.72	4,043.94	99.79	2,426.89	99.81
Other income	3.15	0.06	19.01	0.28	8.40	0.21	4.73	0.19
Total income	**5,214.98**	**100.00**	**6,681.15**	**100.00**	**4,052.34**	**100.00**	**2,431.62**	**100.00**
Expenses								
Cost of raw material consumed	2,661.89	51.04	3,536.28	52.93	2,297.47	56.69	1,294.91	53.25
Changes in inventories of finished goods, work-in-progress	(212.33)	(4.07)	(10.56)	(0.16)	(146.18)	(3.61)	(4.89)	(0.20)
Employees benefits expense	332.31	6.37	331.56	4.96	218.27	5.39	143.48	5.90
Finance costs	133.79	2.57	189.40	2.83	192.36	4.75	163.68	6.73
Depreciation and amortisation expense	119.71	2.30	151.78	2.27	134.80	3.33	117.99	4.85
Other expenses	1403.09	26.90	1,940.08	29.05	1,282.66	31.65	690.33	28.39
Total expenses	**4,438.46**	**85.11**	**6,138.54**	**91.88**	**3,979.38**	**98.20**	**2,405.50**	**98.92**
Profit before tax	**776.52**	**14.89**	**542.61**	**8.12**	**72.96**	**1.80**	**26.12**	**1.08**
Tax expense								
Current tax	200.10	3.84	138.95	2.08	8.65	0.21	5.02	0.21
Deferred tax	14.28	0.27	32.50	0.49	(4.62)	(0.11)	5.29	0.22
Tax adjustment for earlier years	5.79	0.11	1.48	0.02	5.19	0.13	2.39	0.1
Total tax expenses	**220.17**	**4.22**	**172.93**	**2.59**	**9.22**	**0.23**	**12.70**	**0.53**
Profit for the year	**556.35**	**10.67**	**369.68**	**5.53**	**63.74**	**1.57**	**13.42**	**0.55**
Total Comprehensive Income	**550.33**	**10.55**	**366.93**	**5.49**	**63.78**	**1.57**	**13.42**	**0.55**

For the period ended December 31, 2023

Total Income

Our total income for the nine months period ended December 31, 2023 was ₹5,214.98 million, comprising revenue from operations of ₹5,211.83 million and other income of ₹3.15 million.

- *Revenue from Operations*

  Our revenue from operations for the nine months period ended December 31, 2023 was ₹5,211.83 million, being 99.94% of our total income for the same period, and comprised of sale of products of ₹5,207.41 million and other operating revenue of ₹4.42 million, comprising of export incentives.

- *Other Income*

  Our other income for the nine months period ended December 31, 2023 was ₹3.15 million, being 0.06% of our total income for the same period, and comprised of interest income of ₹0.83 million and miscellaneous income of ₹2.32 million.

Total Expenses

Our total expenses for the nine months period ended December 31, 2023 were ₹4,438.46 million, being 85.11% of our total income for the same period, and comprising of cost of materials consumed amounting to ₹2,661.89 million, changes in inventories of finished goods, stock-in-trade and work-in-progress of ₹(212.33) million, employee benefits expense amounting to ₹332.31 million, finance costs amounting to ₹133.79 million, depreciation and amortisation expenses amounting to ₹119.71 million and other expenses amounting to ₹1,403.09 million.

- *Cost of materials consumed*

  For the nine months period ended December 31, 2023, our cost of materials consumed was ₹2,661.89 million, being 51.04% of our total income for the same period.

- *Changes in inventories of finished goods, stock-in-trade and work-in-progress*

  For the nine months period ended December 31, 2023, our changes in inventories of finished goods, stock-in-trade and work-in-progress was ₹(212.33) million, being (4.07)% of out total income for the same period.

- *Employee benefits expense*

  For the nine months period ended December 31, 2023, our employee benefits expense was ₹332.31 million, being 6.37% of our total income for the same period, comprising of salaries and wages of ₹290.47 million, contribution provident, gratuity and other funds of ₹36.21 million and staff welfare expenses of ₹5.63 million.

- *Finance cost*

  For the nine months period ended December 31, 2023, our finance cost was ₹133.79 million, being 2.57% of our total income for the same period, comprising of interest on loans and deposits of ₹0.99 million, interest on term loan of ₹50.42 million, interest on working capital facilities of ₹22.66 million and bill discounting charges of ₹59.72 million.

- *Depreciation and amortisation expense*

  For the nine months period ended December 31, 2023, our depreciation and amortisation expense was ₹119.71 million, comprising of depreciation on property, plant and equipment of ₹119.42 million and amortisation of ROU assets of ₹0.29 million.

- *Other expenses*

  For the nine months period ended December 31, 2023, our other expenses were ₹1,403.09 million, being 26.90% of our total income for the same period, comprising primarily of stores and spares consumed amounting to ₹801.09 million and power and fuel amounting to ₹369.16 million.

Profit before tax

For the nine months period ended December 31, 2023, our profit before tax was ₹776.52 million, being 14.89% of our total income for the same period.

Profit after tax

For the nine months period ended December 31, 2023, our profit after tax was ₹556.35 million, being 10.67% of our total income for the same period, and having considered current tax of ₹200.10 million, deferred tax of ₹14.28 million and earlier year adjustments of ₹5.79 million.

Total Comprehensive Income for the Year

For the nine months period ended December 31, 2023, our total comprehensive income was ₹550.33 million being, 10.55% of our total income for the same period.

Financial Year 2023 compared to Financial Year 2022

Total Income

Our total income increased by 64.87% to ₹6,681.15 million in the Financial Year 2023 from ₹4,052.34 million in the Financial Year 2022. This increase in total income was primarily due to increase in our revenue from operations.

- *Revenue from Operations*

  Our revenue from operations increased by 64.74% to ₹6,662.14 million in the Financial Year 2023 from ₹4,043.94 million in the Financial Year 2022. This increase was primarily due to increase in the sale of products that is attributed to an increase in the scale of operations.

  Our sale of products increased by 67.54% to ₹6,637.43 million in the Financial Year 2023 from ₹3961.68 million in the Financial Year 2022 due to deeper penetration in the existing markets, entry into new markets and focus on products with better margins. Our sale of services decreased to NIL in the Financial Year 2023 from ₹68.35 million in the Financial Year 2022, as we decided to focus on the core areas of our business, i.e., manufacturing, and transitioned away from activities such as metal sourcing, taking conversion jobs, among other things. Our other operating revenues increased by 77.64% from to ₹24.71 million in the Financial Year 2023 from ₹13.91 million in the Financial Year 2022 due to increase in revenue from export incentives and scrap sale.

- *Other Income*

  Our other income increased by 126.31% to ₹19.01 million in the Financial Year 2023 from ₹8.40 million in the Financial Year 2022. This increase was primarily due to refund of our rebate amount in relation to tax paid in the previous year.

Total Expenses

Our total expenses increased by 54.26% to ₹6,138.54 million in the Financial Year 2023 from ₹3,979.38 million in the Financial Year 2022. This increase was primarily due to an increase in overall cost of materials consumed arising from an increase in revenue from operations, finance costs, employee benefits expenses, arising from an increase in the number of employees, among other expenses. As a percentage of our total income, our total expenses decreased to 91.88 % in the Financial Year 2023 from 98.20% in the Financial Year 2022.

- *Cost of materials consumed*

  Our cost of materials consumed increased by 53.92% to ₹3,536.28 million in the Financial Year 2023 from ₹2,297.47 million in the Financial Year 2022. This increase was primarily due to an increase in the scale of our operations due to, among other reasons, the consolidation of our operations due to the Composite Scheme and the consequent increase in cost of raw materials consumed.

- *Changes in inventory of finished goods, stock-in-trade and work-in-progress*

  Our changes in inventory of finished goods, stock-in-trade and work-in-progress increased by 92.78% to ₹(10.56) million in the Financial Year 2023 against ₹(146.18) million in the Financial Year 2022. Inventory holding of finished goods, stock-in-trade and work-in-progress primarily depends on the pending orders-in-hand and the scale of our operations.

- *Employee benefits expense*

  Our employee benefits expenses increased by 51.90% to ₹331.56 million in the Financial Year 2023 from ₹218.27 million in the Financial Year 2022. This increase was primarily due to increase in employee count and scale of operations and regular increment in the pay scale of the existing employees.

- *Finance costs*

Our finance costs decreased by 1.54% to ₹189.40 million in the Financial Year 2023 from ₹192.36 million in the Financial Year 2022. This decrease was primarily due to repayment of term loan.

- *Depreciation and Amortization Expenses*

  Our depreciation and amortization expenses increased by 12.60% to ₹151.78 million in the Financial Year 2023 from ₹134.80 million in the Financial Year 2022. This increase was primarily due to increase in capital expenditure and increase in our immovable assets.

- *Other Expenses*

  Our other expenses increased by 51.25% to ₹1,940.08 million in the Financial Year 2023 from ₹1,282.66 million in the Financial Year 2022. This increase was primarily due to an increase in the scale of our operations, increase in our stories and spares cost, and increase in our power and fuel expenses.

Profit before Tax

As a result of the factors discussed above, our profit before tax increased by 643.71% to ₹542.61 million in the Financial Year 2023 from ₹72.96 million in the Financial Year 2022. As a percentage of our total income, our profit before tax increased to 8.12% in the Financial Year 2023 from 1.80% in the Financial Year 2022.

Tax Expenses

We recorded a current tax of ₹138.95 million in the Financial Year 2023 compared to ₹8.65 million in the Financial Year 2022. We also recorded deferred tax of ₹32.50 million in the Financial Year 2023 compared to ₹(4.62) million in the Financial Year 2022. Accordingly, and due to an increase in our profit before tax, our total tax expenses increased by 1,775.60% to ₹172.93 million in the Financial Year 2023 from ₹9.22 million in the Financial Year 2022.

Profit after Tax

Our profit after tax increased by 479.98% to ₹369.68 million in the Financial Year 2023 from ₹63.74 million in the Financial Year 2022.

Total Comprehensive Income for the Year

Due to the reasons as mentioned hereinabove, our total comprehensive income increased by 475.31% to ₹366.93 million in the Financial Year 2023 from ₹63.78 million in the Financial Year 2022.

Financial Year 2022 compared to Financial Year 2021

Our total income increased by 66.65% to ₹4,052.34 million in the Financial Year 2022 from ₹2,431.62 million in the Financial Year 2021. This increase in total income was primarily due to increase in our revenue from operations.

- *Revenue from Operations*

  Our revenue from operations increased by 66.63% to ₹4,043.94 million in the Financial Year 2022 from ₹2,426.89 million in the Financial Year 2021. This increase was primarily due increase in the scale of our operations.

  Our sale of products increased by 83.22% to ₹3961.68 million in the Financial Year 2022 from ₹2,162.22 million in the Financial Year 2021 due to deeper penetration in the existing markets, entry into new markets and focus on products with better margins. Our sale of services decreased by 72.17% to 68.35 million in the Financial Year 2022 from ₹ 245.60 million in the Financial Year 2021, as we decided to focus on the core areas of our business, i.e., manufacturing, and transitioned away from activities such as metal sourcing, taking conversion jobs, among other things. Our other operating revenues increased by 27.06% from to ₹13.91 million in the Financial Year 2022 from ₹19.07 million in the Financial Year 2021 due to increase in revenue from export incentives.

- *Other Income*

  Our other income increased by 77.59% to ₹8.40 million in the Financial Year 2022 from ₹4.73 million in the Financial Year 2021. This increase was primarily due to increase in our interest income.

Total Expenses

Our total expenses increased by 65.43% to ₹3,979.38 million in the Financial Year 2022 from ₹2,405.50 million in the Financial Year 2021. This increase was primarily due to an increase in overall cost of materials consumed arising from an increase in revenue from operations, finance costs and employee benefits expenses arising from an increase in the number of employees and other expenses. As a percentage of our total income, our total expenses decreased slightly to 98.20% in the Financial Year 2022 from 98.92% in the Financial Year 2021.

- *Cost of materials consumed*

  Our cost of materials consumed increased by 77.42% to ₹2,297.47 million in the Financial Year 2022 from ₹1,294.91 million in the Financial Year 2021. This increase was primarily due to an increase in raw material costs and an increase in the scale of our operations.

- *Changes in inventory of finished goods, stock-in-trade and work-in-progress*

  Our changes in inventory of finished goods, stock-in-trade and work-in-progress decreased by 2889.37% to ₹(146.18) million in the Financial Year 2022 from ₹(4.89) million in the Financial Year 2021. Inventory holding of finished goods, stock-in-trade and work-in-progress primarily depends on the pending orders-in-hand and the scale of our operations. Therefore, this decrease was primarily due to higher demand of our products.

- *Employee benefits expense*

  Our employee benefits expenses increased by 52.13% to ₹218.27 million in the Financial Year 2022 from ₹143.48 million in the Financial Year 2021. This increase was primarily due to an increase in our number of employees in the Financial Year 2022 and due to an increase in the overall employee costs arising from annual increments and increments in the minimum wages payable.

- *Finance costs*

  Our finance costs increased by 17.52% to ₹192.36 million in the Financial Year 2022 from ₹163.68 million in the Financial Year 2021. This increase was primarily due to increase in borrowings.
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- *Depreciation and Amortization Expenses*

  Our depreciation and amortization expenses increased by 14.25% to ₹134.80 million in the Financial Year 2022 from ₹117.99 million in the Financial Year 2021. This increase was primarily due to increase in capital expenditure.

- *Other Expenses*

  Our other expenses increased by 85.80% to ₹1,282.66 million in the Financial Year 2022 from ₹690.33 million in the Financial Year 2021. This increase was primarily due to an increase in the scale of our operations.

Profit before Tax

As a result of the factors discussed above, our profit before tax increased by 179.33% to ₹72.96 million in the Financial Year 2022 from ₹26.12 million in the Financial Year 2021. As a percentage of our total income, our profit before tax increased to 1.80% in the Financial Year 2022 from 1.08% in the Financial Year 2021.

Tax Expenses

We recorded a current tax of ₹8.65 million in the Financial Year 2022 compared to ₹5.02 million in the Financial

Year 2021. We also recorded deferred tax of ₹(4.62) million in the Financial Year 2022 compared to ₹5.29 million in the Financial Year 2021. Accordingly, our total tax expenses decreased by 27.40% to ₹9.22 million in the Financial Year 2022 from ₹12.70 million in the Financial Year 2021. This was primarily due to a decrease in our deferred tax expense.

Profit after Tax

Our profit after tax increased by 374.96% to ₹63.74 million in the Financial Year 2022 from ₹13.42 million in the Financial Year 2021.

Total Comprehensive Income for the Year

Our total comprehensive income increased by 375.26% to ₹63.78 million in the Financial Year 2022 from ₹13.42 million in the Financial Year 2021.

Restated Consolidated Financial Information

The following table sets forth certain information with respect to our results of operations for the periods indicated, the components of which are also expressed as a percentage of total income for such periods.

Particulars	**Nine months ended December 31, 2023**		**Financial Year 2023**		**Financial Year 2022**		**Financial Year 2021**	
	(in ₹ million)	*% of total income*	*(in ₹ million)*	*% of total income*	*(in ₹ million)*	*% of total income*	*(in ₹ million)*	*% of total income*
Income								
Revenue from operations	5,211.83	99.94	5,507.08	99.70	3,130.05	99.92	1,886.48	99.87
Other income	3.15	0.06	16.35	0.30	2.58	0.08	2.46	0.13
Total income	**5,214.98**	**100.00**	**5,523.43**	**100.00**	**3,132.63**	**100.00**	**1,888.94**	**100.00**
Expenses								
Cost of raw material and component consumed	2,661.89	51.04	3,525.40	63.83	2,270.98	72.49	1,192.05	63.11
Changes in inventories of finished goods, work-in-progress	(212.33)	(4.07)	51.26	0.93	(138.69)	(4.43)	(27.97)	(1.48)
Employees benefits expense	332.31	6.37	228.52	4.14	134.79	4.30	91.26	4.83
Finance costs	133.79	2.57	104.18	1.89	97.44	3.11	85.51	4.53
Depreciation and amortisation expense	119.71	2.30	88.63	1.60	68.67	2.19	66.32	3.51
Other expenses	1,403.09	26.90	1,135.35	20.56	663.16	21.17	462.34	24.48
Total expenses	**4,438.46**	**85.11**	**5,133.34**	**92.95**	**3,096.35**	**98.83**	**1,869.51**	**98.98**
Profit before tax	**776.52**	**14.89**	**390.09**	**7.05**	**36.28**	**1.17**	**19.43**	**1.02**
Tax expense								
Current tax	200.10	3.84	118.60	2.15	6.21	0.20	3.78	0.20
Deferred tax	14.28	0.27	10.66	0.19	(9.12)	(0.29)	6.27	0.33
Tax adjustment for earlier years	5.79	0.11	0.30	0.01	5.18	0.17	(0.21)	(0.01)
Total tax expenses	**220.17**	**4.22**	**129.56**	**2.35**	**2.27**	**0.07**	**9.84**	**0.52**
Profit for the year	**556.35**	**10.67**	**260.53**	**4.70**	**34.01**	**1.10**	**9.59**	**0.50**
Total Other Comprehensive Income	**550.33**	**10.55**	**259.47**	**4.69**	**41.38**	**1.32**	**10.27**	**0.54**

For the period ended December 31, 2023

Total Income

Our total income for the nine months period ended December 31, 2023 was ₹5,214.98 million, comprising revenue from operations of ₹5,211.83 million and other income of ₹3.15 million.

