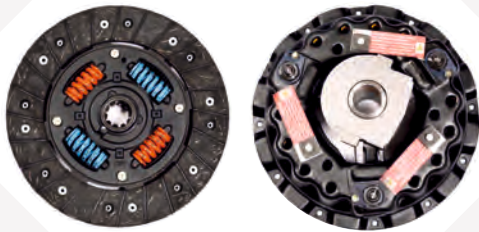




MSL DRIVELINE SYSTEMS LIMITED



**ANNUAL  
REPORT**

**2023-24**

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## Board of Directors

**Gaurav Motwane**

*Chairman, Managing Director & Chief Executive Officer*  
DIN 00746165

**Superna Motwane**

*Non-Executive Director*  
DIN 01343282

**Satpal Khattar**

*Non-Executive Director*  
DIN 00307293

**Manish Choksi**

*Independent Director*  
DIN 00026496

**Rajesh Nagpal**

*Non-Executive Director*  
DIN 00032123

**Nikhilesh Panchal**

*Non-Executive Director*  
DIN 00041080

**Kaval Mirchandani**

*Independent Director*  
DIN 01179978

**Bhushan Patwardhan**

*Executive Director*  
DIN 09252080

**Pradeep Mestry**

*Chief Financial Officer*

**Mahendra Salunke**

*Company Secretary*



### Auditors

#### **S R B C & Co. LLP**

14th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai 400 028.

### Registrar & Transfer Agent

#### **KFin Technologies Limited**

*(Formerly known as KFin Technologies Private Limited)*

Salenium Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanak-ramguda, Hyderabad 500 032.

### Registered & Corporate Office

Unit No.1506, 15th Floor, One BKC, 'B' Wing,  
Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.

### Factory

#### **Nashik**

89/1A, M.I.D.C., Satpur, Nashik 422 007, Maharashtra, India.

#### **Pithampur**

Plot No.5, Sector II, Industrial Area, Pithampur,  
District Dhar 454 775, Madhya Pradesh, India.

### Branch Offices

#### **Chennai**

Subhash Towers, 11th Floor, 8, Hazari Street,  
(Near Hotel Lawoods), Mount Road, Chennai 600 002.

#### **Kolkata**

7, KYD Street, 3rd Floor, Kolkata 700 016.

#### **Delhi**

Unit No.516, 6th Floor, Westend Mall,  
Jankapuri West, New Delhi 110 058.

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## BOARD'S REPORT

Dear Members,

Your directors are pleased to submit the 30th Annual Report of your Company MSL Driveline Systems Limited ('the Company' or 'MSL') along with the audited financial statements, for the Financial Year ended March 31, 2024. The consolidated performance of the Company and its subsidiary has been referred to wherever required.

### 1. FINANCIAL RESULTS (Standalone)

Particulars	(Rs. in Million)	
	Year ended March 31, 2024	Year ended March 31, 2023
<b>Total Revenue</b>	<b>8292.1</b>	7966.3
Profit before Depreciation	<b>926.5</b>	1015.1
Less : Depreciation / Amortization	<b>137.9</b>	129.3
Profit before Tax	<b>788.6</b>	885.8
Less : Provision for Tax – Current year	<b>215.3</b>	231.6
Deferred tax (net)	<b>(12.0)</b>	(5.5)
Adjustment of tax relating to earlier periods	<b>2.6</b>	6.2
Profit for the year after tax	<b>582.7</b>	653.5
Other Comprehensive Income (Net of Tax)	<b>(2.5)</b>	(0.6)
Total Comprehensive Income	<b>580.2</b>	652.9
Profit for earlier years brought forward	<b>1861.0</b>	1663.1
Profit available for appropriation	<b>2441.2</b>	2316.0
Buy Back of Shares	<b>376.2</b>	365.0
Income Tax on Buy Back of Shares	<b>87.6</b>	85.0

Your Company's Revenue from Operations (Net) for the year under review was Rs.8246.8 Million compared to Rs.7875.9 Million in the previous year, registering a moderate growth of 4.71%.

Other Income for the year under review was Rs.43.0 Million compared to Rs.88.6 Million in the previous year. The Profit before Depreciation, Interest and Tax (PBDIT) was at Rs.985.4 Million as against Rs.1070.4 Million in the previous year. The percentage of Profit before Tax (PBT) to Total Revenue (Net) decreased to 9.51% in the current year from 11.12% in the previous year.

Profits after Tax decreased to Rs.582.7 Million in the current year from Rs.653.5 Million in the previous year. The percentage of Profit after Tax to Total Revenue reduced to 7.03% in the current year to 8.20% in the previous year.

The Board does not recommend a dividend for the financial year 2023-24 and no profit is proposed to be transferred to general reserve.

### 2. SUBSIDIARIES

MSL Electric Vehicle Technologies Private Limited (MSL EV) is a wholly owned subsidiary company of your Company formed during the financial year 2021-2022. Your Company, through MSL EV, is actively engaged in discussions with potential overseas technology partners who have developed technology for the development of Electric Driveline components.

There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013.

During the year, the Board of Directors reviewed the affairs of MSL EV. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared the consolidated financial statements of the Company, which form part of this Annual Report. Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form No. AOC-1 is attached to the financial statements of the Company. Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, Consolidated financial statements along with relevant documents



and separate audited financial statements in respect of the subsidiary, are available on the Company's website at <https://www.msldriveline.com>.

MSL EV is in the process of identifying an overseas technology partner who has developed products for electric driveline and its components. As MSL EV is yet to begin its operations, it has incurred a loss of Rs.3.00 Million for the year ended March 31, 2024. The Consolidated total revenue of the Company for F.Y. 2023-24 is Rs.8292.9 Million as against Rs.7967.0 Million for the year ended March 31, 2023, and profit for the year after tax for the year ended March 31, 2024, amounts to Rs.587.2 Million as against Rs.653.3 Million for the year ended March 31, 2023.

### 3. THE STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

#### ECONOMIC SCENARIO AND DOMESTIC MARKET

The past year presented a mixed bag in financial performance, with the domestic sector showing growth and the overseas business a decline over the FY 2022-2023 figures. Overall, the company's turnover grew by 4.9% in FY 2023-2024. A healthy growth in domestic OEM's shored up the turnover.

The M&HCV segments continued to grow, which benefited your company in growing its domestic sales. With the continued Infrastructure development in the country the LCV & Construction Equipment machinery demand continued to grow.

Despite the management's focus on cash flow & cost optimization, market pressures and a change in sales mix did not help the profitability of the Company in the current year.

The ongoing focus of the Government on infrastructure development helped our company to boost its sales in the M&HCV and Construction Equipment sectors. A 13.5% increase in OEM sales was achieved in the current year.

#### EXPORTS

The export sales saw a drop due to a sales mix change with our largest customer, that led to an overall decrease of 13.2% in FY 2023-24. Export sales to the North American market segment in F.Y. 2023-24 were USD 18.9 Million as against USD 22.1 Million in F.Y. 2022-23.

Your Company will continue its efforts to regain its exports sales, with additional parts and newer customers.

#### AFTER MARKET BUSINESS

The company's Aftermarket business grew by a marginal 4.0%, due to very slow market conditions. Serious competition from OEM-SPD sales was one of the main reasons for the slow growth in sales. The lack of OEM fitment of MSL clutches in some M&M vehicles over the past few years is now affecting the secondary sales in the aftermarket. Extra efforts are being put to counter this.

The After-Market sales in F.Y. 2023-24 were Rs.1645.7 Million compared to Rs.1582.5 Million in FY 2022-23.

#### PITHAMPUR PLANT

Improving the volumes of existing OEMs serviced by this plant resulted in a much higher turnover, at a very healthy growth of 33.2%. During the year some more customer supplies were shifted from Nasik to Pithampur, which added to the overall turnover. This also helped in easing the load at Nasik, while better utilizing the idle capacity at Pithampur.

The Sale from the Pithampur plant stood at Rs.637.5 Million in F.Y.2023-24, compared to Rs.478.1 Million in F.Y.2022-23.

#### NEW BUSINESS

The Company's focus on getting into all possible vehicle model platforms of existing and new customers continues to pay dividends and will continue to add to newer business in the coming years too. Our products in the 2040/2045/2055 etc., series will now be going into regular production vehicles, after a long investment of nearly two years in testing and validations. The steering column product range continued to grow in numbers @19.6% and in value @16.4% over the previous year. The required additional technology and investments for the next generation of this product range is in the pipeline, which will propel further growth. The much-awaited growth in Double Cardan Front Axle shaft assembly sales showed promise by growing @54.8% over the previous year. The W502 (Thar 5 Door and UPP pick-up) business will contribute substantial growth in the coming quarters.

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## TECHNOLOGY AND PRODUCT DEVELOPMENT

In order to boost customer confidence in our product offering, our Company has continuously invested in testing facilities. R&D Centre with State-of-the-Art equipment catering for all range of products made by the Company. The facility, in addition to testing, and validations for products as per customer requirements, also supports in-house innovations, as regards products, features & processes.

Your Company continues to add new products adopting the latest technology to ensure continuity of business. Considering the increasing number of electric vehicles being launched on Indian roads your company is adding new products that can cater to this growing segment.

Your Company continues to invest in upgrading its Testing & Validation facilities since most of the customers now demand pre-implementation validation, which MSL is easily able to carry out in its in-house R&D facilities, which helps reduce the validation timeline substantially.

## THE YEAR AHEAD

The financial year 2023-24 ended on a flat note. 2024 being an Election year, the sentiment is expected to be a bit subdued in the first two quarters, thereafter, depending on a favorable outcome of the elections, business should pick up, though making up for two lost quarters, would be quite difficult. Your Company is well equipped and geared up to face any business challenges that present themselves post elections in the current financial year.

## 4. BUY-BACK OF SHARES

The Board at its meeting held on August 29, 2023, approved a proposal for the buy-back of fully paid-up equity shares of face value of Rs.10/- each from the equity shareholders of the Company for an amount not exceeding Rs.380 Million (Rupees Three Hundred and Eighty Million Only). The proposal for the buy-back of equity shares was approved by the shareholders of the Company at the Annual General Meeting held on September 29, 2023. The Buy-Back offer comprised a purchase of 3,83,064 (Three Lakh Eighty-Three Thousand Sixty-Four Only) equity shares aggregating to 4.98% of the total number of shares comprised in the paid-up share capital of the Company (17.45% i.e., aggregate paid-up capital and free reserves as per the audited financial statement dated March 31, 2023), at a price of Rs. 992.00/- per share. The buyback was offered to all the shareholders of the Company on a proportionate basis. The Company concluded the buy-back procedure on November 23, 2023, in all respects, and 3,83,064 equity shares were extinguished. The Company has utilized the general reserve for the buy-back of its shares.

The Buy-Back Committee was formed specifically for the purpose of monitoring and approving the buy-back process approved by the Board at its meeting held on August 29, 2023, comprising Mr. Gaurav Motwane, Chairman & Managing Director, and Mr. Nikhilesh Panchal, Non-Executive Director.

## 5. COST CONTROL

Cost optimization and effectiveness have been key pillars of your Company's value-creation strategy. This strategy has been achieved through scale in operations, process technology innovations, wastage reduction in the value chain along with efficient management of working capital. Your Company will continue its efforts on cost-effectiveness in the coming year. In order to counter the upward trend in indirect costs going into products and the inability of OEM customers to compensate for the same, the Company continued to improve operational efficiency by increasing the review cycle to Weekly Cross Functional Review meetings, Total Productive Maintenance, and Group Kaizen.

During the year, the Company initiated various initiatives to control manufacturing expenses such as stores and tools. The Company is bringing in various initiatives to reduce the packing cost of its product where it is considering various initiatives to replace the wooden packing with returnable packing which will not just save the Company's costs but will support the green initiatives of the Company.

## COST RECORDS AND COST AUDIT

The company maintains the cost record as prescribed under the provisions of Section 148 (1) of the Companies Act, 2013.

The Board of Directors on the recommendation of the Audit Committee, appointed M/s. Shilpa & Co., Cost Accountants (Firm Registration Number 100558), as the Cost Auditors of the Company for the Financial Year 2023-24 under Section 148 of the Companies Act, 2013. M/s Shilpa & Co., Cost Accountants have confirmed that their appointment is within the limits of section



141(3) (g) of the Companies Act,2013 and have also certified that they are free from any disqualification specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act,2013.

The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the company.

As per the provisions of the Companies Act, 2013,the remuneration payable to Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s Shilpa & Co., *Cost Accountants*, was placed before the Annual General Meeting held for the financial year 2022-23.

#### SHARE CAPITAL

As on March 31, 2024, the Authorized Share Capital of the Company is Rs.17,00,00,000 divided into 1,70,00,000 Equity Shares of Rs.10 each. During the year under review, the Company bought back 3,83,064 (Three Lakh Eighty-Three Thousand Sixty-Four) fully paid-up equity shares. Post buy-back, the number of equity shares has reduced to 73,06,936 (Seventy Three Lakh Six Thousand Nine Hundred Thirty Six).

#### 6. UNCLAIMED DIVIDEND

Section 124 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules"), mandates that companies transfer dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the Rules mandate that the shares on which dividend has not been paid or claimed for seven consecutive years or more be transferred to the IEPF.

The following table provides a list of years for which unclaimed dividends and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below:

Year	Type of dividend	Dividend per share	Number of corresponding shares	Date of declaration	Due date for transfer	Amount
2020-21	Interim	Rs.17/-	25,000	30.10.2020	05.12.2027	Rs.425,000/-
Total						Rs.425,000/-

The details of the above mentioned unpaid / unclaimed dividend amount lying with the Company is available on the website of the Company, <http://www.msldriveline.com>.

Mr. Mahendra Salunke, Company Secretary of the Company, has been appointed as Nodal Officer under IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016. The details of Nodal Officer are also available on the Company's website, <http://www.msldriveline.com>.

#### 7. FINANCE

The outstanding working capital facility availed by the Company from banks amounts to Rs.671.2 Million as on March 31, 2024. The outstanding term loan sanctioned by the bank's amounts to Rs.68.0 Million as on March 31, 2024.

#### 8. DEPOSITS

The Company has not accepted any fixed deposits including from the public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

#### 9. PARTICULARS OF LOANS, GUARANTEE, OR INVESTMENT

During the financial year ended March 31, 2024, the Company has not given any loan to any person or other body corporate or given any guarantee or provided any security in connection with a loan to any other body corporate or person.

The details of the investment made in the wholly owned subsidiary company, namely MSL Electric Vehicle Technologies Private Limited, are provided in Note No. 4 of the financial statements of the Company.

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## 10. RISK MANAGEMENT

The Risk Management Policy as adopted by the Board of Directors of your Company focuses on sustainable business growth of the Company. The risk management systems adopted by the Company at various levels, inter alia, covers business risk, statutory compliances, and environmental risk. The Risk Management system is continuously reviewed at an appropriate level and corrections are made wherever required. The Company has adopted adequate insurance policies to mitigate different kinds of risk. The safety audit is undertaken regularly.

## 11. VIGIL MECHANISM

The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees in conformation with Section 177(9) of the Act to report concerns about unethical behavior. This Policy is available on the Company's website at [www.msldriveline.com](http://www.msldriveline.com).

## 12. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has Internal Financial Control Systems commensurate with the size of the Company and the nature of its business. The Internal Financial Control system of the Company covers three levels of control viz. entity level, business process level and IT General Control. The Internal Financial Control System as adopted by the Board of Directors of the Company ensures adherence to the Company's policy, the safeguarding of its assets, the prevention of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. The Company has appointed internal auditors to monitor and evaluate the efficacy and adequacy of the internal financial control system in the Company. The Audit Committee and the Board ensure that the said system is adequate considering the nature of business and size of transactions. The Statutory Auditors have also audited the Internal Financial Control System of the Company for the financial year ended March 31, 2024 and opined in their report that the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note issued by the Institute of Chartered Accountants of India.

## 13. CODE OF CONDUCT

The code of conduct for directors, senior management and employees of the Company commits management to financial and accounting policies, systems and processes. Further, that the Company has in respect of the year ended March 31, 2024, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

## 14. INDUSTRIAL RELATIONS

Industrial relations during the year were cordial.

## 15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Chairman of the Board

Mr. Gaurav Motwane, Managing Director & CEO of the Company who was appointed as Chairman of the Board & Company w.e.f. December 19, 2016, continues to be the Chairman of the Board and the Company.

### Re-appointment of Retiring Directors

As per the provisions of the Companies Act, 2013, Mr. Satpal Khattar, Non-Executive Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

### Declaration by Independent Director

In terms of Section 149 of the Companies Act, 2013, Mr. Manish Choksi and Mr. Kaval Mirchandani are the Independent Directors of the Company as on the date of this Report.

All Independent Directors of the Company have given a declaration under Section 149(7) of the Companies Act, 2013, that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013. The Independent Directors have undertaken requisite steps towards the inclusion of their name in the data bank of the Independent Directors maintained with the





Indian Institute of Corporate Affairs, in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment & Qualifications of Directors) Rules, 2014.

The Independent Directors are not liable to retire by rotation.

#### **Number of Meetings of the Board of Directors**

During the year under review, the Board met 4 (Four) times viz on May 23, 2023, August 29, 2023, November 9, 2023, and January 31, 2024, the details of which are provided for in Annexure 'B' forming part of this Board's Report.

The maximum interval between two meetings did not exceed 120 days, as prescribed in Section 173 of the Companies Act, 2013.

#### **16. AUDIT COMMITTEE**

The Audit Committee presently comprises Mr. Gaurav Motwane, Managing Director, Mr. Kaval Mirchandani, Independent Director and Mr. Manish Choksi, Independent Director.

During the year under review, the Committee met 4 (Four) times viz on May 22, 2023, August 29, 2023, November 9, 2023, and January 31, 2024, the details of which are provided for in Annexure 'B' annexed to this Report.

There were no circumstances requiring reporting where the Board has not accepted the recommendations of the Audit Committee.

#### **17. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVE**

Your Company has framed a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the Company's website ([www.msldriveline.com](http://www.msldriveline.com)).

The CSR activities undertaken by your Company primarily focus on education, health, environment, women empowerment and upliftment of poor. The details of the CSR initiatives undertaken by the Company during the year under review and the amount spent are provided for in Annexure 'C' forming part of this Board's Report.

The CSR Committee comprises Mr. Manish Choksi, Independent Director, Mrs. Superna Motwane, Non-Executive Director and Mr. Rajesh Nagpal, Non-Executive Director of the Company.

The CSR corpus for the financial year 2023-24 amounted to Rs.14.03 Million. The details of CSR corpus spent on CSR activities approved by the CSR Committee and the Board including the reason for un-spent amount, are provided for in the Annual Report on CSR which forms part of this Report.

During the year under review, the Committee met 2 (Two) times i.e., on May 22, 2023, and August 29, 2023 details of which are given in Annexure 'B' forming part of this Board's Report.