- *Revenue from Operations*

Our revenue from operations for the nine months period ended December 31, 2023 was ₹5,211.83 million, being 99.94% of our total income for the same period, and comprised of sale of products of ₹5,207.41 million and other operating revenue of ₹4.42 million, comprising of export incentives.

- *Other Income*

  Our other income for the nine months period ended December 31, 2023 was ₹3.15 million, being 0.06% of our total income for the same period, and comprised of interest income of ₹0.83 million and miscellaneous income of ₹2.32 million.

Total Expenses

Our total expenses for the nine months period ended December 31, 2023 were ₹4,438.46 million, being 85.11% of our total income for the same period, and comprising of cost of materials consumed amounting to ₹2,661.89 million, changes in inventories of finished goods, stock-in-trade and work-in-progress of ₹(212.33) million, employee benefits expense amounting to ₹332.31 million, finance costs amounting to ₹133.79 million, depreciation and amortisation expenses amounting to ₹119.71 million and other expenses amounting to ₹1,403.09 million.

- *Cost of materials consumed*

  For the nine months period ended December 31, 2023, our cost of materials consumed was ₹2,661.89 million, being 51.04% of our total income for the same period.

- *Changes in inventories of finished goods, stock-in-trade and work-in-progress*

  For the nine months period ended December 31, 2023, our changes in inventories of finished goods, stock-in-trade and work-in-progress was ₹(212.33) million, being (4.07)% of out total income for the same period.

- *Employee benefits expense*

  For the nine months period ended December 31, 2023, our employee benefits expense was ₹332.31 million, being 6.37% of our total income for the same period, comprising of salaries and wages of ₹290.47 million, contribution provident, gratuity and other funds of ₹36.21 million and staff welfare expenses of ₹5.63 million.

- *Finance cost*

  For the nine months period ended December 31, 2023, our finance cost was ₹133.79 million, being 2.57% of our total income for the same period, comprising of interest on loans and deposits of ₹0.99 million, interest on term loan of ₹50.42 million, interest on working capital facilities of ₹22.66 million and bill discounting charges of ₹59.72 million.

- *Depreciation and amortisation expense*

  For the nine months period ended December 31, 2023, our depreciation and amortisation expense was ₹119.71 million, comprising of depreciation on property, plant and equipment of ₹119.42 million and amortisation of ROU assets of ₹0.29 million.

- *Other expenses*

  For the nine months period ended December 31, 2023, our other expenses were ₹1,403.09 million, being 26.90% of our total income for the same period, comprising primarily of stores and spares consumed amounting to ₹801.09 million and power and fuel amounting to ₹369.16 million.

Profit before tax

For the nine months period ended December 31, 2023, our profit before tax was ₹776.52 million, being 14.89% of our total income for the same period.

Profit after tax

For the nine months period ended December 31, 2023, our profit after tax was ₹556.35 million, being 10.67% of our total income for the same period, and having considered current tax of ₹200.10 million, deferred tax of ₹14.28 million and earlier year adjustments of ₹5.79 million.

Total Comprehensive Income for the Year

For the nine months period ended December 31, 2023, our total comprehensive income was ₹550.33 million being, 10.55% of our total income for the same period.

Financial Year 2023 compared to Financial Year 2022

Total Income

Our total income increased by 76.32% to ₹5,523.43 million in the Financial Year 2023 from ₹3,132.63 million in the Financial Year 2022. This increase in total income was primarily due to increase in our revenue from operations.

- *Revenue from Operations*

  Our revenue from operations increased by 75.94% to ₹5507.08 million in the Financial Year 2023 from ₹3,130.05 million in the Financial Year 2022. This increase was primarily due to deeper penetration in the existing markets, entry into new markets and focus on products with better margins and consolidation of operations for 3 months due to composite scheme of arrangement in Financial Year 2022-23.

  Our sale of products increased by 76.54% to ₹5,504.73 million in the Financial Year 2023 from ₹3,117.97 million in the Financial Year 2022 due to deeper penetration in the existing markets, entry into new markets and focus on products with better margins. Our sale of services decreased to NIL in the Financial Year 2023 from ₹11.58 million in the Financial Year 2022, as we decided to focus on the core areas of our business, i.e., manufacturing, and transitioned away from activities such as metal sourcing, taking conversion jobs, among other things. Our other operating revenues increased by 370% from to ₹2.35 million in the Financial Year 2023 from ₹0.50 million in the Financial Year 2022 due to increase in revenue from export incentives.

- *Other Income*

  Our other income increased by 533.72% to ₹16.35 million in the Financial Year 2023 from ₹2.58 million in the Financial Year 2022. This increase was primarily due to consolidation of our operations for 3 months due to implementation of the Composite Scheme in Financial Year 2023.

Total Expenses

Our total expenses increased by 65.79% to ₹5,133.34 million in the Financial Year 2023 from ₹3,096.35 million in the Financial Year 2022. This increase was primarily due to an increase in overall cost of materials consumed arising from an increase in revenue from operations, finance costs, employee benefits expenses arising from an increase in the number of employees and other expenses. As a percentage of our total income, our total expenses decreased to 92.95% in the Financial Year 2023 from 98.83% in the Financial Year 2022.

- *Cost of materials consumed*

  Our cost of materials consumed increased by 55.24% to ₹3,525.40 million in the Financial Year 2023 from ₹2,270.98 million in the Financial Year 2022. This increase was primarily due to an increase in raw material costs and an increase in the scale of our operations.

- *Changes in inventory of finished goods, stock-in-trade and work-in-progress*

  Our changes in inventory of finished goods, stock-in-trade and work-in-progress increased by 136.96 % to ₹51.26 million in the Financial Year 2023 from ₹(138.69) million in the Financial Year 2022. Inventory holding for finished goods, stock-in-trade and work-in-progress primarily depends on the pending order in hand and scale of our operations.

- *Employee benefits expense*

  Our employee benefits expenses increased by 69.54% to ₹228.52 million in the Financial Year 2023 from ₹134.79 million in the Financial Year 2022. This increase was primarily due to increase in employee count and increase in scale of operations.

- *Finance costs*

  Our finance costs increase by 6.92% to ₹104.18 million in the Financial Year 2023 from ₹97.44 million in the Financial Year 2022. This increase was primarily due to consolidation of operations for 3 months due to composite scheme of arrangement in Financial Year 2022-23.

- *Depreciation and Amortization Expenses*

  Our depreciation and amortization expenses increased by 29.07% to ₹88.63 million in the Financial Year 2023 from ₹68.67 million in the Financial Year 2022. This increase was primarily due to increase in capital expenditure.

- *Other Expenses*

  Our other expenses increased by 71.20% to ₹1,135.35 million in the Financial Year 2023 from ₹663.16 million in the Financial Year 2022. This increase was primarily due to an increase in the scale of our operations.

Profit before Tax

As a result of the factors discussed above, our profit before tax increased by 975.22 % to ₹390.09 million in the Financial Year 2023 from ₹36.28 million in the Financial Year 2022. As a percentage of our total income, our profit before tax increased to 7.06% in the Financial Year 2023 from 1.17% in the Financial Year 2022.

Tax Expenses

We recorded a current tax of ₹118.60 million in the Financial Year 2023 compared to ₹6.21 million in the Financial Year 2022. We also recorded deferred tax of ₹10.66 million in the Financial Year 2023 compared to ₹(9.12) million in the Financial Year 2022. Accordingly, our total tax expenses increased by 5607.49% to ₹129.56 million in the Financial Year 2023 from ₹2.27 million in the Financial Year 2022.

Profit after Tax

Our profit after tax increased by 666.04% to ₹260.53 million in the Financial Year 2023 from ₹34.01 million in the Financial Year 2022.

Total Comprehensive Income for the Year

Our total comprehensive income increased by 527.04% to ₹259.47 million in the Financial Year 2023 from ₹41.38 million in the Financial Year 2022.

Financial Year 2022 compared to Financial Year 2021

Our total income increased by 65.84% to ₹3,132.63 million in the Financial Year 2022 from ₹1,888.94 million in the Financial Year 2021. This increase in total income was primarily due to increase in our revenue from operations.

- *Revenue from Operations*

  Our revenue from operations increased by 65.92% to ₹3,130.05 million in the Financial Year 2022 from ₹1,886.48 million in the Financial Year 2021. This increase was primarily due to increase in the scale of operations.

  Our sale of products increased by 78.20% to ₹3,117.97 million in the Financial Year 2022 from ₹1,749.62

million in the Financial Year 2021 deeper penetration in the existing markets, entry into new markets and focus on products with better margins. Our sale of services decreased by 91.47% to 11.58 million in the Financial Year 2022 from ₹135.82 million in the Financial Year 2021 as we decided to focus on the core areas of our business, i.e., manufacturing, and transitioned away from activities such as metal sourcing, taking conversion jobs, among other things. Our other operating revenues decreased by 51.92% from to ₹0.50 million in the Financial Year 2022 from ₹1.04 million in the Financial Year 2021 due to increase in revenue from export incentives.

- *Other Income*

  Our other income increased by 4.87% to ₹2.58 million in the Financial Year 2022 from ₹2.46 million in the Financial Year 2021. This increase was primarily due to scale of operations.

Total Expenses

Our total expenses increased by 65.62% to ₹3,096.35 million in the Financial Year 2022 from ₹1,869.51 million in the Financial Year 2021. This increase was primarily due to an increase in overall cost of materials consumed arising from an increase in revenue from operations, finance costs and employee benefits expenses arising from an increase in the number of employees and other expenses. As a percentage of our total income, our total expenses decreased to 98.83% in the Financial Year 2022 from 98.98% in the Financial Year 2021.

- *Cost of materials consumed*

  Our cost of materials consumed increased by 90.51% to ₹2,270.98 million in the Financial Year 2022 from ₹1,192.05 million in the Financial Year 2021. This increase was primarily due to an increase in raw material costs and an increase in the scale of our operations.

- *Changes in inventory of finished goods, stock-in-trade and work-in-progress*

  Our changes in inventory of finished goods, stock-in-trade and work-in-progress decreased by 395.85% to ₹(138.69) million in the Financial Year 2022 from ₹(27.97) million in the Financial Year 2021. Inventory holding for finished goods, stock-in-trade and work-in-progress primarily depends on the pending order in hand and scale of our operations.

- *Employee benefits expense*

  Our employee benefits expenses increased by 47.70% to ₹134.79 million in the Financial Year 2022 from ₹91.26 million in the Financial Year 2021. This increase was primarily due to an increase in our number of employees in the Financial Year 2022 and due to an increase in the overall employee costs arising from annual increments and increase minimum wages.

- *Finance costs*

  Our finance costs increased by 13.95% to ₹97.44 million in the Financial Year 2022 from ₹85.51 million in the Financial Year 2021. This increase was primarily due to utilisation of cash credit due to increase in the scale of operations

- *Depreciation and Amortization Expenses*

  Our depreciation and amortization expenses increased by 3.54% to ₹68.67 million in the Financial Year 2022 from ₹66.32 million in the Financial Year 2021. This increase was primarily due to increase in capital expenditure.

- *Other Expenses*

  Our other expenses increased by 43.43% to ₹663.16 million in the Financial Year 2022 from ₹462.34 million in the Financial Year 2021. This increase was primarily due to an increase in the scale of our operations. However, as a percentage of revenue from operations, our other expenses declined to 99.92% in the Financial

Year 2022 from 99.87% in the Financial Year 2021 due to an increase in our revenue at a higher pace as compared to the increase in our expenses.

Profit before Tax

As a result of the factors discussed above, our profit before tax increased by 86.72% to ₹36.28 million in the Financial Year 2022 from ₹19.43 million in the Financial Year 2021. As a percentage of our total income, our profit before tax increased to 1.17% in the Financial Year 2022 from 1.02% in the Financial Year 2021.

Tax Expenses

We recorded a current tax of ₹6.21 million in the Financial Year 2022 compared to ₹3.78 million in the Financial Year 2021. We also recorded deferred tax of ₹(9.12) million in the Financial Year 2022 compared to ₹6.27 million in the Financial Year 2022. Accordingly, our total tax expenses decreased by 76.93% to ₹2.27 million in the Financial Year 2022 from ₹9.84 million in the Financial Year 2021. This was primarily due to increased tax liability based on an increase in our profit before tax.

Profit after Tax

Our profit after tax increased by 254.64% to ₹34.01 million in the Financial Year 2022 from ₹9.59 million in the Financial Year 2021.

Total Comprehensive Income for the Year

Our total comprehensive income increased by 302.92% to ₹41.38 million in the Financial Year 2022 from ₹10.27 million in the Financial Year 2021.

Liquidity and Capital Resources

Historically, our primary liquidity and capital requirements have been to fund our working capital, capital expenditure for business operations and enhancing our manufacturing capabilities. We have met these requirements through cash flows from operating activities and borrowings from banks and financial institutions.

As of December 31, 2023, we had ₹46.85 million in cash and cash equivalents, ₹902.28 million in trade receivables, ₹0.10 million in bank balances (excluding cash and cash equivalents) and ₹30.81 million in other financial assets.

Cash in the form of cash on hand, current accounts at banks together represent our cash and cash equivalents.

We believe that after taking into account the expected cash to be generated from operations, our borrowings and the proceeds from the Offer, we will have sufficient liquidity for our present and anticipated requirements for capital expenditure and working capital for at least the next 12 months.

Cash Flows

The table below summarises the statement of cash flows, as derived from our restated cash flow statements, for the periods indicated.

Particulars	**December 31, 2023**	**Financial Year 2023**	**Financial Year 2022**	**Financial Year 2021**
	(in ₹ million)			
Net cash generated from operating activities (A)	535.67	(378.54)	163.13	49.04
Net cash flow used in investing activities (B)	(215.34)	(71.98)	(56.65)	(36.43)
Net cash flow used in financing activities (C)	(290.08)	452.55	(108.42)	(11.46)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**30.25**	**2.03**	**(1.94)**	**1.15**

Net cash generated from operating activities

Net cash generated from operating activities for the nine months period ended December 31, 2023, on the basis of our Restated Consolidated Financial Information was ₹535.67 million. While our restated profit before tax was

₹776.52 million, we had an operating profit before working capital changes of ₹1,012.84 million, primarily due to adjustments for (i) depreciation of ₹119.71 million; (ii) finance cost, including fair value change in financial instruments of ₹133.79 million; (iii) IPO expenditure transferred to retained earnings being ₹(7.34) million; (iv) profit on sale of asset of ₹(0.96) million; (iii) remeasurement of defined benefit plans of ₹(8.05) million; and (v) interest income of ₹(0.83) million. Our working capital adjustments for the nine months period ended December 31, 2023 primarily consisted of (i) an increase in inventories of ₹(213.25) million; (ii) an increase in trade receivables of ₹(271.18) million; (iii) an increase in other financial assets of ₹(30.86) million; (iv) a decrease in other current assets of ₹55.72 million; (v) an increase in trade payables of ₹251.67 million; (vi) an increase in other financial liabilities of ₹13.80 million; (vii) an increase in provisions of ₹17.83 million, and (viii) a decrease in other liabilities of ₹49.44 million. Our cash generated from operations was ₹787.13 million, adjusted by the payment of taxes of ₹(251.46) million.

Net cash generated from operating activities in Financial Year 2023, on the basis of our Restated Consolidated Financial Information was ₹(378.54) million. While our restated profit before tax was ₹390.09 million, we had an operating profit before working capital changes of ₹575.13 million, primarily due to adjustments for (i) depreciation of ₹88.63 million; (ii) finance cost, including fair value change in financial instruments of ₹104.18 million; and (iii) interest income of ₹(7.77) million. Our working capital adjustments for Financial Year 2023 primarily consisted of (i) an increase in inventories of ₹(304.69) million; (ii) an increase in trade receivables of ₹197.86 million; (iii) an increase in other financial assets of ₹(35.72) million; (iv) an increase in other current assets of ₹(182.12) million; (v) a decrease in trade payables of ₹(253.38) million; (vi) an increase in other financial liabilities of ₹19.21 million; (vii) an increase in provisions of ₹22.46 million, and (viii) an increase in other liabilities of ₹39.90 million. Our cash generated from operations was ₹(317.07) million, adjusted by the payment of taxes of ₹(61.47) million.

Net cash generated from operating activities in Financial Year 2022, on the basis of our Restated Consolidated Financial Information was ₹163.13 million. While our restated profit before tax was ₹36.28 million, we had an operating profit before working capital changes of ₹199.81 million, primarily due to adjustments for (i) depreciation of ₹68.67 million; (ii) finance cost, including fair value change in financial instruments of ₹97.44 million; and (iii) interest income of ₹(2.58) million. Our working capital adjustments for Financial Year 2022 primarily consisted of (i) an increase in inventories of ₹(137.38) million; (ii) a decrease in trade receivables of ₹63.78 million; (iii) a decrease in other financial assets of ₹4.70 million; (iv) a decrease in other current assets of ₹45.08 million; (v) a decrease in trade payables of ₹(17.42) million; (vi) a decrease in other financial liabilities of ₹(0.21) million; (vii) an increase in provisions of ₹7.95 million, and (viii) an increase in other liabilities of ₹4.02 million. Our cash generated from operations was ₹170.32 million, adjusted by the payment of taxes of ₹(7.20) million.