#### **18. NOMINATION & REMUNERATION POLICY & COMMITTEE**

The Company has in place a Nomination & Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014. The Nomination & Remuneration Committee presently comprises Mr. Manish Choksi, Independent Director, Mrs. Superna Motwane, Non-Executive Director, Mr. Nikhilesh Panchal, Non-Executive Director and Mr. Kaval Mirchandani, Independent Director.

The Committee has formulated a Policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees, composition and the criteria for determining qualifications, positive attributes and independence of a director are provided for in Annexure 'D' forming part of this Board's Report.

During the year under review, the Committee met 2 (Two) times i.e., on May 22, 2023, and August 29, 2023, the details of which are provided for in Annexure 'B' forming part of this Board's Report.

#### **19. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards for the financial year ended March 31, 2024, have been followed along with proper explanation relating to material departures;

2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis;
5. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into by the Company with related parties during the financial year were on an arm's length basis and were in the ordinary course of business.

The disclosure of related party transactions as required under Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable to the Company for FY 2023-2024 and hence does not form part of this report.

## 21. AUDITORS

### STATUORY AUDITORS

M/s SRBC & Co. LLP, Chartered Accountants (Firm Registration Number: 324982E) were appointed as the Statutory Auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the 28th Annual General Meeting of the Company held on September 27, 2022, till the conclusion of the 33rd Annual General Meeting of the Company.

The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Auditors' Report is enclosed with the financial statements in the Annual Report.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 thereunder, Vijay Tiwari & Associates, Practicing Company Secretaries were appointed to conduct the Secretarial Audit of the Company for the financial year 2023-24. The Secretarial Audit Report for the financial year 2023-24 forms part of the Annual Report as Annexure 'E' to the Board's Report.

The Secretarial Auditors in their report has made a comment on the non-compliance of the provisions of Foreign Exchange Management Act, 1999 ("FEMA"). The non-compliance with regard to FEMA pertains to non-filing of Annual Performance Report (APR) which mainly occurred on account of non-availability of the financial statements of foreign joint venture companies, corresponding to the Company's financial years.

The Company is making best efforts to resolve the pending issue and engaged in the discussion with experts in this matter.

The Board has appointed Vijay Tiwari & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company for the financial year 2024-25.

### REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013.

## 22. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, and foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014 are provided for in Annexure 'A' forming part of this Board's Report.



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**23. EXTRACT OF ANNUAL RETURN**

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013 as amended vide the Companies (Amendment) Act, 2017, the Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 in the prescribed Form MGT-7 will be placed on Company's website at [www.msldriveline.com](http://www.msldriveline.com).

**24. SECRETARIAL STANDARDS**

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

**25. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION**

There have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

**26. SIGNIFICANT AND MATERIAL ORDER**

There have been no significant material orders passed by courts, tribunals or regulatory authorities which can have an impact on the going concern status of the Company and its operations. Further, there is no application made by or against the Company or any proceedings pending against the Company under the Insolvency & Bankruptcy Code, 2016.

**27. PREVENTION OF SEXUAL HARASSMENT POLICY**

The Company has in place a policy for prevention of Sexual Harassment at the workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year no complaints were filed before the said Committee.

**28. ACKNOWLEDGMENTS**

The Directors wish to convey their appreciation to all the Company's employees for their enormous efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers, Government, and all the other business associates for the continuous support given by them to the Company and their confidence in its Management and look forward to their continued support in the future.

**For and on behalf of the Board**

**Gaurav Motwane**  
*Managing Director*  
DIN : 00746165

**Manish Choksi**  
*Independent Director*  
DIN : 00026496

Mumbai, 27 May, 2024

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## Annexure 'A' to the Board's Report

**PARTICULARS AS PER ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024**

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### (A) CONSERVATION OF ENERGY

The Company has given due importance to conservation of energy and environmental sustainability. Persistent efforts are made towards achieving this goal by the Company.

#### (i) The steps taken or impact on conservation of energy:

Energy Conservation Measures taken at the factory at Nashik and Pithampur Plant:

- (1) Usage of LED tubes, panel lights, streetlights and focus lights continued.
- (2) Higher HP motors replaced with Lower HP Energy Efficient IE3/IE4 Motors continued.
- (3) Old motors/ Pumps replacing with Energy efficient motors IE3/IE4 continued.
- (4) Modifying Grit blasting machine to reduce air consumption continued.
- (5) Compressor Air Audit conducted for Reducing compressed air leakages continued.
- (6) Auto power off during idle condition of machines.
- (7) Modified testing machines Electrical controls in R&D for Energy conservation.
- (8) VFDs providing for the Induction motors for energy saving continued.
- (9) Power quality audit conducted and localized power factor correction done, and MD reduced.
- (10) Induction hardening machine NO: 1352 upgraded to IGBT control Power supply for energy conservation.

#### (ii) The steps taken by the Company for utilizing alternate sources of energy:

Solar Power generated from rooftop Solar from Nashik Plant in F.Y. 2023-2024 is about 14.28 lakh units which is equivalent to plantation of more than 1.7 lakh tree, helping in reduction of carbon footprint.

#### (iii) The capital investment

During the current financial year capital investment of Rs.10.00 Million was made on energy conservation equipment.

### (B) TECHNOLOGY ABSORPTION

The Company has filed three different applications for registration of patent with the Controller of Patent, Government of India for

- (1) One Time Greasing (OTG) Slip Joint Assembly for Propeller Shafts
- (2) Universal Joint with Non-metallic Bearing Bushes and
- (3) Ventilated Pressure Plate for Enhanced Clutch Life and a Clutch thereof.

The Controller of Patent, Government of India has granted patent to the Company for an invention entitled 'A COLD FORMED INTERMEDIATE SHAFT COMPONENTS (SLEEVE & BOSS ASSEMBLY FOR STEERING APPLICATION)'. The patent is granted on July 2, 2020, and is valid for the period of 20 years.

**In-House Technology Developments:**
CLUTCH

- New Ø260 clutch for TML Xenon application for after-market has been developed after necessary validation on intended application. This is a derivative of recently developed 260 dia Bolero BS6 Pik up clutch. Hence, was developed with minimal investment.
- Ø240 Clutch for TML 207 Di is developed for aftermarket as a derivative of M&M Di Clutch – No additional investment.
- Ø380 clutch Cover Assy & Ceramic button D.P. Assy supplies to VECV SPD commenced. Clutches developed for after-market have been modified for VECV – No additional investment.
- Bearing plate for 380 dia Cover Assembly is developed in Investment casting which does not call for any machining except face grinding which is vehicle mating part requirement. This is adoption of New manufacturing technology.
- Ø352 PULL type cover assy (new concept) supply commenced to VECV SPD.
- New product commodity: "Flywheel" is added for after-market. Flywheel for M&M BS6 Pik up truck is developed and supplies to after-market commenced.
- Ø352 PUSH type cover assy – Prototypes are supplied to VECV SPD this is a change of concept from PULL type to PUSH type. This is productionised for after-market for VECV & TML application and reduction in number of plies.
- Saving on packing cost of supplies to VECV SPD is achieved through change of carton design from Printed to plane type.
- Productivity increase & manpower saving is achieved on all diaphragm type Cover assy by eliminating tip setting operation. Parts produced are confirmed to be 100 % and results are confirmed through EOL testing. This is productionised for after-market for VECV & TML application and reduction in number of plies.
- 260 Dia Clutch set # 331000991 added as Low-Cost product as alternate to existing M&M 260 dia Bolero BS6 clutches just by changing diaphragm spring design, which is in line with OEM clutch.

UNIVERSAL JOINTS

- Double Cardan Axles Shafts in B300, B310, B320 and larger series have been designed, manufactured, tested and offered to various customers. This is a new product family addition to existing product range which can be offered to domestic customers as well as overseas customers. Purchase orders for these parts are already received. Productionised for M&M Tractors, Comer India, Automotive Axles Ltd & being proposed for JCB.
- Development of Hybrid Aluminum Steel Prop shaft assemblies for new generation vehicle has been initiated. Design work for Aluminum Yoke & Tubes, Manufacturing of parts & assemblies has been successfully completed. In house testing is completed, Few Aluminums Steel Hybrid Propeller shafts have been put on field vehicles for validation. Enquiry for these shafts from potential customers has been received. However, No progress on the project from prospective customers.
- Various raw material saving projects have been initiated with effective utilization of CAE software analysis & Testing on the R&D testing machines. Raw material saving has been effectively implemented in 1480, 1550 & 1650 series yokes.
- Raw material saving projects have been initiated & productionized for export customers without affecting Form, Fit & Function of the products.

New product development & cost saving projects ongoing & recently completed have been done using in-house Engineering and R&D facilities. No external technology has been acquired for the same.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars	Rs. in Million	
	Current Year	Previous Year
Inflow	<b>1,622.6</b>	1,853.7
Outflow	<b>1,428.8</b>	1,445.3

## Annexure 'B' to the Board's Report

**DETAILS OF MEETING OF BOARD OF DIRECTORS OF THE COMPANY AND THEIR COMMITTEES AS PER SECTION 134(3)(b) AND SECRETARIAL STANDARD ON MEETINGS OF THE BOARD OF DIRECTORS (SS-1) DURING THE FINANCIAL YEAR ENDING ON MARCH 31, 2024**

### A] BOARD MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended	Attendance at last AGM
1.	Mr. Gaurav Motwane	Chairman, Managing Director & CEO	4 out of 4	Yes
2.	Mr. Satpal Khattar	Non-Executive Director	4 out of 4	No
3.	Mrs. Superna Motwane	Non-Executive Director	3 out of 4	Yes
4.	Mr. Nikhilesh Panchal	Non-Executive Director	4 out of 4	Yes
5.	Mr. Rajesh Nagpal	Non-Executive Director	4 out of 4	No
6.	Mr. Manish Choksi	Independent Director	4 out of 4	Yes
7.	Mr. Kaval Mirchandani	Independent Director	4 out of 4	Yes
8.	Mr. Bhushan Patwardhan*	Executive Directors	3 out of 3	Yes

\* Appointed w.e.f. 31st May 2023

### B] AUDIT COMMITTEE MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended
1.	Mr. Gaurav Motwane	Chairman, Managing Director & CEO	4 out of 4
2.	Mr. Manish Choksi	Independent Director	4 out of 4
3.	Mr. Kaval Mirchandani	Independent Director	3 out of 4

### C] CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended
1.	Mrs. Superna Motwane	Non-Executive Director	1 out of 2
2.	Mr. Rajesh Nagpal	Non-Executive Director	2 out of 2
3.	Mr. Manish Choksi	Independent Director	2 out of 2

### D] NOMINATION & REMUNERATION [NRC] COMMITTEE MEETING

No.	Name of the Director	Category	No. of Meeting(s) Attended
1.	Mrs. Superna Motwane	Non-Executive Director	1 out of 2
2.	Mr. Nikhilesh Panchal	Non-Executive Director	1 out of 2
3.	Mr. Manish Choksi	Independent Director	2 out of 2
4.	Mr. Kaval Mirchandani	Independent Director	2 out of 2

## Annexure ‘C’ to the Board's Report

### ANNUAL REPORT ON CSR ACTIVITIES [FOR FINANCIAL YEAR COMMENCING ON OR AFTER 1ST DAY OF APRIL, 2023]

**1. A brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.**

The CSR vision of the Company is to integrate social and environmental concerns in its business operations and interactions with all stakeholders in order to achieve a balance of economic, environmental and social imperatives. CSR will remain a fundamental part of the Company’s practices, broad objective and overall culture. The company has constituted a CSR Committee which recommends CSR activities to the Board for their approval. There is a monitoring team to overview the implementation of CSR activities. The Company implemented its CSR Project through implementing agencies by way of contribution. During the year under review, the Company has contributed towards programs encompassing the following areas:

- (a) Education
- (b) Health
- (c) Women Empowerment
- (d) Environmental Sustainability

**2. The Composition of the CSR Committee.**

CSR Committee as on March 31, 2024 consists of:

No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Superna Motwane	Non-Executive Director	2	1
2.	Mr. Rajesh Nagpal	Non-Executive Director	2	2
3.	Mr. Manish Choksi	Independent Director	2	2

**3. Information about Composition of CSR committee, CSR Policy and CSR projects approved by the board are available at [www.msldriveline.com](http://www.msldriveline.com)**

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable: Not Applicable**

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: NIL**

**6. Average net profit of the Company for the last three financial years as per Section 135(5): Rs.701.32 Million**

**7. (a) Two percent of average net profit of the Company as per Section 135(5): Rs.14.03 Million**

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil**

**(c) Amount required to be set off for the financial year, if any: NIL**

**(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.14.03 Million**

## (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
12.07 Million	1.93 Million	25.04.2024	-	-	-

**Note :** There is unspent amount of Rs. 25,383/-, which will be transferred to fund specified under Schedule VII as per second proviso to Section 135(5) within the prescribed period of 6 months from the closure of financial year.

## (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Preserving historical evidence and testimonies of freedom fighters	Clause (ii) of Schedule VII	Yes	Maharashtra	Mumbai	2 Years	3,00 Million	1.07 Million	1.93 Million	No	University of Pennsylvania Institute for the advance study of India	CSR00013207

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(Rs. Million)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Procurement of medical equipment for major surgeries	Clause (i) of Schedule VII	Yes	Maharashtra	Mumbai	0.30	No	Ravindra Joshi Medical Foundation	CSR00008424
2.	Programmes for women health & hygiene, Women entrepreneurs upliftment	Clause (i) of Schedule VII	Yes	Maharashtra	Mumbai	0.50	No	Ashmi India	CSR00005395
3.	Upgrading Infrastructure in two municipal schools.	Clause (ii) of Schedule VII	Yes	Maharashtra	Mumbai	1.60	No	Hidush Foundation	CSR00001560
4.	Education of underprivileged girl children. (Project Nanhi Kali)	Clause (ii) of Schedule VII	Yes	Maharashtra	Mumbai	0.29	No	K.C. Mahindra Education Trust	CSR00000511
5.	To provide affordable residential facility to underprivileged girl/	Clause (ii) of Schedule VII	Yes	Maharashtra	Mumbai	0.30	No	Seva Sadan Society	CSR000003387



(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
	student/women	VII							
6.	To support research that focusses on the study of Indian politics, economic reforms and dissemination of research to students and public at large.	Clause (ii) of Schedule VII	Yes	Maharashtra	Mumbai	0.50	No	University of Pennsylvania Institute for the advance study of India	CSR00013207
7.	Providing training support of national sports to underprivileged children	Clause (i) of Schedule VII	Yes	Maharashtra	Mumbai	0.15	No	Outplay Sports Foundation	CSR00048713
8.	Educational Fees, Open Gym, Equipment, Doctors Fees of underprivileged children	Clause (i) and (ii) of Schedule VII	Yes	Maharashtra	Mumbai	0.35	No	Saptasindhu Mahila Adhar Balsangopan Shikshan Sanstha	CSR00008059
9.	Procurement and installation of PHACO machine for cataract surgery (Ophthalmology) (Alcon Centurion Vision System with Active Sentry)	Clause (i) of Schedule VII	Yes	Maharashtra	Nashik	2.50	No	Dr.Babasaheb Ambedkar Vaidyakiya Pratisthan (Guruji Rugnalay)	CSR00000181
10.	Children's Heart Disease – Device Closures and Surgeries.	Clause (i) of Schedule VII	Yes	Maharashtra	Nashik	1.20	No	Nashik Rhaday Sewabhavi Sanstha	CSR00011118
11.	Tree Plantation Activities. Distribution of fruit plants to encourage forestation as well as nutrition level.	Clause (iv) of Schedule VII	Yes	Maharashtra	Nashik	0.50	No	Tainwala Foundation	CSR00019633
12.	Construction of nursing room at Anandalay Old age Home	Clause (i) of Schedule VII	Yes	Maharashtra	Nashik	1.30	No	Vanvasi va Durbal Ghatak Vividh Seva Prakalpa Nyas	CSR00007032
13.	Sponsoring NAT Test for enabling blood donation to poor and needy people at concessional rate	Clause (i) of Schedule VII	Yes	Maharashtra	Nashik	0.50	No	Rashtriya Swyamsevak Janakalyan Samiti's Janakalyan Blood Bank	CSR00000424
14.	Payment of education fees of underprivileged children.	Clause (ii) of Schedule VII	Yes	Madhya Pradesh	Indore	0.20	No	Bahu-uddeshyia Seva Samiti	CSR00011023
15.	Provision of Healthcare services to vulnerable and economically weak community	Clause (i) of Schedule VII	Yes	Madhya Pradesh	Indore	0.80	No	Shri Guruji Sevanyas	CSR00004483
<b>Total</b>						<b>10.99</b>			

(d) Amount spent on administrative overheads: Nil

- (e) **Amount spent on Impact Assessment, if applicable:** Not Applicable
- (f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** Rs.12.07 Million
- (g) **Excess amount for set off, if any:** No

Sr. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per Section135(5)	14.03
(ii)	Total amount spent for the Financial Year	12.07
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.00

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** Not applicable

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer	
1	-	-	-	-	-	-	-
	<b>TOTAL</b>	-	-	-	-	-	-

- (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Not applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed/ Ongoing
1	-	-	-	-	-	-	-	-
	<b>TOTAL</b>	-	-	-	-	-	-	-

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):** Not applicable

- (a) Date of creation or acquisition of the capital asset(s). -
- (b) Amount of CSR spent for creation or acquisition of capital asset. -
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). -

11. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report:** At the end of the financial year March 31, 2024 in aggregate Rs.19,55,986/- remained unspent. Out of which Rs.19,30,603/- was subsequently converted into ongoing project and transferred to separate account pursuant to section 135(5) and Rs.25,382.59 remained unspent due to computation error on account of rounding off, which will be transferred to fund specified in schedule VII pursuant to section 135(6) of the Act.

**For and on behalf of the Board**

**Gaurav Motwane**  
Managing Director

DIN : 00746165

**Rajesh Nagpal**  
Chairman

CSR Committee

DIN : 00032123

Mumbai, 27 May 2024

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**Annexure 'D' to the Board's Report****POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION AS PER SECTION 178(4) OF THE COMPANIES ACT, 2013 IS AS FOLLOWS**

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The Nomination and Remuneration Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors, KMP and Senior Management and their remuneration. This policy is accordingly derived from the said Charter.

**A] Criteria for Board Membership****Directors**

The Company shall take into account following points:

- (a) Director must have relevant experience in Finance / Law / Management / Sales / Marketing / Administration / Research / Corporate Governance / Technical Operations / Human Resource or the other disciplines related to Company's business.
- (b) Director should possess the highest personal and professional ethics, integrity and values.
- (c) Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

**Independent Director**

Independent Director shall meet all criteria specified in Section 149(7) of the Companies Act, 2013 and the relevant rules made thereunder.