Net cash generated from operating activities in Financial Year 2021, on the basis of our Restated Consolidated Financial Information was ₹49.04 million. While our restated profit before tax was ₹19.43 million, we had an operating profit before working capital changes of ₹168.80 million, primarily due to adjustments for (i) depreciation of ₹66.32 million; (ii) finance cost, including fair value change in financial instruments of ₹85.51 million; and (iii) interest income of ₹(2.46) million. Our working capital adjustments for Financial Year 2021 primarily consisted of (i) an increase in inventories of ₹(26.70) million; (ii) an increase in trade receivables of ₹(286.89) million; (iii) an increase in other financial assets of ₹(18.17) million; (iv) an increase in other current assets of ₹(9.12) million; (v) an increase in trade payables of ₹202.70 million; (vi) an increase in other financial liabilities of ₹13.79 million; (vii) a decrease in provisions of ₹(11.53) million, and (viii) an increase in other liabilities of ₹22.93 million. Our cash generated from operations was ₹55.82 million, adjusted by the payment of taxes of ₹(6.78) million.

Net cash flows used in investing activities

Net cash used in investing activities in the nine months period ended December 31, 2023 was ₹(215.34) million, which primarily consisted of purchase of fixed assets worth ₹(215.57) million and investments amounting to ₹(0.60)) million, partially offset by interest income amounting to ₹0.83 million.

Net cash used in investing activities in Financial Year 2023 was ₹(71.98) million, which primarily consisted of purchase of fixed assets worth ₹(83.18) million, partially offset by deposits / balances with banks amounting to ₹3.43 million and interest income amounting to ₹7.77 million.

Net cash used in investing activities in Financial Year 2022 was ₹(56.65) million, which primarily consisted of purchase of fixed assets worth ₹(60.52) million, partially offset by proceeds from loans amounting to ₹1.29 million and interest income amounting to ₹2.58 million.

Net cash used in investing activities in Financial Year 2021 was ₹36.43 million, which primarily consisted of purchase of fixed assets worth ₹(38.08) million and loans amounting to ₹(0.81) million, partially offset by interest income amounting to ₹2.46 million.

Net cash used in financing activities

Net cash used in financing activities for the nine months period ended December 31, 2023 was ₹(290.08) million, which primarily consisted of proceeds from working capital facilities amounting to ₹33.81 million, repayment of term loans of ₹(190.00) million, repayment of loan from related party of ₹0.10 million and interest paid amounting to ₹(133.79) million.

Net cash used in financing activities in Financial Year 2023 was ₹452.55 million, which primarily consisted of proceeds from working capital facilities of ₹250.44 million, proceeds from term loans of ₹305.79 million, proceeds of inter-corporate loans of ₹0.40 million, proceeds of loans from related parties of ₹0.10 million and interest paid amounting to ₹ (104.18) million.

Net cash used in financing activities in Financial Year 2022 was ₹(108.42) million, which primarily consisted of proceeds from working capital facilities of ₹9.84 million, proceeds from issue of shares of ₹80.13 million, repayment of term loans of ₹(24.65) million, share of reserves in associate of ₹(7.22) million, repayment of inter-corporate loans of ₹(47.88) million, repayment of loans from related parties amounting to ₹(21.20) million and interest paid amounting to ₹(97.44) million.

Net cash used in financing activities in Financial Year 2021 was ₹(11.46) million, which primarily consisted of repayment of working capital facilities of ₹(23.69) million, proceeds from term loans of ₹97.73 million, share of reserves in associate of ₹0.01 million and interest paid amounting to ₹(85.51) million.

Indebtedness

As of December 31, 2023, we had current borrowings of ₹717.15 million and non-current borrowings of ₹378.74 million, primarily attributable to term loans and cash credit facilities. Some of our financing agreements also include conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering certain transactions. For further information on our agreements governing our outstanding indebtedness, see "*Financial Indebtedness*" on page 480.

Capital Expenditure

Our historical capital expenditure was mainly related to the purchase of plant and machinery, moulds, furniture and fixtures. The primary sources of financing for our capital expenditure have been internal accruals, and borrowings. For the nine months ended December 31, 2023 and for the financial years ended 2023, 2022 and 2021, our capital expenditure for property, plant and equipment was ₹215.57 million, ₹83.18 million, ₹60.52 million and ₹38.08 million, respectively as per the Restated Consolidated Financial Information.

Planned Capital Expenditure

We propose to utilize ₹1,792.40 million of the Net Proceeds for setting up a new captive solar power plant in Mouza Village Katalbod, Chhattisgarh ("**Solar Plant**"). The Solar Plant is being set by the Company with the objective of reducing the cost of procurement of power, reducing the carbon footprint of the Company and optimise resources. We further intend to use ₹500.00 million of the Net Proceeds for expanding our installed manufacturing capacity of Unit 2 located in Bhilai, Chhattisgarh by setting up a flaskless horizontal line with a specific moulding box size of 700 X 600 X 160-260 mm. For further information relating to our planned capital expenditure to be financed from the Net Proceeds, see "*Objects of the Offer—Details of the Objects*" on page 116.

Contractual Obligations

The table below sets forth our contractual obligations with definitive payment terms as of December 31, 2023.

These obligations primarily relate to our borrowings, lease liabilities and trade payables.

Particulars	As of December 31, 2023			
	0-12 months	1-3 years	Above 3 years	Total
	(in ₹ million)			
Financial liabilities				
Borrowings	726.35	345.26	24.28	1,095.89
Trade payables	431.74	3.80	7.21	442.75
Other financial liabilities	51.78	-	-	51.78
Total	1,209.87	349.06	31.49	1,590.42

Contingent Liabilities

Set forth below are our contingent liabilities as of December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021.

Particulars	December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
	(in ₹ million)			
Bank Guarantees	1.69	824.02	824.02	824.02

Selected Statement of Assets and Liabilities

The following table shows selected financial data derived from our summary statement of assets and liabilities as of the dates indicated, based on our Pro Forma Consolidated Financial Information:

Particulars	As of December 31, 2023	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
		(in ₹ million)		
Total non-current assets (A)	1,747.99	1,644.50	1,670.91	1,706.46
Total current assets (B)	2,236.18	1,712.24	1,814.11	1,703.23
Total assets (A+B=C)	**3,984.17**	**3,356.74**	**3485.02**	**3,409.69**
Total equity (D)	2,137.16	1,594.19	1,227.23	1,071.39
Total liabilities (E)	1847.01	1,762.55	2,257.79	2,338.30
Total equity and liabilities (D+E = F)	**3,984.17**	**3,356.74**	**3,485.02**	**3,409.69**

Selected Statement of Assets and Liabilities

The following table shows selected financial data derived from our summary statement of assets and liabilities as of the dates indicated, based on our Restated Consolidated Financial Information:

Particulars	As of December 31, 2023	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
		(in ₹ million)		
Total non-current assets (A)	1,747.99	1,644.50	861.23	855.46
Total current assets (B)	2,236.18	1,712.24	1,039.87	1,018.26
Total assets (A+B=C)	**3,984.17**	**3,356.74**	**1,901.10**	**1,873.72**
Total equity (D)	2,137.16	1,594.19	646.28	524.77
Total liabilities (E)	1847.01	1,762.55	1,254.82	1,348.95
Total equity and liabilities (D+E = F)	**3,984.17**	**3,356.74**	**1,901.10**	**1,873.72**

Related Party Transactions

Our related party transactions include sale and purchase of goods, sale and purchase of fixed assets, sale and purchase of license, lease/license of properties, borrowings and interest, payment of remuneration, labour and moulding charges and reimbursement of expenses incurred in the ordinary course of business**.** For details, see "*Financial Information*" on page 359.

Off-Balance Sheet Transactions

We do not have any off-balance sheet transactions, except our contingent liabilities.

Quantitative and Qualitative Disclosures about Market Risks

We are, during the normal course of business, exposed to various types of market risks. Market risk is the risk of loss related to adverse changes in market prices. We are exposed to credit risk, liquidity risk, interest rate risk, currency risk and commodity risk.

Credit Risk

Credit risk is the risk that a customer or counterparty will not meet its obligation under a financial instrument, leading to financial loss. The credit risk arises principally from our operating activities (primarily trade receivables) and are influenced mainly by individual characteristics of each customer.

We are exposed to credit risk from our operating activities, primarily from our outstanding trade receivables. We typically have credit terms of 30 to 45 days for our customers.

We manage our credit risk through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of the customers, to which we grant credit in accordance with the industry standard and in the ordinary course of business.

Our outstanding trade receivables were ₹902.28, million, ₹631.09 million and ₹619.62 million and ₹686.25 million, as of December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, respectively. Also see "*Risk Factors — Any defaults or delays in payment by a significant portion of our customers or our inability to collect receivables from our customers, may have an adverse effect on business, results of operations, financial condition, cash flows and future prospects*" on page 47.

Liquidity Risk

We are exposed to liquidity risk which may arise from our inability to meet our cash flow commitments on time. Our approach to managing liquidity is to ensure, as far as possible, that we have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to our reputation. As of December 31, 2023, our current ratio and liquid ratio were 1.77 times and 0.99 times, respectively.

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. Our exposure to the risk of changes in market interest rates relates primarily to our debt obligations with floating interest rates. As of December 31, 2023, ₹548.49 million of our total borrowings were subject to variable rate borrowings.

Currency Risk

We are exposed to currency risk through our sales to overseas markets Changes in the values of foreign currencies with respect to the Indian Rupee may cause fluctuations in our operating results expressed in Indian Rupees.

Commodity Risk

We are exposed to risks in relation to the prices of our principal raw material, *i.e.*, grey iron, pig iron and steel scrap. Our approach to managing commodity risk is by expanding our source base, having appropriate contracts and commitments in place and planning our procurement and inventory strategy. We also have a risk management strategy regarding commodity price risk and its mitigation.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of our operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Seasonality

Our business is subject to seasonal variations. The demand for commercial vehicles is closely tied to economic growth. Further, the commercial vehicle industry is very closely linked to the output of the agricultural and manufacturing sectors. (*Source: CRISIL Report*) For further details see "*Risk Factors - A significant portion of our revenue from operations is attributable to the commercial vehicle segment and tractor segment of the automotive industry. Our business is also subject to seasonality of demand for commercial vehicles and tractors. Any adverse changes in these sectors and the seasonal nature of the demand for commercial vehicles and tractors could adversely impact our business, results of operations and financial condition*." on page 39.

Dependence on a Few Customers

We are dependent on our top few customers. For the nine months period ended December 31, 2023, our top ten customers contributed 83.28% to our revenue from operations. For further details, see "*Risk Factors – We are dependent on our top five customers who contribute more than 60.00% of our revenue from operations for the nine months ended December 31, 2023 and in each of the last three Fiscals. Loss of any of these customers or a reduction in purchases by any of them could adversely affect our business, results of operations and financial condition*." on page 35.

Unusual or Infrequent Events or Transactions

Except as discussed in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent". For details of the risks applicable to us, see "*Risk Factors*" on page 35.

Known Trends or Uncertainties

Except as described in the section "*Risk Factors*" on page 35 and this section, and elsewhere in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on our revenues.

Future Relationships between Costs and Income

Except as discussed in the section "*Risk Factors*" on page 35 and this section, and elsewhere in this Draft Red Herring Prospectus, there are no known factors that will have a material adverse impact on our operations or finances.

New Product or Business Segments

Except as described in the section "*Our Business*" on page 284, there are no new products or business segments which we operated.

Competitive Conditions

We expect competitive conditions to intensify further due to the entry of new players and the consolidation of existing players in the Indian writing instruments industry. For further information, see the sections "*Risk Factors*" and "*Our Business*" on pages 35 and 284, respectively.

Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our income from continuing operations identified above in "*—Significant Factors Affecting our Results of Operations and Financial Condition*" and the uncertainties described in the section "*Risk Factors*" on pages 441 and 35, respectively.

Statutory Auditors' Qualifications or Observations

There are no auditor qualifications in the examination report that have not been given effect to in the Restated Consolidated Financial Information.

Significant Developments after December 31, 2023

To our knowledge, except as disclosed in "*Restated Consolidated Financial Information – Note 32*" on page 408 and otherwise disclosed in this Draft Red Herring Prospectus, no circumstances have arisen since December 31, 2023, that materially and adversely affect, or are likely to affect our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at December 31, 2023, as derived from our Restated Consolidated Financial Information. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Information – Restated Financial Information*" and "*Risk Factors*" beginning on pages 430, 359 and 35, respectively.

(₹ in million)

Particulars		**Pre-Offer (as at December 31, 2023)**	**Post Offer**
Debt			
Non-current Liabilities - Borrowings (including current maturities)	A	557.69	[●]
Current Liabilities - Borrowings	B	538.20	[●]
Total Borrowings	**C = A + B**	**1,095.89**	[●]
Equity share capital	D	44.43	[●]
Other equity	E	2,092.73	[●]
Total Equity	**F = D + E**	**2,137.16**	[●]
Debt / Equity Ratio	**G = C / F**	**0.51**	[●]
Non-current Liabilities - Borrowings / Total Equity	**H = A / F**	**0.26**	[●]
Current Liabilities - Borrowings / Total Equity	**I = B / F**	**0.25**	[●]

Notes:

i. *The corresponding post Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending completion of the book building process and therefore has not been provided in the above statement.*

ii. *The above statement does not include lease liability as per Ind AS 116 disclosed under the Restated Financial Statements.*

iii. *The table above does not reflect the allotment and cancellation of Equity Shares on January 6, 2024 pursuant to the scheme of arrangement entered into among Shivalik Auto Engineering Private Limited ("**SAEPL**"), Neelkamal Vanijya Private Limited ("**NVPL**"), Adopt Commotrade Private Limited ("**ACPL**"), Goldmoon Vinimay Private Limited ("**GVPL**"), Shivalik Power and Steel Private Limited ("**SPSPL**") and Shivalik Engineering Industries Limited ("**SEIL**" or the "**Company**") whereby SAEPL, NVPL, ACPL, GVPL, and the Demerged Undertaking of SPSPL, have been amalgamated into the Company.*

iv. *Pursuant to resolutions passed by our Board at its meeting dated June 4, 2024 and the Shareholders at their EGM dated June 5, 2024, our Company has sub-divided its equity shares of face value of ₹10 each to equity shares of face value of ₹5 each. The table above does not reflect the effect of such sub-division.*

FINANCIAL INDEBTEDNESS

Our Company has entered into financing arrangements with various lenders in the ordinary course of business including borrowings. For details regarding the borrowing powers of our Board, see "*Our Management – Borrowing Powers of Board*" and "*Risk Factors*" on pages 335 and 35.

As on March 31, 2024, the aggregated outstanding borrowings of our Company amounted to ₹ 942.44 million. Pursuant to the Composite Scheme, all debts and liabilities of the Transferor Companies shall be vested in our Company. The details of the indebtedness of our Company are provided in the table below:

(in ₹ million, unless otherwise specified)

Category of borrowing	**Sanctioned amount as on March 31, 2024**	**Outstanding amount as on March 31, 2024**
***Secured* (A)**		
Fund Based Working Capital Facilities	610.00	449.66
Term Loans	770.30	463.32
Vehicle Loan	33.10	29.46
Total (A)	**1,413.40**	**942.44**
***Unsecured* (B)**		
Loans from Related Party	-	-
Total (B)	-	-
Total (A+B)	**1,413.40**	**942.44**

**As certified by Rajendra Prasad, Chartered Accountants, pursuant to their certificate dated June 28, 2024.*

Principal terms of the borrowings availed by us:

The details provided below are indicative, and there may be additional terms, conditions and requirements under various documentation executed by our Company in relation to our indebtedness.

1. ***Tenor:*** The tenor of the term loans availed by our Company is typically between 6 months to 135 months and working capital facilities availed by our Company is typically up to 12 months.

2. ***Interest rate****:* In terms of the facilities availed by our Company, the interest rate typically comprises a base rate plus applicable margin of the specified lender, ranging from 6.65% per annum to 13.75% per annum.

3. ***Pre-payment penalty****:* If our Company chooses to pay some or all of the outstanding amount to the lender before its due date, some of our loan agreements may require us to pay a pre-payment penalty of up to 4.00% plus taxes of the amount paid before it is due.

4. ***Security:*** In terms of the borrowings by the Company where security needs to be created, security is created by way of, among other things,

    (a) First pari passu charge on the current assets and receivables of the Company;

    (b) First pari passu charge on the movable fixed assets of the Company;

    (c) Second pari passu charge on the plant and machinery of the Company except those on a standalone term loan financing;

    (d) Hypothecation of entire movable fixed assets and current assets created out of term loan on exclusive basis.

    This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by our Company.

5. ***Restrictive Covenants:*** Our financing arrangements entail various conditions and covenants restricting certain corporate actions and we are required to take prior approval of the lender before carrying out such activities, without which, it would result in an event of default under the financing arrangements. For

instance, certain actions prior to which our Company is required to obtain written consent of the lenders before carrying out such activities, including, among others, for:

(a) Effectuating any change in our capital structure, ownership or shareholding pattern including transfer or issue of shares and in the management control of our Company.

(b) Entering into any scheme of merger, amalgamation, de-merger, re-arrangement, compromise or reconstruction by our Company or investing in third parties.

(c) Undertaking any expansion or further capital expenditure except being funded by our Company's own resources.