**B] Remuneration Policy****Directors**

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the Non-Executive Directors and Whole-time Directors and other Executive Directors.

Remuneration recommended by the Committee shall be subject to approval of the Board and Shareholders.

Prior approval of the Shareholders will be obtained whenever applicable.

Remuneration to Whole-time directors shall be by way of salary, allowances, perquisites and variable pay. Salary is to be paid within the range approved by the Shareholders. Annual increments to be proposed by the Committee should be within the prescribed ceiling approved by the Shareholders. Annual increments as proposed by the Committee shall be subject to approval of the Board.

The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company Policy.

Non-Executive Directors receive sitting fees for attending meetings of the Board and Board Committees. Sitting fees to be recommended by the Committee and to be approved by the Board.

**Key Managerial Personnel/Other Employees**

The remuneration to employees largely consists of basic salary, perquisites, allowances and incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to the prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

Employees shall be eligible for loan from the Company, not exceeding twelve times of their basic salary, and subject to approval by the Management at such terms and conditions (including rate of interest) deemed appropriate by the Management, considering various factors such as number of years of services, past performance etc.

The annual variable pay of employees is linked to the performance of the Company.

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## Annexure 'E' to the Board's Report

**SECRETARIAL AUDIT REPORT PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION TO MANAGERIAL PERSONNEL) RULES, 2014:**

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**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration to Managerial Personnel) Rules, 2014]*

The Members,

**MSL Driveline Systems Limited**

CIN: U30007MH1994PLC081637

Unit No.1506, 15th Floor, ONE BKC,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai-400051.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MSL Driveline Systems Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iv) The list of other laws applicable to the Company (Under the Major Group and Head) as stated below:
  1. The Factories Act, 1960
  2. The Industrial (Development & Regulation) Act, 1951
  3. Labour Laws and other incidental laws related to labour and employees appointed by the Company as related to wages, gratuity, provident fund, ESIC, compensation etc.
  4. Acts prescribed under prevention and control of pollution
  5. Acts prescribed under Environmental protection
  6. Acts as prescribed under Direct Tax and Indirect Tax
  7. Land Revenue Laws
  8. Local laws applicable to various branch offices

I have also examined compliance with the applicable clauses of Secretarial Standard issued by the Institute of Companies Secretaries of India.



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

*The Company has not complied with the provisions of FEMA/RBI pertaining to two overseas joint venture companies, which are liquidated as on the date of this report. We have been informed that the Company is in the process of complying with the pending reporting and relevant documents are submitted with Authorized Dealer Bank.*

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no instances of events or actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**CS Vijay Tiwari**  
**Vijay S. Tiwari & Associates**  
**ACS No. 33084**  
**C.P. No. 12220**  
**UDIN No.A033084F000402167**

Mumbai, 27 May 2024

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries or Associate Companies or Joint Ventures

**Part A: Subsidiaries [Pursuant to Section 2(87) of the Companies Act, 2013]**

Rs. Million

<b>Sl. No.</b>	<b>(1)</b>
Name of the Subsidiary Company	<b>MSL Electric Vehicle Technologies Private Limited</b>
The date since when subsidiary was acquired	14th September, 2021
Financial Year ending on	31st March, 2024
Reporting Currency	INR
Exchange Rate on the last day of the Financial Year (in case of Foreign Company)	-
Share Capital	25.00
Reserves & Surplus	(6.70)
Total Assets	18.42
Total Liabilities (Excluding Equity)	0.13
Investments	-
Turnover	-
Profit/(Loss) before tax	(3.01)
Provision for Tax	(0.00)
Profit/(Loss) after tax	(3.01)
Proposed Dividend	-
Extent of Shareholding (in %)	100%

**Names of Subsidiaries which are yet to commence operations:** MSL Electric Vehicle Technologies Private Limited

**Names of Subsidiaries which have been liquidated or sold during the year:** N.A.

**Part B: Statement pursuant to Section 129 (3) of the Companies Act, 2013  
related to Associate Companies / Joint Ventures**

Rs. Million

Sl. No.	
Name of the Associates/Joint Ventures	–
Latest Audited Balance Sheet Date	–
Date on which the Associate or Joint Venture was associated or acquired	
Shares of Associates/Joint Ventures held by the company on the year end	
No.	–
Amount of Investment in Associates / Joint Ventures	–
Extend of Holding (in %)	–
Description of how there is Significant Influence	–
Reason why the Associate/Joint Venture is not consolidated	–
Net worth attributable to Shareholding as per the latest Audited Balance Sheet	–
Profit/(Loss) for the year	
i. Considered in Consolidation	–
ii. Not considered in Consolidation	–

Names of Associate Companies/Joint Ventures which are yet to commence operations: N.A.

Names of Associate Companies/Joint Ventures which have been liquidated or sold during the year: N.A.

**For and on behalf of the Board****Gaurav Motwane**  
Managing Director  
DIN : 00746165**Manish Choksi**  
Independent Director  
DIN : 00026496

Mumbai, 27 May, 2024

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## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of MSL Driveline Systems Limited**

#### **Report on the Audit of the Standalone Ind AS Financial Statements**

##### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of MSL Driveline Systems Limited ("the Company"), which comprise the Balance sheet as at March 31 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

##### **Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### **Responsibility of Management for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



### Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

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- (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);
- (g) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 29 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv.
    - a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 44 (v) to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 44 (vi) to the standalone Ind AS financial statements, no funds have been received by the Company from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. No dividend has been declared or paid during the year by the Company.
  - vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated for all relevant transactions recorded in the software during the period 19 December 2023 to 31 March 2024 at application level. At database level, the audit trail feature is not enabled for direct changes to data when using certain access rights during the period 1 April 2023 to 31 March 2024 as described in note 42 to the standalone Ind AS financial statement. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of accounting software where the audit trail has been enabled.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Murtuza Bookwala**

Partner

Membership Number: 117633

UDIN: 24117633BKFLKH8226

Mumbai, May 27, 2024

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## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2024

Annexure 1 referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date

### RE: MSL Driveline Systems Limited

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory including inventory lying with third parties at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.
- (b) As disclosed in note 11 to the standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

- (iv) The Company has not advanced loans to directors / to a Company in which the director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. Investments in respect of which provisions of section 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of “Other machinery and Mechanical Appliances”, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees’ state insurance, income-tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in 000)	Assessment Year to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	2,178.8	2017-18	Deputy Commissioner-Central GST & CX Nashik
Central Excise Act, 1944	Excise Duty	17,131.1	2001-02 to 2005-06	Appellate Authority up to Commissioner Level
Central Excise Act, 1944	Excise Duty	1.1	2008-09	Additional Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	12.9	1997-98	Appellate Authority up to Commissioner Level
Central Excise Act, 1944	Excise Duty	55.0	1998-99	Appellate Authority up to Commissioner Level
Central Excise Act, 1944	Excise Duty	2.0	1998-99	Additional Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	2.4	2000-01	Additional Commissioner of Central Excise
Finance Act, 1994	Service Tax	84.6	2012-13 to 2013-14	Appellate Authority upto Central Excise & Service Tax, Appellate Tribunal
Income Tax Act, 1961*	Income Tax	–	2020-21	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1,387.29	2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	4,572.3	2016-17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1,143.8	2014-15	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of the dues	Amount (Rs. in 000)	Assessment Year to which the amount relates	Forum where the dispute is pending	
Central Goods and Service Tax Act, 2017	Central GST	4,578.4	2017-18	Assistant CGST	Commissioner
Central Goods and Service Tax Act, 2017	Central GST	3,537.1	2017-18 to 2019-20	Assistant CGST	Commissioner

\* Pertains to disputed dues amounting to Rs.1,006.8 thousand, which has been adjusted against refund receivable of that year

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary company. The Company does not have any associate or joint venture company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary company. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 43 to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 34 to the standalone financial statements.
- (b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provision of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 34 to the standalone Ind AS financial statements.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Murtuza Bookwala**

Partner

Membership Number: 117633

UDIN: 24117633BKFLKH8226

Mumbai, 27 May, 2024





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## ANNEXURE 2

### TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MSL DRIVELINE SYSTEMS LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of MSL Driveline Systems Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements.

#### Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

A company's internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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**Inherent Limitations of Internal Financial Controls With Reference to Standalone Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**per Murtuza Bookwala**  
Partner  
Membership Number: 117633  
UDIN: 24117633BKFLKH8226

Mumbai, 27 May, 2024



**Standalone Balance Sheet as at 31st March, 2024**

Rs. Million

Particulars	Note	As at 31st March, 2024	As at 31st March, 2023
<b>(A) ASSETS</b>			
<b>1. Non-current assets :</b>			
(a) Property, plant and equipment	3(a)	793.0	799.0
(b) Capital work-in-progress	3(a)(iii)	9.6	9.9
(c) Other intangible assets	3(b)	3.9	7.2
(d) Intangible assets under development	3(b)(i)	-	1.1
(e) Right of use assets	3(c)	49.7	65.3
(f) Financial assets :			
(i) Investments	4	17.5	25.0
(ii) Others	6	21.6	18.2
(g) Income tax assets (net)	7(a)	17.4	20.1
(h) Other non-current assets	7(b)	33.9	7.3
<b>Total non-current assets</b>		<b>946.6</b>	<b>953.1</b>
<b>2. Current assets :</b>			
(a) Inventories	8	1,392.6	1,304.9
(b) Financial assets :			
(i) Trade receivables	9	1,944.4	1,815.6
(ii) Cash and cash equivalents	5	71.2	101.1
(iii) Others	6	0.9	0.5
(c) Other current assets	7(b)	62.1	71.7
<b>Total current assets</b>		<b>3,471.2</b>	<b>3,293.8</b>
<b>Total assets</b>		<b>4,417.8</b>	<b>4,246.9</b>
<b>(B) EQUITY AND LIABILITIES</b>			
<b>1. EQUITY :</b>			
(a) Equity share capital	10(a)	73.1	76.9
(b) Other equity			
(i) Retained Earnings	10(b)	1,973.8	1,861.0
(ii) Other Reserves	10(b)	278.3	274.7
<b>Total equity</b>		<b>2,325.2</b>	<b>2,212.6</b>
<b>2. LIABILITIES :</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities:			
(i) Long term borrowings	11	38.9	68.0
(ii) Lease Liabilities	17	5.6	21.9
(iii) Others	16	47.8	45.9
(b) Long Term Provisions	13	12.6	9.0
(c) Deferred tax liabilities (Net)	14(c)	17.3	30.2
<b>Total non-current liabilities</b>		<b>122.2</b>	<b>175.0</b>
<b>3. Current liabilities</b>			
(a) Financial liabilities:			
(i) Short Term Borrowings	11	700.3	714.2
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	12	270.6	194.9
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	12	639.7	583.7
(iii) Lease liabilities	17	16.4	15.2
(iv) Others	16	146.6	141.1
(b) Other current liabilities	18	56.6	52.6
(c) Short term Provisions	13	123.1	106.0
(d) Current tax Liabilities (Net)	15	17.1	51.6
<b>Total current liabilities</b>		<b>1,970.4</b>	<b>1,859.3</b>
<b>Total equity and liabilities</b>		<b>4,417.8</b>	<b>4,246.9</b>
<b>Summary of material accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

1 - 46

As per our report of even date

**For S R B C & CO. LLP**

Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

Partner

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors****MSL Driveline Systems Limited****Gaurav Motwane**

Chairman, Managing Director &amp; CEO

(DIN 00746165)

**Manish Choksi**

Independent Director

(DIN 00026496)

**Pradeep Mestry**

Chief Financial Officer

**Mahendra Salunke**

Company Secretary

Mumbai, May 27, 2024

**Standalone Statement of Profit and Loss for the year ended 31st March, 2024**

Rs. Million

Particulars	Note	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue from operations	19	8,246.8	7,875.9
Other income	20	43.0	88.6
Finance income	21	2.3	1.8
<b>Total Income</b>		<b>8,292.1</b>	<b>7,966.3</b>
<b>Expenses</b>			
(a) Cost of raw materials and components consumed	22(a)	5,463.5	5,076.1
(b) (Increase)/Decrease in inventories of finished goods and work-in-progress	22(b)	(75.4)	33.3
(c) Employee benefits expense	23	753.4	666.1
(d) Depreciation & amortisation expense	25	137.9	129.3
(e) Finance costs	24	58.9	55.3
(f) Other expenses	26	1,165.2	1,120.4
<b>Total Expenses</b>		<b>7,503.5</b>	<b>7,080.5</b>
<b>Profit before tax</b>		<b>788.6</b>	<b>885.8</b>
<b>Tax expense :</b>			
(1) Current tax	14(a)	215.3	231.6
(2) Adjustment of tax relating to earlier periods	14(a)	2.6	6.2
(3) Deferred tax	14(a)	(12.0)	(5.5)
<b>Total tax expense</b>		<b>205.9</b>	<b>232.3</b>
<b>Profit for the year</b>		<b>582.7</b>	<b>653.5</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
– Re-measurement gains/(losses) of the defined benefit plans	27	(3.2)	(0.8)
– Net gains/(loss) on cash flow hedges(effective portion)	27	(0.2)	–
– Income tax effect	14(b)	0.9	0.2
<b>Other Comprehensive Income for the year, net of tax</b>		<b>(2.5)</b>	<b>(0.6)</b>
<b>Total Comprehensive Income for the year</b>		<b>580.2</b>	<b>652.9</b>
<b>Earnings per equity share (in Rs.) – Basic &amp; Diluted</b>	32	<b>77.15</b>	<b>81.98</b>
<b>Summary of material accounting policies</b>	2		
<b>The accompanying notes are an integral part of the financial statements</b>	<b>1 - 46</b>		

As per our report of even date

**For S R B C & CO. LLP**

Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

Partner

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors  
MSL Driveline Systems Limited****Gaurav Motwane**Chairman, Managing Director & CEO  
(DIN 00746165)**Manish Choksi**Independent Director  
(DIN 00026496)**Pradeep Mestry**

Chief Financial Officer

**Mahendra Salunke**

Company Secretary

Mumbai, May 27, 2024



## Standalone Cash Flow Statement for the year ended 31st March, 2024

Rs. Million

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>A. Cash flow from operating activities:</b>		
Net Profit before tax	788.6	885.8
<b>Adjustment for:</b>		
Depreciation and amortisation expense	137.9	129.3
Excess provision written back	(5.6)	(22.5)
Provision for slow-moving and non-moving inventory	6.8	–
Provision for Intangible Asset under development	1.1	1.7
Provision for impairment – Investment	7.5	–
Provision for doubtful supplier advances	0.8	–
Dividend income/capital gain from current investment *	–	(0.3)
Interest income	(2.3)	(1.5)
Net foreign exchange differences	(4.8)	(8.7)
Finance costs paid	58.9	55.3
Loss/(gain) on sale of Property, Plant and equipment(net)	1.1	(0.1)
	<b>201.4</b>	<b>153.2</b>
Operating Cash flow before Working Capital Changes	<b>990.0</b>	<b>1,039.0</b>
<b>Movements in Working Capital:</b>		
<u>Adjustments for (increase)/decrease in operating assets</u>		
Inventories	(94.5)	(118.5)
Trade and Other Receivables	(119.8)	(93.4)
Other current assets	9.6	(15.6)
Financial assets	(3.4)	(1.6)
<u>Adjustments for increase/(decrease) in operating liabilities</u>		
Trade payables	133.0	(178.4)
Provision	16.1	8.7
Other liabilities	4.0	(17.1)
Financial liabilities	5.4	14.2
	<b>(49.6)</b>	<b>(401.7)</b>
Cash generated from/(used in) operations	<b>940.4</b>	<b>637.3</b>
Direct tax paid (net of refunds)	<b>(249.8)</b>	<b>(219.2)</b>
<b>Net Cash flow from/(used in) operating activities (A)</b>	<b>690.6</b>	<b>418.1</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of Property, Plant and equipment (net)	(141.7)	(108.7)
Proceeds from disposal of Property, Plant and equipment(net)	2.5	0.8
Investment in mutual funds	(30.0)	(290.0)
Redemption of mutual funds	30.0	290.3
Investment in fixed deposit with banks	(385.1)	(317.5)
Redemption of fixed deposit with banks	385.1	317.5
Interest income	1.9	1.5
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(137.3)</b>	<b>(106.1)</b>

\* Represents balance of Rs.24,457

Contd.

**Standalone Cash Flow Statement for the year ended 31st March, 2024 (contd.)**

Rs. Million

Particulars	For the year ended 31st March, 2024		For the year ended 31st March, 2023	
	Closing balance	Opening balance	Closing balance	Opening balance
<b>C. Cash flow from financing activities :</b>				
Payment made for buy back of equity shares	(380.0)		(370.0)	
Tax payment on buy back of equity shares	(87.6)		(85.0)	
Payment of lease liability toward principal obligation	(15.1)		(7.8)	
Payment of lease liability toward interest obligation	(3.4)		(4.3)	
Finance costs paid	(54.0)		(44.5)	
Long term loan taken during the year [Refer note 11]	–		63.6	
Repayment of long term loan	(27.3)		(6.7)	
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(567.4)</b>		<b>(454.7)</b>	
<b>Net decrease in Cash and cash equivalents (A+B+C)</b>	<b>(14.1)</b>		<b>(142.7)</b>	
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(585.8)</b>		<b>(443.0)</b>	
Less: Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.1)		(0.1)	
<b>Cash and cash equivalents at the end of the year</b>	<b>(600.0)</b>		<b>(585.8)</b>	
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet				
1 Cash in Hand [Refer Note 5(a)]	0.4		0.4	
2 Loan repayable on demand [Refer Note 11]	(671.2)		(686.9)	
3 Balances with Banks : [Refer Note 5(a)]				
i) On current accounts	36.0		45.7	
ii) EEFC account	34.8		55.0	
	<b>(600.4)</b>		<b>(586.2)</b>	
<b>Cash and cash equivalents at the end of the year (Refer note a below)</b>	<b>(600.0)</b>		<b>(585.8)</b>	

**Note (a):** For the purpose of the statement of cash flows, cash and cash equivalents comprise following

Rs. Million

Particulars	For the year ended 31st March, 2024		For the year ended 31st March, 2023	
	Closing balance	Opening balance	Closing balance	Opening balance
Cash & bank (Refer note 5)	71.2	101.1	101.1	53.3
Short term borrowing (Refer note 11)	(671.2)	(686.9)	(686.9)	(496.3)
Total	<b>(600.0)</b>	<b>(585.8)</b>	<b>(585.8)</b>	<b>(443.0)</b>

Cash flow statement has been prepared as per the indirect method set out in Indian Accounting Standard 7 “Statement of Cash Flows”.

Summary of significant accounting policies (Refer note 2)

**The accompanying notes are an integral part of the financial statements –****1 - 46**

As per our report of even date

**For S R B C & CO. LLP**

Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

Partner

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors****MSL Driveline Systems Limited****Gaurav Motwane**Chairman, Managing Director & CEO  
(DIN 00746165)**Manish Choksi**Independent Director  
(DIN 00026496)**Pradeep Mestry**  
Chief Financial Officer**Mahendra Salunke**  
Company Secretary

Mumbai, May 27, 2024

**Standalone Statement of Changes in Equity for the year ended 31st March, 2024****(A) Equity Share Capital**

Particulars	Numbers	Rs. Million
Balance as at 31st March, 2022	81,87,979	81.9
Add : Issued during the financial year 2022-23	–	–
Less : Buy back during the financial year 2022-23	(4,97,979)	(5.0)
Balance as at 31st March, 2023	76,90,000	76.9
Add : Issued during the financial year 2023-24	–	–
Less : Buy back during the financial year 2023-24	<b>(3,83,064)</b>	<b>(3.8)</b>
<b>Balance as at 31st March, 2024</b>	<b>73,06,936</b>	<b>73.1</b>

**(B) Other equity**

Particulars	Rs. Million					
	Capital reserve	Capital Redemption reserve	General reserve	Effective portion of Cash flow Hedges	Retained earnings	Total
Balance as at 1st April, 2023	2.0	33.1	239.6	–	1,861.0	2,135.7
Profit for the year	–	–	–	–	582.7	582.7
Other comprehensive income (net of deferred income tax)	–	–	–	(0.2)	(2.3)	(2.5)
<b>Total comprehensive income</b>	–	–	–	(0.2)	580.4	580.2
Buy back Shares	–	–	–	–	(376.2)	(376.2)
Distribution Tax on shares bought back	–	–	–	–	(87.6)	(87.6)
Transfer from Retained Earnings	–	3.8	–	–	–	3.8
Transfer to Capital Redemption Reserve	–	–	–	–	(3.8)	(3.8)
<b>Balance as at 31st March, 2024</b>	<b>2.0</b>	<b>36.9</b>	<b>239.6</b>	<b>(0.2)</b>	<b>1,973.8</b>	<b>2,252.1</b>
Balance as at 1st April, 2022	2.0	28.1	239.6	–	1,663.1	1,932.8
Profit for the year	–	–	–	–	653.5	653.5
Other comprehensive income (net of deferred income tax)	–	–	–	–	(0.6)	(0.6)
Total comprehensive income	–	–	–	–	652.9	652.9
Buy back Shares	–	–	–	–	(365.0)	(365.0)
Distribution Tax on shares bought back	–	–	–	–	(85.0)	(85.0)
Transfer from Retained Earnings	–	5.0	–	–	–	5.0
Transfer to Capital Redemption Reserve	–	–	–	–	(5.0)	(5.0)
Balance as at 31st March, 2023	2.0	33.1	239.6	–	1,861.0	2,135.7

**Summary of significant accounting policies (Refer note 2)**

The accompanying notes are an integral part of the financial statements (1 – 46)

As per our report of even date

**For S R B C & CO. LLP**

Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

Partner

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors  
MSL Driveline Systems Limited**

**Gaurav Motwane**

Chairman, Managing Director & CEO  
(DIN 00746165)

**Manish Choksi**

Independent Director  
(DIN 00026496)

**Pradeep Mestry**  
Chief Financial Officer

**Mahendra Salunke**  
Company Secretary

Mumbai, May 27, 2024

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## Notes to the standalone financial statements for the year ended 31st March, 2024

### NOTE 1 CORPORATE INFORMATION

MSL Driveline Systems Limited ('the company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is a closely held company. The registered office of the Company is located at Unit 1506, 15th floor, One BKC, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

The Company is engaged in manufacturing and selling of Auto Components including Propeller Shafts, Clutch Set and Universal Joints. The Company caters to both domestic and international markets. The Company also trades in steel and metal.

### NOTE 2 MATERIAL ACCOUNTING POLICIES

#### 2.1. Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of division II of schedule III to the Companies Act, 2013, (Ind AS compliant schedule III), as applicable.

The standalone financial statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value. Refer to the accounting policy on financial instruments in section (p) financial instruments.

The standalone financial statements are presented in Indian Rupee ('INR') which is also the Company's functional currency and all values are rounded to the nearest million, except when otherwise indicated.

#### 2.2. Summary of material accounting policies

##### a. Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- 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.

A liability is current when:

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

The company classifies all other liabilities as non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

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**Notes to the standalone financial statements for year ended 31st March, 2024****b. Foreign currencies**

The Company's standalone financial statements are presented in INR, which is also the company's functional currency.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the company at its functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. 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 recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

**c. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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 that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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**Notes to the standalone financial statements for year ended 31st March, 2024**

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities.

At each reporting date, the Company's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company's management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (note 37)
- Financial instruments (including those carried at amortised cost) (note 4, 5, 6, 9, 11, 12 and 16)

**d. Revenue from contracts with customer**

Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.3.

**Sale of goods**

Revenue from sale of goods are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 - 150 days in respect of export customers and 30 - 90 days from the date of delivery of goods in respect of domestic customers.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, rebates, etc.). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

**i) Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

**Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.



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*Notes to the standalone financial statements for year ended 31st March, 2024***Volume rebates**

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method (OEM, with whom we don't have any contract) and the expected value method for contracts with more than one volume threshold (Dealers). The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

**ii) Significant financing component**

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good to the customer and when the customer pays for that good will be one year or less.

**iii) Warranty obligations**

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (n) Provisions.

**Contract balances****Contract assets**

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

**Trade receivables**

A receivable is recognised if 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 (p) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Assets and liabilities arising from rights of return****Right of return assets**

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

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**Notes to the standalone financial statements for year ended 31st March, 2024****Interest income**

Interest income is recognised using the effective interest method.

**Dividends**

Revenue is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

**e. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**f. Export Benefits:**

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme, Remission of Duties and Taxes on Export Products and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

Export entitlements from government authorities are recognised in the Statement of Profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**g. Taxes****Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Sales/ value added taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

*Notes to the standalone financial statements for year ended 31st March, 2024*

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**h. Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets up to the date assets are ready for use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

When an item of property, plant and equipment is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013.

Estimated useful life of the assets are as follows:

Nature of Tangible Assets	Useful Life (Years)
Buildings	10 - 30
Plant and equipment	3 to 15
Furniture and fixtures	5 - 10
Vehicles	8
Office equipment	3-10
Lease improvement	Over the period of lease

**i. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

## Notes to the standalone financial statements for year ended 31st March, 2024

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Company's intangible assets are, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer Software	3-6 years	Amortised on a straight-line basis over the useful life	Acquired
Development costs	5 years	Amortised on a straight-line basis over the useful life	Internally generated

### j. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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**Notes to the standalone financial statements for year ended 31st March, 2024**

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**k. Borrowing costs**

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

**l. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee****i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	95 years for leasehold land at Nashik
Leasehold Land	30 years for leasehold land at Pithampur
Offices on Lease	More than 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

**ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings (see Note 17).

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*Notes to the standalone financial statements for year ended 31st March, 2024*

**iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 3 years or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices at branches that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**m. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials, Stores and spares, packing materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on moving weighted average basis.
- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**n. Provisions**

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, 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 cost.

**Warranty provisions**

Provisions for warranty-related costs are recognised when the product is sold, or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

**o. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

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**Notes to the standalone financial statements for year ended 31st March, 2024**

Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the statement of profit and loss in the year when an employee renders the related service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. Every employee who has completed five years or more of service get a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an insurance Company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**p. 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.

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)



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**Notes to the standalone financial statements for year ended 31st March, 2024**

- Debt instruments, derivatives and equity instruments at fair value through profit or loss(FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Debt instruments at amortised cost**

A debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI**

A debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

The Company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.



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**Notes to the standalone financial statements for year ended 31st March, 2024****Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments and are measured at amortized cost e.g., deposits and trade receivables.
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables and
- Other Receivable

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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**Notes to the standalone financial statements for year ended 31st March, 2024**

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'finance cost' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and other receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions; the Company expects to recover the carrying amount of these assets.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

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**Notes to the standalone financial statements for year ended 31st March, 2024****Bill Discounting**

During any point of time in the accounting year a Company may enter into an arrangement, with the Non-Banking Financial Companies ('NBFC') to avail the bill discounting facility extended by the NBFC's on such terms and conditions as may be mutually decided through a written agreement/contract and discount the bills raised on the customer with NBFC at an agreed discount rate. The liability to pay to the NBFC on due date is of the customer on full recourse basis to the Company (i.e. NBFC will recover the o/s bills amount from the company in case the customer fails to pay on due date).

At the end of the accounting year, any amount payable to NBFC by the Company on account of the discounted bills shall be disclosed under the head 'Borrowing' as this liability is not in the Company's normal business operating cycle and shall be considered as payable towards the money borrowed from the NBFC.

**Derecognition**

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

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

**q. Derivative financial instruments**

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

**r. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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**Notes to the standalone financial statements for year ended 31st March, 2024**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, loan repayable on demand (from bank) and net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**s. Cash dividend**

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 recognised directly in equity.

**t. Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the company (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**u. Contingent Liability and Contingent assets**

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

**2.3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

**Revenue from contracts with customers**

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

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**Notes to the standalone financial statements for year ended 31st March, 2024**

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(i) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

**(ii) Taxes**

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made.

The assessment of probability involves estimation of a number of factors including future taxable income.

**Defined benefit plans (gratuity benefits)**

A liability in respect of defined benefit plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 30 for details of the key assumptions used in determining the accounting for these plans.