(d) Entering any borrowing arrangement with any other bank or financial institution or giving any guarantee on behalf of any other company which increases our borrowing above limits stipulated by our lenders.

(e) Diversifying into non-core areas, that is, business other than the current business of our Company.

(f) Making any changes in the Memorandum of Association and Articles of Association our Company.

(g) Selling, assigning, mortgaging or disposing off any fixed assets of our Company.

(h) Creating charge, lien or encumbrance over the Company's undertaking or any part thereof in favor of any financial institution, bank, company, firm or persons.

(i) Entering into contractual obligation of a long-term nature (i.e., two years or more).

(j) Dissolution or reconstitution of units of the Company.

This is an indicative list and there may be additional restrictive conditions and covenants under the various borrowing arrangements entered into by our Company.

6. ***Events of default:*** Borrowing arrangements entered into by our Company, contain certain events, the occurrence of which, will constitute an event of default, including:

(a) All or any part of the facility is not utilized for the relevant purpose for which it is sanctioned.

(b) The occurrence of one or more events, conditions or circumstances which in the reasonable opinion of the lender, could have a material adverse effect on our Company, assets or the security created.

(c) The representations made by our Company being found to be untrue in any manner, whatsoever.

(d) Any corporation action (including the passing of a resolution), legal or insolvency proceedings or any other procedure or step taken in relation to bankruptcy, insolvency, restructuring, etc of our Company.

(e) Cessation to carry on its business or any material part of the business or gives notice of its intention to do so.

(f) Breach of any provisions, or failure to fulfil any obligations, undertakings, covenant (including financial covenants) under any facility document or any other document entered into in relation thereto, of or by the borrower or any security provider (if any).

(g) Any change in control or shareholding of our Company without the prior consent of the lenders.

(h) The providing of the facility is no longer in accordance with applicable laws.

This is an indicative list and there may be additional events that might constitute an event of default under the various borrowing arrangements entered into by our Company.

7. ***Consequences of occurrence of events of default:*** In terms of the loan facility, upon the occurrence of events of default, the lenders of our Company may:

(a) Declare that any amount outstanding under or in relation to the facility (whether principal, interest or other sum and whether or not then due) be immediately payable on demand within such time period as specified by the lender;

(b) Enforce any/all security provided to the lenders in terms of the facility documents including by invoking the guarantee(s) if any furnished;

(c) Cancel the undisbursed portion of the facility;

(d) Appoint nominee directors/observers on the board of directors of the Company;

(e) Impose penal interest over and above the contracted rate on the amount in default;

(f) Declare the commitments to be cancelled or suspended and/or place the facilities on demand or declare all amounts payable by the Company in respect of the facilities to be due and payable immediately;

(g) Review the management structure and board and review the conditions for the appointment or re-appointment of the managing director or any other person holding substantial powers of management;

(h) Convert the outstanding loan obligations into equity or other securities.

(i) Exercise any other rights/remedies available to the lender under any regulations/law or the facility documents.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (i) criminal proceedings (including matters which are at the first information report stage, even if no cognizance has been taken by any court) involving our Company, Promoters and Directors; (ii) actions taken(including show cause notices) by regulatory or statutory authorities involving our Company, Promoters and Directors; (iii) disciplinary actions including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Fiscals, including outstanding action involving our Company, Promoters and Directors; (iv) outstanding claims related to direct and indirect taxes involving our Company, Promoters and Directors (disclosed in a consolidated manner); and (v) other pending litigation (including civil litigation and arbitration proceedings) which are determined to be material as per the Materiality Policy adopted by our Board, in each case which may have a material impact on our Company.

*For the purpose of (v) above, our Board in its meeting held on June 28, 2024 has considered and adopted a materiality policy for identification of material litigation involving our Company, Promoter and Directors, in accordance with the SEBI ICDR Regulations ("**Materiality Policy**").*

In terms of the Materiality Policy, all pending litigation (including civil litigation and arbitration proceedings) involving our Company, Promoters and Directors, other than criminal proceedings(including matters which are at the first information report stage, even if no cognizance has been taken by any court), actions by regulatory authorities or statutory authorities, disciplinary actions including penalty imposed by SEBI or stock exchanges against our Promoters in the last five Fiscals including outstanding action, and claims related to direct and indirect taxes, will be considered 'material' for disclosure in this Draft Red Herring Prospectus if:

*a) the aggregate monetary amount of claim by or against our Company, Promoters and Directors in any such pending proceeding is individually in excess of the lower of the following: (i) of 2% of the net worth of our Company, as per the nine-month period ended December 31, 2023 of Restated Consolidated Financial Information, except in case the arithmetic value of the net worth is negative; (ii) 2% of the revenue from operations, as per the latest audited Restated Consolidated Financial Information or (iii) 5% of the average of absolute profit after tax ("**PAT**") of our Company as per the last three audited Restated Consolidated Financial Information.*

*As per our Restated Consolidated Financial Information, 5% of the average of absolute PAT of our Company for the year ended March 31, 2023, was ₹5.07million, 2% of the revenue from operations, as per the latest audited Restated Consolidated Financial Information was ₹ 110.14 million and 2% the consolidated net worth of the Company as at December 31, 2023 was ₹42.74 million. Therefore, ₹5.07 million has been considered as the materiality threshold ("**Materiality Threshold**"); or*

b) pending litigation where the decision in one case is likely to affect the decision in similar cases such that the cumulative amount involved in such cases exceeds the Materiality Threshold, even though the amount involved in an individual litigation may not exceed the Materiality Threshold;

c) such pending litigation outcome of which is material from the perspective of Company's business, operations, financial results, prospects or reputation, irrespective that the amount involved in such litigation may not meet the Materiality Threshold or that the monetary liability of such litigation is not quantifiable..

*Further, except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board in its meeting held on June 28, 2024 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of our Company having monetary value equal to, or exceeding ₹ 22.14 million, which is 5% of the total trade payables of our Company as on the last date of the latest period covered in the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus, i.e., December 31, 2023, shall be considered as 'material'. Accordingly, for the purpose of this disclosure, any outstanding dues exceeding ₹ 22.14 million have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or a medium enterprise ("**MSME**"), the disclosure will be based on information available with our Company regarding status of the creditor under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006*

In terms of the Materiality Policy, pre-litigation notices (other than those issued by governmental, statutory or regulatory authorities or tax demand notices) received by the Company, Promoters and Directors shall unless *otherwise decided by our Board, not be considered as litigation until such time that any of them, as the case may be, is made a party to proceedings initiated before any court, tribunal or governmental authority, is notified by any governmental authority or any judicial forum.*

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation disclosure pertain to such specific disclosure only.

A summary of outstanding litigation proceedings involving our Company, Directors and Promoters, as of the date of this Draft Red Herring Prospectus is set forth below:

Name of the entity	***Criminal proceedings***	***Tax proceedings***	***Statutory or regulatory proceedings***	***Disciplinary actions by the SEBI or Stock Exchanges against our Promoters***	***Material civil litigation***	***Aggregate amount involved (in ₹ million)****
Company						
By our Company	1	0	0	0	1	72.50
Against our Company	0	3	0	0	1	8.65
Directors						
By our Directors	0	0	0	0	0	0
*Against our Directors**	0	0	0	0	0	0
Promoters						
By our Promoters	0	0	0	0	0	0
*Against our Promoters***	0	1	0	0	0	5.67

**According to the materiality policy and to the extent quantifiable.*
** Tax Proceedings involving a Director that is also the Promoter of Shivalik Engineering Industries Limited has been covered under proceedings involving the Promoters. For further details, please see –"Risk Factors - There are outstanding legal proceedings involving our Company, our Promoters and our Directors. Any adverse decision in such proceedings may render us / them liable to liabilities / penalties and may adversely affect our business, results of operations, cash flows and reputation" on page 48.*
***Tax Proceedings include proceedings involving a Director.*

I. Litigation involving our Company

A. Outstanding criminal proceedings involving our Company

Criminal proceedings initiated against our Company

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal litigations initiated against our Company.

Criminal proceedings initiated by our Company

1. Vinay Agrawal on behalf of our Company filed a first information report dated October 28, 2019 before the In-charge City Kotwali, Mahasamund, Chhattisgarh ("**FIR**") against D.L. Prasad and Chandra Shekhar, proprietors of M/s. Titan Engineers (together with D.L. Prasad, "**Respondents**") alleging, *inter alia*, fraud, conspiracy, cheating and misappropriation of amount under Sections 420 and 34 of the Indian Penal Code. The FIR also alleges that Respondents have misappropriated an amount of INR 6.82 million from the Company by not honouring the post dated cheques provided by them. The matter is currently pending.

B. Action by statutory or regulatory authorities against our Company

As on the date of this Draft Red Herring Prospectus, there are no actions by statutory or regulatory authorities initiated against our Company.

C. Other material pending litigation involving our Company

Other material pending litigation initiated against our Company

1. SAEPL, which is now amalgamated with our Company pursuant to the Composite Scheme received a notice dated June 6, 2022 from the Court of Commissioner, Circle – IV, Gurugram, Haryana ("**Court of Commissioner**") under the Employee's Compensation Act, 1923 ("**ECA**") pursuant to an application submitted by Pawan ("**Applicant**") under the ECA in the Court of Commissioner seeking an award of ₹7.00 million with an interest of 18% per annum along with the cost of treatment. The Applicant has alleged that SAEPL ("**Respondent**"), failed to provide any compensation on account of accident and injuries sustained by him during the course of their employment within the premises of the Respondent. The Respondent has filed a reply to the claim application challenging the jurisdiction of the Court of Commissioner. Further, the Respondent has denied all allegations and presented documentary evidence refuting the claim that the alleged accident occurred during the course of employment and within the premises of the Respondent. The Respondent has pleaded dismissal of the claim application filed by the Applicant. The matter is currently pending.

Other material pending litigation initiated by our Company

1. SPSPL ("**Claimant**"), whose castings division is now amalgamated with our Company pursuant to the Composite Scheme, had entered into an arrangement with M/s Titan Engineers ("**Respondent**") for modernising and mechanising Unit 4 vide purchase order dated September 29, 2017 and an amended purchase order dated November 24, 2017 (collectively, "**Purchase Orders**").

   Due to failure on part of the Respondent to fulfil their obligations as per the Purchase Orders, the Claimant instituted arbitration proceedings before the sole arbitrator appointed by the High Court of Chhattisgarh, against the Respondent by filing a statement of claim dated November 26, 2021 ("**SoC**"). The Claimant sought for the Respondent to pay a sum of ₹73.48 million with a future interest at 18% per annum payable from the date of filing of SoC till its complete realisation, along with costs of legal proceedings.

   The Respondent has filed a statement of defence dated May 2, 2022 ("**SoD**"), contending dismissal of SoC and the arbitration proceedings. Additionally, the Respondent has filed a counter-claim dated May 2, 2022 ("**CC**"), praying that the Claimant must collect and pay for the equipment that has already been manufactured (at the current market rate), along with an interest of 18% per annum payable from the date of termination of the Purchase Orders. Further, the Respondent also sought damages for loss of reputation and goodwill and for certain travel expenses, along with costs of legal proceedings. The Claimant has filed a reply dated June 16, 2022 against the SoD and CC, refuting all claims and praying for dismissal of the CC ("**Response 1**"). The Respondent has filed a rejoinder dated July 8, 2022 against Response 1 ("**Rejoinder**"), praying for rejection of Claimant's contentions and for allowing the Respondent's counter-claim.

   Separately, the Respondent has also filed an application dated July 8, 2022 under Section 23(3) of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") to amend the CC ("**CC Amendment Application**") on the basis of a report issued by a third-part surveyor appointed by them. Pursuant to this, the Claimant has filed a reply dated July 30, 2022 against the CC Amendment Application ("**Response 2**"), praying for its dismissal. The matter is currently pending. Additionally, our Company has also filed a first information report against the proprietors of the Respondent. For further details, please see "*Outstanding Litigation and Material Developments – Criminal proceedings initiated by our Company*" on page 484 of this Draft Red Herring Prospectus

II. Litigation involving our Directors

A. Outstanding criminal proceedings involving our Directors

Criminal proceedings initiated against our Directors

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Directors.

Criminal proceedings initiated by our Directors

For details in relation to the criminal proceedings initiated by our directors, please see "- *Criminal proceedings initiated by our Company"* on page 484.

B. Pending action by statutory or regulatory authorities against our Directors

Except as disclosed in –*"Risk Factors - There are outstanding legal proceedings involving our Company, our Promoters and our Directors. Any adverse decision in such proceedings may render us / them liable to liabilities / penalties and may adversely affect our business, results of operations, cash flows and reputation"* on page 48, as on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Directors.

C. Other material pending litigation involving our Directors

Other material pending litigation initiated against our Directors

As on the date of this Draft Red Herring Prospectus, there are no other material pending litigations initiated against our Directors.

Other material pending litigation initiated by our Directors

As on the date of this Draft Red Herring Prospectus, there are no other material pending litigations initiated by our Directors.

III. Litigation involving our Promoters

A. Outstanding criminal proceedings involving our Promoters

Criminal proceedings against our Promoters

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Promoters.

Criminal proceedings initiated by our Promoters

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Promoters.

B. Pending action by statutory or regulatory authorities against our Promoters

Except as disclosed in –*"Risk Factors - There are outstanding legal proceedings involving our Company, our Promoters and our Directors. Any adverse decision in such proceedings may render us / them liable to liabilities / penalties and may adversely affect our business, results of operations, cash flows and reputation"* on page 48, as on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Promoters.

C. Material outstanding litigation involving our Promoters

Other material pending litigation against our Promoters

As on the date of this Draft Red Herring Prospectus there are no other material pending litigations initiated against our Promoters.

Other material pending litigation initiated by our Promoters

As on the date of this Draft Red Herring Prospectus, there are no other material pending litigations initiated by our Promoters.

Disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years immediately preceding the date of filing of this Draft Red Herring Prospectus

There has been no disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five Fiscals immediately preceding the date of filing of this Draft Red Herring Prospectus, and no such actions are currently outstanding against the Promoters.

IV. Tax claims against our Company, Promoters and Directors

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company, Directors and Promoters.

Nature of case	Number of cases	Amount involved (in ₹ million)^
Company		
Direct tax	0	Nil
Indirect tax	3	1.65
Promoters		
Direct tax**	1	5.67
Indirect tax	Nil	Nil
Directors		
Direct tax*	Nil	Nil
Indirect tax	Nil	Nil

^ *To the extent quantifiable.*

* *Proceedings involving a Director that is also the Promoter of Shivalik Engineering Industries Limited has been covered under proceedings involving the Promoters.*

***Includes proceedings involving a Director.*

V. Outstanding dues to creditors

As at December 31, 2023, we had 649 creditors to whom an aggregate outstanding amount of ₹442.75 million was due. Further, based on available information regarding the status of the creditor as a micro, small or a medium scale enterprise as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as of December 31, 2023, our Company owes an amount of ₹ 145.17 million to micro, small and medium enterprises.

As per the Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceeds ₹ 22.14 million, which is 5% of the total trade payables of our Company as per the date of the last Restated Consolidated Financial Information included in this Draft Red Herring Prospectus, i.e., December 31, 2023, shall be considered as 'material'. As at December 31, 2023, there are two material creditors to whom our Company owes an exceeding ₹ 22.14 million. The details pertaining to outstanding dues towards our material creditors and their names are therefore not required to be made available on the website of our Company.

Details of outstanding dues owed to micro, small and medium enterprises, material creditors and other creditors as at December 31, 2023 are set out below:

Types of Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	103	145.17
Material creditors	2	58.51
Other creditors	544	239.07
Total	**649**	**442.75**

VI. Material developments since the last balance sheet date

Except as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments Occurring After December 31, 2023*" on page 478, there have been no developments subsequent to December 31, 2023, that we believe are expected to have a material or adverse impact on our business, revenue, trading, our profitability, the value of our assets or our ability to pay our liabilities within the next 12 months.

VII. Other Confirmations

There are no findings/observations of any inspections by SEBI or any other regulators that are material, and which need to be disclosed or non-disclosure of which may have bearing on the investment decision.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein, we have obtained all material consents, licenses, registrations, permissions and approvals from various governmental, statutory and regulatory authorities, which are necessary for undertaking the current business activities and operations of our Company. Except as disclosed below, no further material approvals are material for carrying on the present business operations of our Company. In the event any of the approvals and licenses that are required for our business operations expire in the ordinary course, we make applications for their renewal from time to time. Unless otherwise stated, these approvals are valid as on the date of this Draft Red Herring Prospectus. Further, for details of risk associated with not obtaining or delay in obtaining the requisite approvals, see "Risk Factors - We may be required to receive or renew certain approvals or licenses required in the ordinary course of business or to commence new businesses. Failure to obtain or maintain or renew licenses, registrations, permits and approvals may adversely affect our business, cash flows and results of operations." on page 50. For details in connection with the regulatory and legal framework within which our Company operates, see "Key Regulations and Policies" on page 312.

We have also set out below a list of, (i) material approvals or renewals applied for but not received; and (ii) material approvals required or expired but not applied for.

I. Approvals relating to the Offer

For details regarding the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Statutory and Regulatory Disclosures – Authority for the Offer*" on page 492.

II. Material approvals in relation to our Company - General details of our Company

a) Incorporation details

1. Certificate of incorporation dated March 9, 2011, issued by the Assistant Registrar of Companies, Madhya Pradesh and Chhattisgarh, to our Company, in its former name of 'Vardaan Engineering Industries Private Limited', with corporate identity number ("**CIN**") U27107CT2011PTC022353.

2. Fresh certificate of incorporation dated November 25, 2011, issued by the RoC pursuant to change in our name from 'Vardaan Engineering Industries Private Limited' to 'Shivalik Engineering Industries Private Limited'.

3. Fresh certificate of incorporation dated February 28, 2017, issued by the RoC upon conversion to a public limited company and consequential change in our name from 'Shivalik Engineering Industries Private Limited' to 'Shivalik Engineering Industries Limited'. The new CIN of our Company is U27107CT2011PLC022353.

b) Tax related approvals

1. Permanent account number AADCV5964C, issued by the Income Tax Department under the Income Tax Act, 1961.

2. Tax deduction account number JBPS09068D, issued by the Income Tax Department under the Income Tax Act, 1961.

3. GST registration certificates issued by the Government of India and the state governments for GST payments in states where our business operations are situated, as provided below:

State	Registration Number
Chhattisgarh	22AADCV5964C1ZH
Rajasthan	08AADCV5964C1Z7
Uttarakhand	05AADCV5964C1ZD
Karnataka	29AADCV5964C1Z3
Jharkhand	20AADCV5964C1ZL
Madhya Pradesh	23AADCV5964C1ZF

4. Importer-Exporter Code issued by Office of the Deputy Director General of Foreign Trade, Mumbai under the Foreign Trade (Development and Regulation) Act, 1992.

c) ***Labour and employee related approvals***

Our Company has obtained registrations under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952*, the Employees State Insurance Act, 1948, and the Contract Labour (Regulations and Abolition) Act, 1970 for Unit 1, 2 and 4.

Except as disclosed below, there have been no delays in payment of ESIC, PF, IT and other statutory dues:

Statutory Dues	Nine-month period ended December 31, 2023	Financial Year 2023	Financial Year 2022	Financial Year 2021
				(₹ million)
Employee State Insurance Contributions	0.01	-	-	-
Employee Provident Fund Contribution	-	-	0.53	-
Total	**0.01**	**-**	**0.53**	**-**

**The aforementioned certificates for Unit 2 and Unit 4 are issued in the name of SAEPL and SPSPL respectively. Amendment applications have been filed to transfer these certificates to our Company pursuant to the Composite Scheme.*

d) ***Material approvals in relation to business and operations of our Company***

Our Company has obtained the necessary permits, licenses and approvals from the appropriate regulatory and governing authorities required to carry out our operations from our manufacturing facilities.

We have received the approval of the NCLT for the Composite Scheme pursuant to an order dated October 11, 2023. Pursuant to the Composite Scheme, the assets and liabilities of SAEPL, NVPL, ACPL, GVPL and the casting division of SPSPL have now been transferred to our Company with effect from the appointed date of January 1, 2023. For information in relation to the Composite Scheme, see "*History and Corporate Matters – Composite Scheme of Amalgamation Arrangement among SAEPL, NVPL, ACPL, GVPL with our Company and demerger of SPSPL and its vesting into our Company*" on page 324. The consents, permissions, licenses, certificates, insurance covers, clearances issued to or executed in favour of the above-mentioned entities stand vested in or transferred by manual or constructive delivery and/or endorsement and delivery to our Company.

e) ***Manufacturing facilities of our Company***

1. *Unit 1*

Except as disclosed in (III) below, our Company has obtained necessary licenses and approvals in relation to our manufacturing facility at Durg, Chhattisgarh ("**Unit 1**") which include (i) consent to establish and consent to operate from the state pollution control board under the Air Act and Water Act; (iii); (iv) licenses from the Inspector of Factories under the Factories Act; (v) no objection certificate for fire safety from Fire and Emergency Services and State Disaster Response Force;(vi) certificate of stability as per Rule 3(3) of the Chhattisgarh Factories Rules, 1962; (vi) certificate of commencement of production issued by Directorate of Production, Chhattisgarh; and (vii) an agreement for electricity supply to consumers with Chhattisgarh State Power Distribution Company Limited .

2. *Unit 2*

Except as disclosed in (III) below , our Company has obtained necessary licenses and approvals in relation to our facility at Durg, Chhattisgarh ("**Unit 2**"), that includes amongst others, (i) consent to establish* and consent to operate from the state pollution control board under the Air Act and Water Act;; (iii) licenses from the Inspector of Factories under the Factories Act, 1948; (iv) certificate of stability as per Rule 3(3) of the Chhattisgarh Factories Rules, 1962*; (v) certificate of commencement of production issued by Directorate of Production, Chhattisgarh*; and (vi) an agreement for electricity supply to consumers with Chhattisgarh State Power Distribution Company Limited# .

**The aforementioned certificates are issued in the name of SAEPL. Applications are yet to be filed to transfer these certificates in the name of our Company pursuant to the Composite Scheme.*

#The aforementioned agreements are issued in the name of SAEPL. Application have been filed to transfer these agreements in the name of our Company pursuant to the Composite Scheme.

3. *Unit 3*

Except as disclosed in (III) below, our Company is in the process of expanding certain manufacturing operations and setting up a new machine shop in Industrial Area, Hathkhoj, Bhilai ("**Unit 3**"). We are in the process of obtaining governmental, statutory and other regulatory approvals, licenses, permits and registrations required from various authorities. We have obtained approval of building permit under the Chhattisgarh land Development Rules, 1984 and Municipal Act 1956. The unit is currently under development and is not operational. For further details, see "*Our Business*" on page 284.

4. *Unit 4*

Our Company has obtained necessary licenses and approvals in relation to our facility at Mahasamund, Chhattisgarh ("**Unit 4**"), that include, among others, (i) consent to establish* and consent to operate from the state pollution control board under the Air Act and Water Act; (ii) licenses from the Inspector of Factories under the Factories Act, 1948; (iii) certificate of stability as per Rule 3(3) of the Chhattisgarh Factories Rules, 1962*; (iv) certificate of commencement of production issued by Directorate of Production, Chhattisgarh; and (v) an agreement for electricity supply to consumers with Chhattisgarh State Power Distribution Company Limited#.

**The aforementioned certificates are issued in the name of SPSPL. Applications are yet to be filed to transfer these certificates in the name of our Company pursuant to the Composite Scheme.*

#The aforementioned agreements are issued in the name of SPSPL. Application have been filed to transfer these agreements in the name of our Company pursuant to the Composite Scheme.

III. *Material approvals pending in respect of our Company*

a) *Material approvals or renewals for which applications are currently pending before relevant authorities*

Except as stated below, there are no material approvals for which applications made by our Company are pending:

Sr. No.	Description	Authority	Facility	Registration/Renewal/ Amendment	Date of Application
1.	EPFO Registration	Regional Commissioner, EPFO, Raipur	Unit 2	Amendment Application	November 30, 2023
			Unit 4	Amendment Application	November 30, 2023
3.	Consent to Operate (Authorisation for Hazardous Waste)	Chhattisgarh Environment Conservation Board	Unit1	Renewal Application	May 9, 2024
.4.	Registration cum Membership certificate	EEPC India	SEIL	Renewal Application	May 16, 2024
5.	Establishment Connection Sanction Agreement	Chief Engineer, Chhattisgarh State Power Distribution Company Limited	Unit 2	Amendment Application	November 30, 2023
			Unit 4	Amendment Application	November 30, 2023

b) *Material approvals required but not applied for by the Company*

Sr. No.	Description	Authority	Facility	Registration/Renewal/Amendment
1.	Fire NOC	City Army, Fire and Emergency Services and State Disaster Response Force	Unit 2 Unit 3 Unit 4	Registration - In process of filing
2.	Consent to Establish	Chhattisgarh Environment Conservation Board	Unit 3	Registration - In process of filing
3.	Consent to Operate			
4.	Stability Certificate	Chief Inspector of Factories, Directorate, Industrial Health & Safety, Raipur		
5.	Factories License			
6.	Production Certificate	Chief General Manager, District Trade and Industries Centre, Durg		
7.	Consent to Establish	Chhattisgarh Environment Conservation Board	Unit 2 Unit 4	Name change – In process of filing
8.	Stability Certificate	Chief Inspector of Factories, Directorate, Industrial Health & Safety, Raipur	Unit 2 Unit 4	Name change application - In process of filing
9.	Production Certificate	Chief General Manager, District Trade and Industries Centre, Durg	Unit 2	Name change application - In process of filing

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Offer

Our Board has approved the Offer pursuant to the resolutions passed at its meeting held on June 4, 2024, and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated June 5, 2024. Further, our Board has taken on record the consent/authorization for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated June 28, 2024. Further, this Draft Red Herring Prospectus has been approved by our Board pursuant to its resolution June 28, 2024, and by our IPO Committee pursuant to resolution dated June 28, 2024**.**

Our Company, in consultation with the Book Running Lead Managers may consider a Pre-IPO placement. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer constituting at least 10% of the post-Offer paid-up Equity Share capital of our Company.

The Selling Shareholders, specifically confirm that the Equity Shares being offered by them comply with the requirements specified under Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders have, severally and not jointly, confirmed and authorised its respective participation in the Offer for Sale, as set out below:

Sr. No.	Name of the Selling Shareholders	Date of consent letter	Aggregate amount of Offer for Sale (up to) (in ₹ million)	Number of Equity Shares proposed to be offered for sale
1.	Giriraj Singhania	June 28, 2024	[●]	Up to 1,204,260
2.	Raghvendra Singhania	June 28, 2024	[●]	Up to 1,204,260
3.	Vishal Sharma	June 28, 2024	[●]	Up to 802,760
4.	Mohit Sharma	June 28, 2024	[●]	Up to 211,200
5.	Pankaj Sharma	June 28, 2024	[●]	Up to 12,320
6.	Dhruv Kumar Nagwani	June 28, 2024	[●]	Up to 220,000
7.	Navin Kumar Nagwani	June 28, 2024	[●]	Up to 220,000
8.	Padam Kumar Nagwani	June 28, 2024	[●]	Up to 255,200

In-principle Listing Approvals

Our Company has received in-principle approvals from the BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI, RBI or Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, persons in control of our Company and each of the Selling Shareholders are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

Our Directors and Promoters are not directors or promoters of any company which is debarred from accessing capital markets by SEBI.

Our Company, Promoters and Directors have not been declared as Wilful Defaulters or Fraudulent Borrowers.

Our Promoters or Directors have not been declared as Fugitive Economic Offenders.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoters, members of our Promoter Group and each of the Selling Shareholders, severally and not jointly, are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to them in relation to our Company and the Equity Shares, as on the date of this Draft Red Herring Prospectus.

Directors associated with the Securities Market

None of our Directors are associated with the securities market in any manner. There are no outstanding actions initiated by SEBI in the last five years preceding the date of this Draft Red Herring Prospectus against our Directors.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations as set out under the eligibility criteria calculated in accordance with the Restated Consolidated Financial Information, as indicated below:

a. Our Company has had net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each) (i.e. Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021), of which not more than 50% are held in monetary assets;

b. Our Company has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

c. Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

d. Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, are set forth below:

(in ₹ million, unless otherwise stated)

Particulars	Financial Year 2023	Financial Year 2022	Financial Year 2021
Net tangible assets, as restated[1]	1,546.99	727.02	733.84
Monetary assets, as restated[2]	16.60	14.57	16.51
Monetary assets, as a percentage of net tangible assets, as restated (in %)[3]	1.07	2.00	2.25
Pre-tax operating profit, as restated[4]	477.92	131.14	102.48
Net worth, as restated[5]	1,594.19	646.28	524.77

Notes:

1. *Net tangible assets means the sum of all net tangible assets of our Company and its Subsidiaries (together, the "**Group**") excluding intangible assets, goodwill, deferred tax assets, right of use assets and intangible assets under development, lease liabilities and deferred tax liabilities of the Group.*
2. *Monetary Assets means the aggregate of Cash and Cash Equivalents.*
3. *Monetary assets as restated as a percentage of the net tangible assets means monetary assets as restated divided by net tangible assets, as restated, expressed as a percentage.*
4. *Restated pre-tax operating profit means restated profit before tax excluding other income and finance costs.*
5. *Net worth means the aggregate value of the paid-up share capital and other equity.*

The average operating profit, as restated and consolidated for the last three Financial Years is ₹ 237.18 million.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, Promoters, members of our Promoter Group, Directors and the Selling Shareholders are not debarred from accessing the capital markets by SEBI;
(ii) The companies with which our Promoters or Directors are associated as a promoter or director are not debarred from accessing the capital markets by SEBI;
(iii) Neither our Company, nor our Promoters or Directors is a Wilful Defaulter or Fraudulent Borrower;
(iv) None of our Promoters or Directors have been declared as a Fugitive Economic Offender;
(v) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or any other right which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus;
(vi) Our Company along with Registrar to the Offer has entered into tripartite agreements dated May 3, 2017 and February 14, 2017 with NSDL and CDSL, respectively, for dematerialisation of the Equity Shares.

(vii) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus;
(viii) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(I) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance;
(ix) All the Equity Shares held by our Promoters are in dematerialised form; and
(x) The Selling Shareholders, specifically confirm that the Equity Shares being offered by it comply with the requirements specified under Regulation 8 of the SEBI ICDR Regulations, and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations.

Our Company will ensure compliance with Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED AND IIFL SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, EACH OF THE SELLING SHAREHOLDERS, SEVERALLY AND NOT JOINTLY, WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR ITS RESPECTIVE PORTION OF OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 28, 2024, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, AS AMENDED OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All applicable legal requirements pertaining to the Offer will be complied with at the time of filing the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All applicable legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLMs

Our Company, our Directors, the BRLMs accept no responsibility for statements made otherwise than those confirmed in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website www.shivalikengineering.com or any websites of our Promoters, Promoter Group, any affiliate of our Company, would be doing so at his or her or their own risk.

Unless required by law, the Selling Shareholders, and where applicable, trustees and their respective directors, affiliates, associates and officers accept no responsibility for any statements and undertakings, except such statements and undertakings made or confirmed by them in relation to itself and/or its Offered Shares in this Draft Red Herring Prospectus.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information, to the extent required in relation to the Offer, shall be made available by our Company, each of the selling shareholders (to the extent the information pertains to such Selling Shareholder and their respective portion of Offered shares) and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere. Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, BRLMs, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, directors and officers, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, directors and officers, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), NBFC SIs or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds registered with the Pension Fund Regulatory and Development Authority, 2013, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, NBFC-SIs and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India except the United States of America. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company, our Promoters, members of our Promoter Group and the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date. Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.

The Equity Shares issued in the Offer have not been and will not be registered under the U.S. Securities Act, and shall not be offered or sold within the United States, Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

Listing

The Equity Shares issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares to be issued and sold in the Offer. The [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, all monies received from the applicants in pursuance of the Red Herring Prospectus, together with any interest on such monies in accordance with applicable law and the Selling Shareholders will be liable to reimburse our Company for any such repayment of monies, on its behalf, with respect to their Offered Shares. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of any of the Selling Shareholders with regard to interest on such refunds will be reimbursed by such Selling Shareholder in proportion to its respective portion of the Offered Shares. For the avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay and/or reimburse any expenses towards refund or any interest thereon for any delay, unless such delay is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and in any other case the Company shall take on the responsibility to pay interest. It is clarified that such liability of a Selling Shareholder shall be limited in proportion to its respective portion of the Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within such time period as may be prescribed under applicable law. Each of the Selling Shareholders, confirm that they shall provide all required information, support and cooperation to our Company and the BRLMs for the completion of the necessary formalities in relation in this respect. If our Company does not Allot the Equity Shares within such timeline as prescribed by SEBI, all amounts received in the Public Offer Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period, subject to applicable law.

Consents

Consents in writing of (a) the Selling Shareholders, our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, the BRLMs, legal counsel bankers/ lenders to our Company, CRISIL, the Registrar to the Offer, independent chartered engineer, in their respective capacities have been obtained; and consents in writing of (b) the Syndicate Members, the Escrow Collection Bank(s), Public Offer Account Bank(s) the Sponsor Banks, Refund Bank(s) and Monitoring Agency to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

Expert to the Offer

Except as stated herein, our Company has not obtained any expert opinions.

Our Company has received written consent dated June 28, 2024 from Rajendra Prasad, Chartered Accountants, to include their name as required under section 26 (1) and Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors and in respect of their (i) examination report, dated June 28, 2024 on our Restated Consolidated Financial Information and their report dated June 28, 2024 on the Proforma Consolidated Financial Information; (ii) their report dated June 28, 2024 on the Statement of Special Tax Benefits available to the Company and its equity shareholders under the direct and indirect tax laws, in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from the independent Chartered Engineer Mr. Sunil Bhandari, partner, M/S Ahskar & Associates, to include their name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act in respect of their certificate dated June 28, 2024 in connection with the production capacity and capacity utilization at our manufacturing units and in connection with the capital expenditure proposed to be undertaken by our Company for expansion of existing foundry capacity by setting up a new foundry line at Unit 2 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Further, our Company has received written consent dated May 29, 2024 from Oriano Clean Energy Private Limited in respect of their Detailed Project Report in connection with the object of the Offer relating to funding capital expenditure for setting up of the Solar Plant. However, the term “expert” and the consent thereof shall not be construed to mean an “expert” or consent within the meaning as defined under the U.S. Securities Act.

Our Company has received written consent dated June 17, 2024 from the independent legal professional, Mr. Nachiket Mahesh Patil, to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act in respect of the title opinion dated June 17, 2024 in connection with the objects of the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Public or rights issues by our Company during the last five years and performance vis-à-vis objects – our Company

Our Company has not made any public or rights issue during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Commission or brokerage paid on previous issues

Since this is an initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Draft Red Herring Prospectus.

Capital issue by our Company, listed group companies during the previous three years

As on the date of this draft red herring prospectus, our Company does not have any listed group companies. For details in relation to the capital issuances by our Company in the three years preceding the date of filing the Draft Red Herring Prospectus, see "*Capital Structure – Notes to Capital Structure*" beginning on page 95.

Performance vis-à-vis objects – Last issue of Subsidiaries or Promoters

Our Promoters are not listed on any stock exchange.

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Price information of past issues handled by the BRLMs (during the current financial year and the two financial years preceding the current financial year)

- **Axis Capital Limited**

1. Price information of past issues handled by Axis Capital Limited:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Stanley Lifestyles Limited(1)	5,370.24	369.00	28-Jun-24	499.00	-	-	-
2.	Le Travenues Technology Limited(1)	7,401.02	93.00	18-Jun-24	135.00	-	-	-
3.	Awfis Space Solutions Limited*(2)	5,989.25	383.00	30-May-24	435.00	+34.36%, [+6.77%]	-	-
4.	Go Digit General Insurance Limited(2)	26,146.46	272.00	23-May-24	286.00	+22.83%, [+2.32%]	-	-
5.	TBO Tek Limited(2)	15,508.09	920.00	15-May-24	1,426.00	+69.94%, [+5.40%]	-	-
6.	Bharti Hexacom Limited(1)	42,750.00	570.00	12-Apr-24	755.20	+58.25%, [-2.13%]	-	-
7.	Gopal Snacks Limited! (1)	6,500.00	401.00	14-Mar-24	350.00	-18.13%, [+1.57%]	-19.35%, [+4.60%]	-
8.	Jana Small Finance Bank Limited(1)	5,699.98	414.00	14-Feb-24	396.00	-5.23%, [+1.77%]	+50.70%, [+1.33%]	-
9.	Apeejay Surrendra Park Hotels Limited@(2)	9,200.00	155.00	12-Feb-24	186.00	+17.39%, [+3.33%]	+17.55%, [+2.03%]	-
10.	EPACK Durable Limited(1)	6,400.53	230.00	30-Jan-24	225.00	-19.96%, [+1.64%]	-9.76%, [+3.64%]	-

Source: www.nseindia.com and www.bseindia.com
(1)BSE as Designated Stock Exchange
(2)NSE as Designated Stock Exchange
** Offer Price was ₹ 347.00 per equity share to Eligible Employees*
! Offer Price was ₹ 363.00 per equity share to Eligible Employees
@ Offer Price was ₹ 148.00 per equity share to Eligible Employees

Notes:
a. Issue Size derived from Prospectus/final post issue reports, as available.
b. The CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
c. Price on NSE or BSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
d. In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past public issues handled by Axis Capital Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2024-2025*	6	103,165.06	-	-	-	2	1	1	-	-	-	-	-	-
2023-2024	18	218,638.22	-	-	4	2	6	6	-	-	2	7	2	2
2022-2023	11	279,285.39	-	1	6	-	2	2	-	2	5	-	3	1

** The information is as on the date of the document*

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

- **IIFL Securities Limited**

1. Price information of past issues handled by IIFL Securities Limited:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Designated Stock Exchange as disclosed in the red herring prospectus filed	Listing Date	Opening Price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Cello World Limited	19,000.00	648.00(1)	NSE	November 6, 2023	829.00	+21.92%,[+7.44%]	+32.99%,[+12.58%]	+40.57%,[+15.78%]
2.	Protean eGov Technologies Limited	4,892.02	792.00(2)	BSE	November 13, 2023	792.00	+45.21%,[+7.11%]	+73.18%,[+10.26%]	+45.85%,[+11.91%]
3.	ASK Automotive Limited	8,339.13	282.00	NSE	November 15, 2023	303.30	+2.73%,[+7.66%]	+6.29%,[+9.86%]	+5.05%,[+12.10%]
4.	DOMS Industries Limited	12,000.00	790.00(3)	BSE	December 20, 2023	1400.00	+80.59%,[+0.97%]	+82.13%,[+3.18%]	+143.28%,[+9.20%]
5.	Medi Assist Healthcare Services Limited	11,715.77	418.00	BSE	January 23, 2024	465.00	+22.32%,[+3.20%]	+15.66%,[+3.86%]	N.A.
6.	R K Swamy Limited	4,235.60	288.00	BSE	March 12, 2024	252.00	-1.30%,[+1.86%]	-6.70%,[+4.11%]	N.A.
7.	Bharti Hexacom Limited	42,750.00	570.00	BSE	April 12, 2024	755.20	+58.25%,[-2.13%]	N.A.	N.A.
8.	JNK India Limited	6,494.74	415.00	NSE	April 30, 2024	621.00	+54.47%,[+0.44%]	N.A.	N.A.
9.	Go Digit General	26,146.46	272.00	NSE	May 23, 2024	286.00	+22.83%,[+2.32%]	N.A.	N.A.

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Designated Stock Exchange as disclosed in the red herring prospectus filed	Listing Date	Opening Price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
	Insurance Limited								
10.	Awfis Space Solutions Limited	5,989.25	383.00(4)	NSE	May 30, 2024	435.00	+34.36%,[+6.77%]	N.A.	N.A.

Source: www.nseindia.com; www.bseindia.com, as applicable

(1) A discount of Rs. 61 per equity share was offered to eligible employees bidding in the employee reservation portion.
(2) A discount of Rs. 75 per equity share was offered to eligible employees bidding in the employee reservation portion.
(3) A discount of Rs. 75 per equity share was offered to eligible employees bidding in the employee reservation portion.
(4) A discount of Rs. 36 per equity share was offered to eligible employees bidding in the employee reservation portion.

Note: Benchmark Index taken as NIFTY 50 or S&P BSE SENSEX, as applicable. Price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

2. Summary statement of price information of past public issues handled by IIFL Securities Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2022-23	12	1,06,650.92	-	-	4	-	4	4	-	-	3	1	4	4
2023-24	15	1,54,777.80	-	-	4	3	4	4	-	-	-	5	3	5
2024-25	4	81,380.45	-	-	-	2	1	1	-	-	-	-	-	-

**Source: www.nseindia.com; www.bseindia.com, as applicable*

Notes:
1. *Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.*
2. *Similarly, benchmark index considered is "NIFTY 50" where NSE is the designated stock exchange and "S&P BSE SENSEX" where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.*
4. *The information is as on the date of this Draft Red Herring Prospectus.*
5. *The information for each of the financial years is based on issues listed during such financial year.*
6. *Since 30 or 180 calendar days from listing date has not elapsed for few issues, hence data for same is not available.*
7. *Data for number of IPOs trading at premium/discount taken at closing price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.*
8. *NA means Not Applicable*

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	Axis Capital Limited	https://www.axiscapital.co.in/
2.	IIFL Securities Limited	https://www.iiflcap.com /

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

For offer related grievance investors may contact Book Running Lead Managers, details of whom are given in "*General Information*" on page 85.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders.

Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with their obligations under applicable SEBI ICDR Regulations.

Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and the SEBI circular bearing number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 April 20, 2022, SEBI Master Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 and subject to any applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/ withdrawn/ deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Book Running Lead Managers shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay. Further, in terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Master Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.

The Company shall obtain authentication on the SCORES and comply with the SEBI circular no. CIR/OIAE/1/2013 dated April 17, 2013, SEBI circular bearing number CIR/OIAE/1/2014 dated December 18, 2014, SEBI circular no. SEBI/HO/OIAE/IGRD/CIR/P/2019/86 dated August 2, 2019, and SEBI circular bearing number SEBI/HO/OIAE/IGRD/CIR/P/2021/642 dated October 14, 2021, and any amendment thereto in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders' Relationship Committee which is responsible for redressal of grievances of security holders of our Company. For details, see "*Our Management*" on page 328.

Our Company has appointed Hardeep Choudhary as our Secretary and Compliance Officer for the Company who may be contacted in case of any pre-Offer or post-Offer related grievances. His contact details are as follows:

Hardeep Choudhary
Company Secretary and Compliance Officer
E-mail: cs@shivalikengineering.com
Tel.: +91 83700 02022

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

An exemption application dated June 7, 2024 (the "**Exemption Application**") under Regulation 300(1)(c) of the SEBI ICDR Regulations was submitted by our Company to SEBI seeking an exemption from considering and disclosing (a)(i) Kapiraj Singhania (brother of the Promoters); (ii) Birendra Singhania (brother of the Promoters); (iii) Manju Khedia (sister of the Promoters) (together, the "**Relevant Family Members**"); and (b) (i) any body corporate in which 20% or more of the equity share capital is held by any of the Relevant Family Members or a firm or any Hindu Undivided Family of which a Relevant Family Member is a member, or (ii) any body corporate in which any body corporate mentioned under (i) above holds 20% or more of the equity share capital or (iii) any Hindu Undivided Family or firm in which the aggregate shareholding of Relevant Family Members is equal to or more than 20% of the total capital (such entities, the "**Relevant Connected Entities"**, and together with the Relevant Family Members, the "**KBM Promoter Group**"**)**, as members of the Promoter Group in this Draft Red Herring Prospectus, in accordance with the SEBI ICDR Regulations. Our Exemption Application was not acceded to by the SEBI pursuant to its letter dated June 28, 2024 **(**the "**Exemption Response**").

In its Exemption Response, SEBI directed us to, among other things, (i) classify and disclose the KBM Promoter Group as part of the promoter group of the Company in accordance with applicable requirements under the SEBI ICDR Regulations; (ii) include applicable disclosures in this Draft Red Herring Prospectus based on information available regarding the KBM Promoter Group in the public domain; and (iii) inform the Relevant Family Members about their inclusion as members of the Company's promoter group in the DRHP. Consequently, our Company has pursuant to its letters dated June 28, 2024 informed each of the Relevant Family Members regarding their inclusion as part of the Company's promoter group in the DRHP. Accordingly, disclosures pertaining to the KBM Promoter Group are based on and limited only to the extent of information available in the public domain and accessible to us, in terms of the Exemption Response.

See "*Summary of Offer Document – Exemption from complying with any provisions of securities laws, if any, granted by SEBI*", "*Our Promoters and Promoter Group – Promoter Group*" and "*Risk Factors − The siblings of our Promoters, who are deemed to be a part of the Promoter Group under the SEBI ICDR Regulations, have not provided their consent to be identified as members of the Promoter Group and have not provided any information in respect of themselves and their relevant entities as Promoter Group. We cannot assure you that complete disclosures relating to the Relevant Family Members and their Relevant Connected Entities are included in this Draft Red Herring Prospectus.*" on pages 33 and 53, respectively.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, SEBI Listing Regulations, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Offer

The Offer consists of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer*" on page 114.

Ranking of the Equity Shares

The Equity Shares being offered/Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend, voting and other corporate benefits. For further details, see "*Main Provisions of Articles of Association*" beginning on page 538.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" beginning on pages 358 and 538, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 5 each and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share. The Offer Price, Price Band and the minimum Bid Lot size for the Offer and Employee Discount, if any, will be decided by our Company in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper, and [●] editions of [●] a Hindi national daily newspaper (Hindi also being the regional language of Chhattisgarh wherein our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. The Cap Price shall be at least 105% of the Floor Price. At any given point of time, there shall be only one denomination for the Equity Shares. There are no outstanding equity shares of the Company having superior voting rights compared to Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" beginning on page 538.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. Hence, the Equity Shares offered through this Offer can be applied for in the dematerialised form only. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated May 3, 2017, amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated February 14, 2017, amongst our Company, CDSL and Registrar to the Offer.

Employee Discount

Employee discount, if any, will be offered to Eligible Employees bidding in the Employee Reservation Portion respectively. Eligible Employees bidding in the Employee Reservation Portion respectively at a price within the Price Band can make payment based on, Bid Amount net of Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares to QIBs and RIBs. For NIBs allotment shall not be less than the minimum non-Institutional application size. For further details, see "*Offer Procedure*" beginning on page 516.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or
b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

BID/ OFFER OPENS ON*	**[●]**
BID/ OFFER CLOSES ON	**[●]**[(1)]

**Our Company in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations.*
(1)UPI mandate end time and date shall be at 5:00 p.m. on the Bid/Offer Closing Date, i.e., on [●].

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account*	On or about [●]
Credit of the Equity Shares to depository accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

** In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in its sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Book Running Lead Managers shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked. The Bidder shall be compensated in the manner specified in the SEBI circular dated March 16, 2021, as amended pursuant to SEBI circulars dated June 2, 2021 and April 20, 2022 and master circular dated June 21, 2023, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable.*

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with the UPI Circulars.

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the BRLMs.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within the time prescribed under applicable law, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the listing timelines. Further, the Offer procedure is subject to change basis any revised SEBI circulars to this effect.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within the time prescribed under applicable law, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders confirm that they shall provide all required information, support and cooperation as may be required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within the time period as may be prescribed by SEBI.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“**IST**”)
Bid/Offer Closing Date*	
Submission of Electronic Applications (Online ASBA through 3-in-1 accounts) – For Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and NIIs where Bid Amount is more than ₹500,000	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Modification of Bids by QIBs and Non-Institutional Bidders categories and modification/cancellation of Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion #	Only between 10.00 a.m. and up to 5.00 p.m. IST

**UPI mandate end time and date shall be at 5:00 p.m. on the Bid/Offer Closing Date.*
 # QIBs and Non-Institutional Bidders can neither revise their Bids downwards nor cancel/withdraw their Bids.

On the Bid/ Offer Closing Date:

(i) In case of Bids by QIBs and Non-Institutional Bidders, the Bids and the upward revisions in Bids shall be accepted only until 4.00 p.m. IST, and

(ii) In case of Bids by RIBs and Eligible Employees, the Bids and the revisions in Bids shall be accepted only until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, and Eligible Employees Bidding in the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/ withdrawn/ deleted applications to the SCSBs on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the Book Running

Lead Managers and the RTA on a daily basis, as per the format prescribed in SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays, Sundays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. None among our Company and the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Banks on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Our Company in consultation with the BRLMs reserve the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be at least 105% of the Floor Price and less than or equal to 120% of the Floor Price.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the intimation to SCSBs, other Designated Intermediaries and the Sponsor Bank(s), as applicable.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR), including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/ Offer Closing Date on the date of closure of the Offer or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company, to the extent applicable, shall forthwith refund the entire subscription amount received in accordance with applicable law including the master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made towards Equity Shares offered by the Selling Shareholders in proportion to the Offered Shares being offered by the Selling Shareholders and then, towards the balance Fresh Issue.

The Selling Shareholders shall, severally and not jointly, reimburse, in proportion to the respective portion of its Offered Shares, any expenses and interest incurred by our Company on behalf of it for any delays in making refunds as required under the Companies Act and any other applicable law, provided that any Selling Shareholder shall not be responsible or liable for payment and/ or reimbursement of such expenses towards refund or interest thereon for any delay, unless such delay has been caused by any act or omission solely and directly attributable to such Selling Shareholder and in any other case the Company shall take on the responsibility to pay interest. It is clarified that such liability of a Selling Shareholder shall be limited to the extent of its respective portion of the Offered Shares.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Offer.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 94 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of Articles of Association"* beginning on page 538.

Withdrawal of the Offer

The Offer shall be withdrawn in the event the requirement of the minimum subscription as prescribed under Regulation 45 of the SEBI ICDR Regulations is not fulfilled. Our Company in consultation with the BRLMs, reserve the right not to proceed with the Fresh Issue and the Selling Shareholders, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of the UPI Bidders using the UPI Mechanism, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company withdraws the Offer at any stage and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to (i) the filing of the Prospectus with the RoC; and (ii) obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million (the "**Offer**"). The Offer comprises a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,350 million and an Offer for Sale of up to 4,130,000 Equity Shares aggregating up to ₹ [●] million.

Our Company, in consultation with the Book Running Lead Managers may consider issue of Specified Securities as may be permitted under applicable law to any person(s) aggregating up to ₹ 670 million at its discretion, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer constituting at least 10% of the post-Offer paid-up Equity Share capital of our Company.

The Offer comprises a Net Offer of up to [●] Equity Shares aggregating up to ₹ [●] million and Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] million. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer and the Net Offer shall constitute [●] % and [●] %, respectively of the post-Offer paid-up Equity Share capital of our Company. The face value of each Equity Share is ₹ 5 each.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation*(2)	Up to [●] Equity Shares of face value ₹5 each	Not more than [●] Equity Shares of face value ₹5 each	Not less than [●] Equity Shares of face value ₹5 each available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares of face value ₹5 each available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Up to [●] % of the Offer size	Not more than 50% of the Net Offer shall be Allotted to QIBs. However, up to 5% of the Net QIB Portion (excluding Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs in the remaining Net QIB Portion.	Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and RIBs will be available for allocation subject to the following: Further, one-third of the Non-Institutional Portion will be made available for allocation to Bidders with a Bid size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with a Bid size of more than ₹1,000,000 and under-subscription in either of these two subcategories of the Non-Institutional Portion may be allocated to Bidders in the other subcategory of the	Not less than 35% of the Net Offer or Net Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
			Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price	
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate#; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000 (net of Employee Discount). In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees bidding in the Employee Reservation Portion for a value exceeding ₹ 200,000 (net of Employee Discount), subject to total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount)	Proportionate as follows (excluding the Anchor Investor Portion): a) [●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bid received from domestic Mutual Funds at or above the Anchor Investor Allocation Price	The Equity Shares available for allocation to Bidders in the Non-Institutional Portion shall be subject to the following: (a) One-third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size more than ₹200,000 upto ₹ 1,000,000; and (b) Two-thirds of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹ 1,000,000. Provided that the unsubscribed portion in either of these two sub-categories of Non-Institutional Portion may be allocated to the Bidders in the other sub-category of Non-Institutional Portion in accordance with SEBI ICDR Regulations. The allotment to each Non-Institutional Bidder shall not be less than the Minimum NIB Bid Size, subject to availability of Equity Shares in the Non-Institutional Portion and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis, in accordance with SEBI ICDR Regulations.	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details, see "*Offer Procedure*" beginning on page 516.

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Mode of Bid	Through ASBA process only (including the UPI Mechanism)	ASBA process only (excluding the UPI Mechanism) (except in case of Anchor Investors)	ASBA process only (including the UPI Mechanism for Bids up to ₹500,000)	ASBA process only (including the UPI Mechanism)
Minimum Bid	[●] Equity Shares	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹ 500,000, less Employee Discount ##, if any	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, (excluding the QIB Portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Mode of allotment	Compulsorily in dematerialised form			
Allotment lot	[●] Equity Shares and in multiples of one Equity Share thereafter for QIBs and RIBs. For NIBs allotment shall not be less than the minimum non-institutional application size.			
Trading lot	One Equity Share			
Who can apply(3)	Eligible Employees (such that the Bid Amount does not exceed ₹ 500,000, net of Employee Discount)	Public financial institutions as specified in section 2(72) of the Companies Act 2013, scheduled commercial banks, Mutual Funds, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority, National Investment Fund set up by the Government, the insurance funds set up and managed by army, navy or air force of the	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
		Union of India, insurance funds set up and managed by the Department of Posts, India and NBFC-SI		
Terms of payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(4) **In case of all other Bidders**: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank(s) through the UPI Mechanism (for Eligible Employees, RIBs or individual investors bidding under the Non – Institutional Portion for an amount of more than ₹200,000 and up to ₹ 500,000, using the UPI Mechanism), that is specified in the ASBA Form at the time of submission of the ASBA Form			

* *Assuming full subscription in the Offer.*

#Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000 (net of Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000 (net of Employee Discount). In the event of under-subscription in the Employee Reservation Portion the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. Furthermore, an Eligible Employee Bidding in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.

Our Company in consultation with the BRLMs, may offer a discount of up to [●]% on the Offer Price (equivalent of ₹[●] per Equity Share) to Eligible Employees bidding in the Employee Reservation Portion which shall be announced two Working Days prior to the Bid/Offer Opening Date.

(1) *Our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For details, see "Offer Procedure" beginning on page 516.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under Regulation 6(1) of the SEBI ICDR Regulations. Under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000 (net of Employee Discount, if any). In the event of undersubscription in the Employee Reservation Portion, the unsubscribed will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits.*

(3) *If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares. Further, an Eligbile Employee Bidding in the Employee Reservation Portion may also Bid under the Net Offer and such Bids shall not be treated as multiple Bids. To clarify, an Eligible Employee Bidding in the Employee Reservation Portion above ₹500,000 shall not be allowed to Bid in the Net Offer as such Bids shall be treated as multiple Bids.*

(4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor pay-in date as mentioned in the CAN.*

The Bids by FPIs with certain structures as described under "*Offer Procedure - Bids by FPIs*" on page 522 and having the same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Eligible Employees Bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount less Employee Discount, at the time of making a Bid. Eligible Employees Bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price less Employee Discount, at the time of making a Bid.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional

Portion or the Retail Portion or Eligible Employee Category would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 505.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by the UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) disposal of application (x) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (xi) mode of making refunds; (xii) Designated Date and (xiii) interest in case of delay in allotment or refund.

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds was discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 had extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders ("**UPI Phase III**") and modalities of the implementation of UPI Phase III was notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 ("**T+3 Notification**") and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase III, subject to any circulars, clarification or notification issued by the SEBI from time to time. Please note that we may need to make appropriate changes in the Red Herring Prospectus and Prospectus depending on the timing of the opening of the Offer.*

Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. Subsequently, vide the SEBI RTA Master Circular, consolidated the circulars no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 to the extent relevant for RTAs, and rescinded these circulars.

Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings whose application sizes are up to ₹500,000 shall use the UPI Mechanism. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings shall be processed only after application monies are blocked in the bank accounts of investors (all categories). These circulars are effective for initial public offers opening on/or after May 1, 2021, and the provisions of these circulars, as amended, are deemed to form part of this Draft Red Herring Prospectus

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. Additionally, SEBI vide its circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 has reduced the time period for refund of application monies from 15 days to four days. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

The BRLMs shall be the nodal entity for any issues arising out of the public issuance process. In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in the RTA Master Circular shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and the BRLMs shall continue to coordinate with intermediaries involved in the said process.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus or as will be specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholders and the Members of the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Pursuant to circular no. NSDL/CIR/II/28/2023 dated August 8, 2023 issued by NSDL and circular no. CDSL/OPS/RTA/POLCY/2023/161 dated August 8, 2023 issued by CDSL, our Company may request the Depositories to suspend/ freeze the ISIN in depository system till listing/ trading effective date. Pursuant to the aforementioned circulars, our Company may request the Depositories to suspend/ freeze the ISIN in depository system from or around the date of the draft Red Herring Prospectus till the listing and commencement of trading of our Equity Shares. The shareholders who intend to transfer the pre-Offer shares may request our Company and/ or the Registrar for facilitating transfer of shares under suspended/ frozen ISIN by submitting requisite documents to our Company and/ or the Registrar. Our Company and/ or the Registrar would then send the requisite documents along with applicable stamp duty and corporate action charges to the respective depository to execute the transfer of shares under suspended ISIN through corporate action. The transfer request shall be accepted by the Depositories from our Company till one day prior to Bid/ Offer Opening Date.

Book Building Procedure

The Offer is being through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Company, may in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders out of which (a) one third of such portion shall be reserved for Non-Institutional Bidders with Bid size exceeding ₹ 200,000 and up to ₹ 1,000,000; and (b) two third of such portion shall be reserved for Non-Institutional Bidders with Bid size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to Non-Institutional Bidders in the other sub-category of Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Furthermore, up to [●] Equity Shares, aggregating up to ₹ [●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price net of Empoyee Discount, if any. The Employee Reservation Portion shall not exceed 5% of our post -Offer paid-up equity share capital subject to valid Bids being received at or above the Offer Price, net of Employee Discount.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category including Employee Reservation Portion except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange and subject to applicable laws. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount) subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Disclount). The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification by the CBDT dated February 13, 2020 read with press releases dated June 25, 2021 and September 17, 2021, read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, and UPI ID in case of UPI Bidders and Eligible Employees Bidding in the Employee Reservation portion using the UPI Mechanism) and PAN, shall be treated as incomplete and will be rejected. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer, subject to compliance with applicable laws.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs (and subsequently, all UPI Bidders) through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 had decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase.

Phase III: SEBI vide press release bearing number 12/2023 announced approval of proposal for reducing the time period for listing of shares in public issue from existing six working days to three working days and pursuant to SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 ("**T+3 Notification**"), this phase has become applicable on a voluntary basis for all issues opening on or after September

1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023. In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer will be made under UPI Phase III as notified in the T+3 Notification, subject to any circulars, clarification or notification issued by the SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circulars include appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law.

Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the BRLM responsible for post-offer activities will be required to compensate the concerned investor.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. The issuers will be required to appoint one of the SCSBs as a sponsor bank(s) to act as conduits between the Stock Exchanges and NPCI in order to facilitate collection of requests and /or payment instructions of the UPI Bidders using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date. The Bid cum Application Form for Eligible Employees Bidding in the Employee Reservation Portion will be available only at our offices in India.

Copies of the Anchor Investor Application Form will be available with the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. The UPI Bidders can additionally Bid through the UPI Mechanism.

UPI Bidders using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected. UPI Bidders bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders (those not using UPI Mechanism) must provide bank account details and authorization to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected. The ASBA Bidders shall ensure that they have sufficient balance in their bank accounts to be blocked through ASBA for their respective Bid as the application made by a Bidder shall only be processed after the Bid amount is blocked in the ASBA account of the Bidder pursuant to SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. UPI Bidders using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Banks, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	[●]
Anchor Investors	[●]
Eligible Employees Bidding in the Employee Reservation Portion	[●]

* *Excluding electronic Bid cum Application Forms*

Notes:

(1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)

(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For ASBA Forms (other than UPI Bidders using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded. For UPI Bidders, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate a UPI Mandate Request to such UPI Bidders for blocking of funds. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a UPI Bidder who is not Bidding using the UPI Mechanism.

The Sponsor Banks shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Banks, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability.

The processing fees for applications made by the UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such SCSBs provide a written confirmation in compliance with the SEBI RTA Master Circular, in a format prescribed by SEBI or applicable law.

Pursuant to NSE circular dated July 22, 2022 with reference no. 23/2022 and BSE circular dated July 22, 2022 with reference no. 20220722-30, it has been mandated that Trading Members, Syndicate Members, RTA and Depository Participants shall submit Syndicate ASBA bids above ₹500,000 and NII & QIB bids above ₹200,000, through SCSBs only.

For all pending UPI Mandate Requests, the Sponsor Banks shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The Sponsor Banks will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Banks will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Banks and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Draft Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 5:00 pm on the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

The Equity Shares issued in the Offer have not been and will not be registered under the U.S. Securities Act, and shall not be offered or sold within the United States, Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Participation by Promoters and members of the Promoter Group of the Company, the BRLMs, associates and affiliates of the Book Running Lead Managers and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or Pension Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any "person related to the Promoters/ Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoters/ Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board. Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and members of the Promoter Group will not participate in the Offer except to the extent of the Offered Shares.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 536. Participation of Eligible NRIs shall be subject to the FEMA Non-debt Instruments Rules.

Bids by HUFs

Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Instruments Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company, which is 100% of the total paid-up Equity Share capital of our Company on a fully diluted basis.

In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Bids by FPIs which utilise the multi investment manager structure, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple Bids.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, inter alia, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Bids by SEBI registered VCFs, AIFs and FVCIs

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 ("**SEBI VCF Regulations**") as amended, inter alia prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended ("**SEBI FVCI Regulations**") prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended ("**IRDAI Investment Regulations**"), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them.

Bids by provident funds/pension funds

In case of Bids made by provident funds or pension funds registered with the Pension Fund Regulatory and Development Authority, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds registered with the Pension Fund Regulatory and Development Authority with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company in consultation with the BRLMs may deem fit.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

(a) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100,000,000. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100,000,000.

(c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.

(e) Our Company in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100.00 million; minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100.00 but up to ₹2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor; and in case of allocation above ₹2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500.00 million, and an additional 10 Anchor Investors for every additional ₹2,500.00 million, subject to minimum Allotment of ₹ 50.00 million per Anchor Investor.

(f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

(g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.

(i) 50% of the Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment and the remaining 50% of the Equity Shares shall be locked-in for a period of 30 days from the date of Allotment.

(j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the BRLMs or pension funds sponsored by the entities which are associate of the BRLMs) , nor any "person related to Promoters or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids. The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus or as will be specified in the Red Herring Prospectus and the Prospectus.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditors, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of Employee Discount) on a net basis. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Allotment in the Employee Reservation Portion will be as detailed in the section titled "*Offer Structure*" on page 511.

However, Allotments to Eligible Employees in excess of ₹ 200,000 (net of Employee Discount) shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less than Employee Discount). Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under the Employee Reservation Portion by Eligible Employees shall be:

1. Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] form).

2. Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the Employee Reservation Portion.

3. In case of joint bids, the sole/ First Bidder shall be the Eligible Employee.

4. Bids by Eligible Employees may be made at Cut-off Price.

5. Only those Bids, which are received at or above the Offer Price, net of Employee Discount, would be considered for allocation under this portion.

6. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee subject to a maximum Bid Amount of ₹ 500,000 (net of Employee Discount) on a net basis.

7. If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

8. Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. Eligible Employee can also apply under Retail Portion. However, Bids by Eligible Employees in the Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹2,00,000 (net of Employee Discount) in the Employee reservation portion.

9. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

10. As per the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, Eligible Employees bidding in the Employee Reservation Portion can also Bid through the UPI mechanism.

11. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In case of under-subscription in the Employee Reservation Portion , the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount). If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Please note that any individuals who are directors, employees or promoters of (a) the Lead Manager, Registrar to the Offer, or the Syndicate Members, or of the (b) 'associate companies' (as defined in the Companies Act, 2013, as amended) and 'group companies' of such Lead Manager, Registrar to the Offer or Syndicate Members are not eligible to bid in the Employee Reservation Portion.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals.

2. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

3. Ensure that you have Bid within the Price Band;

4. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

5. Ensure that you have mentioned the correct ASBA Account number if you are not an UPI Bidder using the UPI Mechanism in the Bid cum Application Form and if you are an UPI Bidder using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

6. UPI Bidders using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;

7. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

8. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

9. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

10. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

11. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

13. UPI Bidders Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for UPI Bidders using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

14. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

15. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders; and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;

16. The ASBA bidders shall ensure that bids above ₹ ₹500,000, are uploaded only by the SCSBs

17. Ensure that you have correctly signed the authorisation/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Banks, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

18. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

19. Ensure that the Demographic Details are updated, true and correct in all respects;

20. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

21. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

22. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

23. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

24. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID (for UPI Bidders bidding through UPI mechanism) are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID (for UPI Bidders bidding through UPI mechanism) entered into the online IPO system

of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID (for UPI Bidders bidding through UPI mechanism) available in the Depository database;

25. In case of UPI Bidders, once the Sponsor Bank issues the Mandate Request, the UPI Bidders would be required to proceed to authorize the blocking of funds by confirming or accepting the UPI Mandate Request to authorize the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

26. UPI Bidders bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form; UPI Bidders who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Banks to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

27. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;

28. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 5:00 p.m. of the Bid/ Offer Closing Date;

29. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification by the CBDT dated February 13, 2020 read with press releases dated June 25, 2021 and September 17, 2021, read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023;

30. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

31. UPI Bidders shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Banks to block the Bid Amount mentioned in the Bid Cum Application Form; and

32. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion (net of Employee Discount);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price for Bids by QIBs and Non-Institutional Bidders;

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders (other than UPI Bidders using the UPI mechanism), do not submit more than one ASBA Forms per ASBA Account;

10. If you are a UPI Bidder and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if you are a UPI Bidder Bidding through the UPI Mechanism, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

20. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

21. Do not Bid for Equity Shares in excess of what is specified for each category;

22. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion (subject to the Bid Amount being up to ₹ 200,000), can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

24. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres; If you are a UPI Bidder and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;

25. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected;

26. Do not Bid if you are an OCB.

27. In case of ASBA Bidders, Syndicate Members shall ensure that they do not upload any bids above ₹ 500,000;

28. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of our Company Secretary and Compliance Officer, see "*General Information*" on page 85.

Further, helpline details of the BRLMs pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "*General Information – Book Running Lead Managers*" on page 86.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account or UPI ID (for UPI Bidders using the UPI Mechanism) details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids submitted by UPI Bidders using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by UPI Bidders using third party bank accounts or using a third party linked bank account UPI ID, subject to availability of information from the Sponsor Banks;

6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

7. Bids submitted without the signature of the First Bidder or sole Bidder;

8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

10. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹200,000;

11. GIR number furnished instead of PAN;

12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and

13. Bids accompanied by cheque(s), demand draft(s), stock invest, money order, postal order or cash.

14. Bids by QIBs uploaded after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, Bidders shall be entitled to compensation in the manner specified in the SEBI circular dated March 16, 2021 read with SEBI circular dated June 21, 2023 and SEBI circulars dated June 2, 2021 April 20, 2022 and August 09, 2023 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis.

The allotment of Equity Shares to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in Non-Institutional Portion, and the remaining shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations.

Payment into Escrow Account(s) for Anchor Investors

Our Company in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the members of Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of [●], an English national daily newspaper, and (ii) all editions of [●], a Hindi national daily newspaper (Hindi also being the regional language of the state wherein our Registered Office is located) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The information set out above is given for the benefit of the Bidders/applicants. Our Company, the respective Selling Shareholders, and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the Filing with the RoC

(a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or prior to the filing of the Red Herring Prospectus or the Prospectus, as applicable.

(b) After signing the Underwriting Agreement, the Company will file a Red Herring Prospectus (subject to nature of underwriting which is determined in accordance with Regulation 40(3) of SEBI ICDR Regulations) and a Prospectus with the RoC in accordance with applicable law. The Red Herring Prospectus will not have complete particulars of the Offer Price and the size of the Offer. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- the Company shall apply in advance for the listing of equities on the conversion of debentures/bonds;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed will be taken within the period as may be prescribed by the SEBI;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the specified period of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- except for Equity Shares allotted pursuant to the Offer and except for the Pre-IPO Placement, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc other than as disclosed in accordance with Regulation 56 of SEBI ICDR Regulations;
- that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Forms from Anchor Investors

- that the promoters' contribution in full, wherever required, shall be brought in advance before the Offer opens for public subscription and the balance, if any, shall be brought on a pro rata basis before the calls are made on public in accordance with applicable provisions in these regulations;

- Our Company in consultation with the BRLMs, reserve the right not to proceed with the Fresh Issue, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed; and

- If our Company in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes, severally and not jointly, in respect of itself as a selling shareholder and its respective portion of its Offered Shares that:

- the Offered Shares are eligible for being offered in the Offer for Sale in terms of the SEBI ICDR Regulations;

- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer;

- it is the legal and beneficial owner of the Offered Shares and the Offered Shares are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;

- it shall deposit its respective portion of the Offered Shares in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to its respective portion of the Offered Shares;

- it shall provide such reasonable cooperation to our Company in relation to its respective portion of the Offered Shares for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and

- it shall not have recourse to the proceeds of the Offer which shall be held in escrow in favour of the selling shareholder, until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company in consultation with the BRLMs.

Only the statements and undertakings in relation to each of the Selling Shareholders and its portion of the Equity Shares offered in the Offer for Sale which are specifically "confirmed" or "undertaken" by it in this Draft Red Herring Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by such Selling Shareholders. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholders.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who—*

(a) ***makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

(b) ***makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

(c) ***otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name***

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

Utilisation of Offer Proceeds

Our Board of Directors certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries / departments are responsible for granting approval for foreign investment. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, consolidated and supersedes all previous press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a Non-Resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the Non-Resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI / RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA NDI Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA NDI Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA NDI Rules. In the event such prior approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Offer Period. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction / purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

As per the FDI Policy, FDI in companies engaged in manufacturing sector is permitted up to 100% of the paid-up share capital of such company under the automatic route.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For details of the aggregate limit for investments by NRIs and FPIs in our Company, see "*Offer Procedure – Bids by Eligible NRIs*" and "*Offer Procedure – Bids by FPIs*" on page 522.

Each Bidder should seek independent legal advice about its to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/Offer Period

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares issued in the Offer have not been and will not be registered under the U.S. Securities Act, and shall not be offered or sold within the United States, Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the

U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. The main provisions of the Articles of Association of our Company are detailed below. No material clause of the Articles of Association having bearing on the Offer or the disclosures required in this Draft Red Herring Prospectus has been omitted.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Authorised Share Capital

The authorised share capital of our Company shall be such amount, divided into such class(es), denomination(s) and number of shares in our Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of our Company, subject to the provisions of applicable law for the time being in force.

New Capital Part of the Existing Capital

Except so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Reduction of Capital by Company

Our Company may (subject to the provisions of section 52, 55(1) & (2) of the Companies Act, 2013 and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce:

a. its share capital;
b. any capital redemption reserve account; or
c. any security premium account.

in any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

Surrender of Shares

The Directors may subject to the provisions of the Act, accept surrender of any share from any Member desirous of surrendering on such terms and conditions as they think fit.

Modification of Rights

The rights and privileges attached to each class of shares may be modified, commuted, affected, abrogated in the manner provided in Section 48 of the Act.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Conversion of Shares

The Company may, by Ordinary Resolution convert any fully paid-up Share into stock, and reconvert any stock into fully paid-up Shares.

Transfer of stock

The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit; provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Right of stockholders

The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them in Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.

LIEN

Company's lien on shares/debentures

The Company shall have first and paramount lien upon all shares other than fully paid-up shares registered in the name of any member, either or jointly with any other person, and upon the proceeds or sale thereof for all moneys called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends from time to time declared in respect of such shares. No equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/Debentures. But the Directors, at any time, may declare any share to be exempt, wholly or partially from the provisions of this Article.

The fully paid shares shall be free from all lien and that in case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares. Unless otherwise agreed, the registration of transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

As to enforcing lien by sale

For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until the expiration of 14 days after a notice in writing stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holders of the shares for the time being or to the person entitled to the shares by reason of the death of insolvency of the register holder.

To give effect to such sale, the Board of Directors may cause to be issued a duplicate certificate in respect of such Shares and may authorize one of their members to execute a transfer there from on behalf of and in the name of such Members. The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

Application of proceeds of sale

The net proceeds of any such sale shall be applied in or towards satisfaction of the said moneys due from the member and the balance, if any, shall be paid to him or the person, if any, entitled by transmission to the shares on the date of sale.

FORFEITURE OF SHARES

If money payable onShares not paid notice to be given

If a member fails to pay any call or instalment of a call on the day appointed for the payment not paid thereof, the Board of Directors may during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest, which may have accrued.

Form of Notice

The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice), on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the day appointed, the shares in respect of which the call was made will be liable to be forfeited.

In default of payment Shares to be forfeited

If the requirements of any such notice as, aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice after forfeiture

When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture shall forthwith be made in the Register of Members. But, no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited Shares to be the property of the Company and may be sold etc.

Any Share so forfeited, shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of as the Board of Directors shall think fit.

Member still liable for money owning at the time of forfeiture and interest

A member whose shares are forfeited remains liable for all dues, including calls, instalments, interest, and expenses, at the time of forfeiture. They must pay these amounts with interest up to 18% per annum until payment. The Board of Directors can enforce payment but is not obligated to do so.

Effect of forfeiture

The forfeiture of a share shall involve in the extinction of all interest in and also of all claims and demands against the Company in respect of the shares and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved. The Board may also at any time annul the forfeiture thereof upon such conditions as it thinks fit.

Declaration of forfeiture

A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof, shall constitute a good title to the share and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether, on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

Cancellation of shares certificates in respect of forfeited Shares

Upon sale, re-allotment or other disposal, the certificate or certificates originally issued in respect of the said Shares shall stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares.

Validity of such sales

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Directors may cause the purchaser's name to be entered in the register in respect of the shares sold and may issue fresh certificate in the name of such a purchaser. The purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION OF SHARES

Instrument of transfer

The instrument of transfer shall be in writing and all provisions of Section 56 of the Companies Act, 2013 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall also use a common form of transfer.

Execution of transfer

The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 56 of the Companies Act, 2013 and any statutory modification thereof for the time being shall be duly complied with.

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

Certain powers of the Board

The Board, may, at its absolute discretion and without assigning any reason, decline to register

1. The transfer of any share, whether fully paid or not, to a person of whom it do not approve or

2. Any transfer or transmission of shares on which the Company has a lien

    a. Provided that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.

    b. In case of such refusal by the Board, the decision of the Board shall be subject to the right of appeal conferred by Section 58.

    c. The provisions of this clause shall apply to transfers of stock also.

No fee on transfer or transmissions

No fee shall be charged by the Company for registration of transfers or for effecting transmission on shares on the death of any member or for registering any letters of probate, letters of administration and similar other documents.

Register of Members etc. when closed

On giving not less than seven days' previous notice in accordance with section 91 of the Act and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year. Provided further that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever.

VOTES OF MEMBERS

Number of votes to which Member entitled

Every member of the Company holding Equity Share(s), shall have a right to vote in respect of such capital on every resolution placed before the Company. On a show of hands, every such member present shall have one vote and shall be entitled to vote in person or by proxy and his voting right on a poll or on e-voting shall be in proportion to his share of the paid-up Equity Capital of the Company.

Every member holding any preference share shall in respect of such shares have a right to vote only on resolutions which directly affect the rights attached to the preference shares and subject as aforesaid.

DIVIDENDS AND CAPITALISATION OF RESERVES

The Company at General Meeting may declare dividend

The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

Interim Dividend

The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

Dividends out of profits only

No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 123 of the Act.

Reserves

The Directors may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Dividends in proportion to amounts paid-up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such shares shall rank for dividend accordingly.

Unpaid or unclaimed dividend

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Shivalik Engineering Industries Limited*(year)* Unpaid Dividend Account".

Set-off of calls against dividends

Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

Dividend how remitted

The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or to such person and to such address of the holder as the joint holders may in writing direct.

The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Every dividend or warrant or cheque shall be posted within thirty days from the date of declaration of the dividends.

Debts may be deducted

The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member in respect thereof or shall duly transfer the same.

Notice of Dividends

Notice of any dividend that may have been declared shall be given to the person entitled to share therein in the manner mentioned in the Act.

Transfer of share not to pass prior Dividend

Any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Capitalisation

The Company in General Meeting may, upon the recommendation of the Board, resolve that is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and, that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards; paying up any amount for the time being unpaid on any Shares held by such Members respectively, or paying up in full unissued Shares of the Company to be allocated anddistributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b).

A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies for filing and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Offer Closing Date. These contracts and documents will also be available at the following web-link – https://shivalikengineering.com/investor/.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

Material Contracts to the Offer

1. Offer Agreement among our Company, the Selling Shareholders and the BRLMs dated [●].

2. Registrar Agreement among our Company, the Selling Shareholders and Registrar to the Offer dated June 28, 2024.

3. Cash Escrow and Sponsor Bank Agreement dated [●] among our Company, the Selling Shareholders, the BRLMs, the Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), the Sponsor Banks, Syndicate Members and the Registrar to the Offer.

4. Share Escrow Agreement dated [●] among our Company, the Selling Shareholders and the Share Escrow Agent.

5. Syndicate Agreement dated [●] among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Offer.

6. Underwriting Agreement dated [●] among our Company, the Selling Shareholders and the Underwriters.

7. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Our certificate of incorporation dated March 9, 2011, and certificate of incorporation dated November 25, 2011, consequent to change of our name.

3. Our fresh certificate of incorporation dated February 28, 2017, consequent to conversion from private to public limited company.

4. Resolutions of the Board of Directors dated June 4, 2024 authorising the Offer.

5. Resolution of the Shareholders dated June 5, 2024, under Section 62(1)(c) of the Companies Act, 2013 authorising the Offer.

6. Resolutions of the Board dated June 28, 2024, and the IPO Committee dated June 28, 2024, respectively approving this Draft Red Herring Prospectus.

7. Resolution of the Board dated June 28, 2024, taking on record the Offer for Sale.

8. Resolution dated June 28, 2024 passed by the Audit Committee approving the KPIs

9. Board resolution dated June 28, 2024 taking on record Objects of the Offer.

10. Consent letters from the Selling Shareholders for participating in the Offer for Sale.

11. Copies of the auditor's reports of our Company in respect of our audited financial statements for nine-month period ended December 31, 2023 and Fiscal Years 2021, 2022 and 2023.

12. Copies of annual reports of our Company for Fiscal Years 2021, 2022 and 2023.

13. Examination report of our Statutory Auditors dated June 28, 2024, on the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus.

14. Report of our Statutory Auditors dated June 28, 2024, on our Proforma Consolidated Financial Information included in this Draft Red Herring Prospectus.

15. Statement of special tax benefits available to our Company and its shareholders under direct and indirect tax laws in India from our Statutory Auditors, dated June 28, 2024.

16. Certificate dated June 28, 2024 from our Statutory Auditors, with respect to key performance indicators of our Company.

17. Consent letter dated May 20, 2024, issued by CRISIL to rely on and reproduce part or whole of the CRISIL report titled "Assessment of market potential for industrial engineered components" and include their name in this Draft Red Herring Prospectus.

18. Industry report titled "Assessment of market potential for industrial engineered components" dated June, 2024 prepared and issued by CRISIL Market Intelligence and Analytics commissioned by our Company for an agreed fee.

19. Written consent dated June 28, 2024 from Rajendra Prasad, Chartered Accountants, to include their name as required under section 26 (1) and 26(5)of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors to our Company, and in respect of their (i) examination report, dated June 28, 2024, on our Restated Consolidated Financial Information and their assurance report dated June 28, 2024, on the Pro Forma Consolidated Financial Information; (ii) their report dated June 28, 2024 on the Statement of Special Tax Benefits available to the Company and its equity shareholders under the direct and indirect tax laws, in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this DRHP. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the U.S. Securities Act.

20. Written consent dated May 29, 2024 from Oriano Clean Energy Private Limited , to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their Detailed Project Report in connection with the object of the Offer relating to funding capital expenditure for setting up of the Solar Plant and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the U.S. Securities Act.

21. Written consent from the independent Chartered Engineer Mr. Sunil Bhandari, partner, M/S Ahskar & Associates, to include their name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act in respect of their certificate dated June 28, 2024 in connection with the production capacity and capacity utilization at our manufacturing units and in connection with the capital expenditure proposed to be undertaken by our Company for expansion of existing foundry capacity by setting up a new foundry line at Unit 2 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus

22. Composite scheme of arrangement entered into among Shivalik Auto Engineering Private Limited ("**SAEPL**"), Neelkamal Vanijya Private Limited ("**NVPL**"), Adopt Commotrade Private Limited ("**ACPL**"), Goldmoon Vinimay Private Limited ("**GVPL**"), Shivalik Power and Steel Private Limited ("**SPSPL**") and Shivalik Engineering Industries Limited ("**SEIL**" or the "**Company**") whereby SAEPL, NVPL, ACPL, GVPL, and the Demerged Undertaking of SPSPL, have been amalgamated into the Company.

23. Order dated October 11, 2023 passed by NCLT, Cuttack Bench approving the Composite Scheme.

24. Valuation report dated January 23, 2023 issued by Mr. Amrish Gandhi, ("**Valuation Report**") in relation to the Composite Scheme.

25. Consents of the Bankers to our Company, the BRLMs, Syndicate Members, Registrar to the Offer, Escrow Collection Bank(s), Sponsor Banks, Directors of our Company, Company Secretary and Compliance Officer for the Offer, Public Offer Account Bank(s), Indian legal counsel to the Company and, Refund Bank(s) as referred to, in their respective capacities.

26. Undertaking dated [●] submitted by the BRLMs to SEBI in relation to the utilization of the proceeds from the Pre-IPO Placement.

27. Undertaking dated [●] submitted by the BRLMs to SEBI in relation to disclosure of the Pre-IPO Placement by way of public advertisement and the Price Band advertisement.

28. Exemption application filed with SEBI dated June 7, 2024 (along with all annexures thereto) and SEBI letter bearing reference number SEBI/HO/CFD/RAC-DIL1/OW/2024/21153/1 and dated June 28, 2024.

29. In-principle listing approvals dated [●] and [●], received from NSE and the BSE, respectively.

30. Tripartite agreement dated May 3, 2017, amongst our Company, NSDL and Registrar to the Offer.

31. Tripartite agreement dated February 14, 2017, amongst our Company, CDSL and Registrar to the Offer.

32. Due diligence certificate dated June 28, 2024 to SEBI from the BRLMs.

33. SEBI observation letter bearing reference number [●] and dated [●].

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Giriraj Singhania

Place: Raipur

Date: June 28, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Raghvendra Singhania

Place: Raipur

Date: June 28, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Vinay Agrawal

Place: Raipur
Date: June 28, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Ajay Pancholi

Place: Raipur

Date: June 28, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Rajesh Tuteja

Place: Raipur

Date: June 28, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Rina Sharma

Place: Raipur

Date: June 28, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Manoj Patni
Place: Raipur

Date: June 28, 2024

DECLARATION BY GIRIRAJ SINGHANIA, AS A SELLING SHAREHOLDER

I, Giriraj Singhania, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

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Giriraj Singhania
Place: Raipur

Date: June 28, 2024

DECLARATION BY RAGHVENDRA SINGHANIA, AS A SELLING SHAREHOLDER

I, Raghvendra Singhania, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Raghvendra Singhania
Place: Raipur

Date: June 28, 2024

DECLARATION BY VISHAL SHARMA, MOHIT SHARMA, AND PANKAJ SHARMA, AS INDIVIDUAL SELLING SHAREHOLDERS

Vishal Sharma, Mohit Sharma, and Pankaj Sharma acting as Individual Selling Shareholders, severally hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by him or her in this Draft Red Herring Prospectus in relation to himself or herself, as one of the Selling Shareholders and their respective portion of the Offered Shares, are true and correct. Vishal Sharma, Mohit Sharma, and Pankaj Sharma assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

FOR AND ON BEHALF OF VISHAL SHARMA, MOHIT SHARMA, AND PANKAJ SHARMA, ACTING THROUGH VISHAL SHARMA, DULY APPOINTED POWER-OF-ATTORNEY HOLDER

Authorised Signatory

Name: Vishal Sharma

Place: Raipur

Date: June 28, 2024

DECLARATION BY DHRUV KUMAR NAGWANI, NAVIN KUMAR NAGWANI, AND PADAM KUMAR NAGWANI AS INDIVIDUAL SELLING SHAREHOLDERS

Dhruv Kumar Nagwani, Navin Kumar Nagwani, And Padam Kumar Nagwani, acting as Individual Selling Shareholders, severally hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by him or her in this Draft Red Herring Prospectus in relation to himself or herself, as one of the Selling Shareholders and their respective portion of the Offered Shares, are true and correct. Dhruv Kumar Nagwani, Navin Kumar Nagwani, And Padam Kumar Nagwani assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

FOR AND ON BEHALF OF DHRUV KUMAR NAGWANI, NAVIN KUMAR NAGWANI, AND PADAM KUMAR NAGWANI, ACTING THROUGH PADAM NAGWANI, DULY APPOINTED POWER-OF-ATTORNEY HOLDER

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Authorised Signatory

Name: Padam Nagwani

Place: Raipur

Date: June 28, 2024