**(iii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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*Notes to the standalone financial statements for year ended 31st March, 2024*

**(iv) Intangible asset under development**

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**(v) Estimating variable consideration for returns and volume rebates**

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. Right of return are analysed for the Company as a whole due to past experience of the Company having similar range of right to return for each customer.

The Company updates its assessment of expected returns and volume rebates annually and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

**(vi) Provision against obsolete and slow-moving inventories**

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

**(vii) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

**(viii) Impairment of investment in subsidiary**

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for the statement of profit and loss.

**Notes to the standalone financial statements for year ended 31st March, 2024**
**NOTE 3 (a) Property, plant and equipment:**

Rs. Million

Particulars	Buildings		Plant and equipment		Furniture and fixtures		Vehicles		Office equipment		Leasehold improvement		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>I. Cost</b>														
<b>Balance as at 1st April, 2023/ 2022</b>	319.3	319.1	1,509.7	1,419.6	91.0	90.3	38.2	36.7	8.3	10.1	9.9	9.9	1,976.4	1,885.7
Additions	–	0.2	89.3	94.0	1.8	2.0	23.8	3.0	1.1	0.3	–	–	116.0	99.5
Disposals	–	–	(43.4)	(3.9)	(0.5)	(1.3)	(4.0)	(1.5)	(3.2)	(2.1)	–	–	(51.1)	(8.8)
<b>Balance as at 31st March,</b>	<b>319.3</b>	<b>319.3</b>	<b>1,555.6</b>	<b>1,509.7</b>	<b>92.3</b>	<b>91.0</b>	<b>58.0</b>	<b>38.2</b>	<b>6.2</b>	<b>8.3</b>	<b>9.9</b>	<b>9.9</b>	<b>2,041.3</b>	<b>1,976.4</b>
<b>II. Accumulated depreciation</b>														
<b>Balance as at 1st April, 2023/ 2022</b>	119.7	108.1	990.3	907.5	29.0	21.5	21.0	17.9	7.5	9.1	9.9	9.9	1,177.4	1,074.0
Depreciation expense for the year	11.6	11.6	92.8	86.5	8.5	8.8	5.1	4.0	0.4	0.6	–	–	118.4	111.5
Eliminated on disposal of assets	–	–	(39.7)	(3.7)	(0.5)	(1.3)	(4.1)	(0.9)	(3.2)	(2.2)	–	–	(47.5)	(8.1)
<b>Balance as at 31st March,</b>	<b>131.3</b>	<b>119.7</b>	<b>1,043.4</b>	<b>990.3</b>	<b>37.0</b>	<b>29.0</b>	<b>22.0</b>	<b>21.0</b>	<b>4.7</b>	<b>7.5</b>	<b>9.9</b>	<b>9.9</b>	<b>1,248.3</b>	<b>1,177.4</b>
<b>Carrying amount (I – II)</b>														
<b>Balance as at 31st March,</b>	<b>188.0</b>	<b>199.6</b>	<b>512.2</b>	<b>519.4</b>	<b>55.3</b>	<b>62.0</b>	<b>36.0</b>	<b>17.2</b>	<b>1.5</b>	<b>0.8</b>	<b>–</b>	<b>–</b>	<b>793.0</b>	<b>799.0</b>

- (i) Term loan is secured by first *pari passu* charge over movable Property, plant and equipment (present and future) of the Company. Refer note 11 for details of security.
- (ii) The above includes Value of Property, plant and equipment such as tools and equipments lying with sub-contractors are as under :

Rs. Million

Particulars	31st March, 2024	31st March, 2023
<b>Opening Gross Block</b>	<b>41.8</b>	<b>37.5</b>
Transfer from MSL premises to Subcontractor	13.5	–
Additions during the year	4.2	4.3
Less : Accumulated Depreciation	(32.9)	(25.2)
<b>Net Block</b>	<b>26.6</b>	<b>16.6</b>

- (iii) Capital work-in-progress :

Rs. Million

Particulars	31st March, 2024	31st March, 2023
<b>Opening Balance</b>	<b>9.9</b>	<b>2.9</b>
Additions during the year	22.0	56.3
Less : Capitalised during the year	(22.3)	(49.3)
<b>Closing Balance</b>	<b>9.6</b>	<b>9.9</b>



**Notes to the standalone financial statements for year ended 31st March, 2024**

## (iv) Capital Work-in-Progress ageing schedule

Particulars	As at 31st March 2024					As at 31st March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	Project in Progress	9.0	0.6	–	–	9.6	9.9	–	–	–
Project temporarily suspended	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>9.0</b>	<b>0.6</b>	<b>–</b>	<b>–</b>	<b>9.6</b>	<b>9.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9.9</b>

**NOTE 3 (b) Intangible Assets**

Particulars	Computer software – (acquired)		Internally generated development expenditure		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	<b>I. Cost</b>					
Balance as at 1st April, 2023	43.1	–	12.2	–	55.3	–
Balance as at 1st April, 2022	–	39.3	–	12.2	–	51.5
Additions	0.6	3.8	–	–	0.6	3.8
Disposals	–	–	–	–	–	–
<b>Balance as at 31st March, 2024</b>	<b>43.7</b>	<b>–</b>	<b>12.2</b>	<b>–</b>	<b>55.9</b>	<b>–</b>
Balance as at 31st March, 2023	–	43.1	–	12.2	–	55.3
<b>II. Accumulated amortisation</b>						
Balance as at 1st April, 2023	35.9	–	12.2	–	48.1	–
Balance as at 1st April, 2022	–	33.4	–	11.8	–	45.2
Amortisation expense for the year	3.9	2.5	–	0.4	3.9	2.9
Eliminated on disposal	–	–	*	–	–	–
<b>Balance as at 31st March, 2024</b>	<b>39.8</b>	<b>–</b>	<b>12.2</b>	<b>–</b>	<b>52.0</b>	<b>–</b>
Balance as at 31st March, 2023	–	35.9	–	12.2	–	48.1
<b>Carrying amount (I – II) :</b>						
<b>Balance as at 31st March, 2024</b>	<b>3.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3.9</b>	<b>–</b>
Balance as at 31st March, 2023	–	7.2	–	–	–	7.2
Balance as at 31st March, 2022	–	5.9	–	0.4	–	6.3

\* Represents balance of Re.1 (Previous year : Rs.91,264)

**(i) Intangible assets under development:**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Opening balance	1.1	2.8
Provision for impairment [Refer note (a) blow]	(1.1)	(1.7)
<b>Closing balance</b>	<b>–</b>	<b>1.1</b>

- (a) During the year, the Company reviewed the intangible assets under development and based on its own assessment the company made a provision of Rs.1.1 million towards impairment in the carrying cost as certain projects, although technically feasible, for available for use, were not meeting the condition of generating future economic benefit in a certain period of time. The Company has reassessed the status of these projects and decided to make the provision for these projects, it will reassess the status of these projects in future and appropriate action will be taken.



**Notes to the standalone financial statements for year ended 31st March, 2024**
**(ii) Intangible assets under development ageing schedule**

	As at 31st March 2024					As at 31st March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	Project in Progress	–	–	0.4	0.7	1.1	–	2.1	–	0.7
Project temporarily suspended	–	–	–	–	–	–	–	–	–	–
Less: Provision for impairment	–	–	(0.4)	(0.7)	(1.1)	–	(1.7)	–	–	(1.7)
<b>Total</b>	–	–	–	–	–	–	0.4	–	0.7	1.1

**(iii) Completion Schedule for Intangible Assets under development, which are overdue or has exceeded its cost compared to its original plan**

Particulars	As at 31st March 2024				As at 31st March 2023			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
	Tilt & Telescopic Steering Column	–	–	0.7	–	–	0.7	–
Interaxle prop shaft 2040 Series with rubber Boot	–	0.4	–	–	0.4	–	–	–
Less: Provision for impairment	–	(0.4)	(0.7)	–	–	–	–	–
<b>Total</b>	–	–	–	–	0.4	0.7	–	–

**(c) Right of use assets**
**(i) Company as a Lessee**

The Company has lease contracts for various items i.e. land, building premises used in its operations. Leasehold land have lease period between 30 to 95 years, while building premises have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

**(ii) Right of use assets**

Particulars	Rs. Million					
	Leasehold Land		Rented Premises		TOTAL	
	2024	2023	2024	2023	2024	2023
<b>I. Cost</b>						
Balance as at 1st April, 2023 / 2022	37.4	37.4	73.1	68.5	110.5	105.9
Additions	–	–	–	5.4	–	5.4
Disposals	–	–	–	(0.8)	–	(0.8)
<b>Balance as at 31st March, 2024 / 2023</b>	<b>37.4</b>	<b>37.4</b>	<b>73.1</b>	<b>73.1</b>	<b>110.5</b>	<b>110.5</b>
<b>II. Accumulated amortisation</b>						
Balance as at 1st April, 2023 / 2022	5.2	3.9	40.0	27.3	45.2	31.2
Amortisation expense for the year	1.3	1.3	14.3	13.5	15.6	14.8
Disposals	–	–	–	(0.8)	–	(0.8)
<b>Balance as at 31st March, 2024 / 2023</b>	<b>6.5</b>	<b>5.2</b>	<b>54.3</b>	<b>40.0</b>	<b>60.8</b>	<b>45.2</b>
<b>Net Book Value (I – II) :</b>						
Balance as at 31st March, 2024 / 2023	30.9	32.2	18.8	33.1	49.7	65.3
Balance as at 31st March, 2022	–	33.5	–	41.2	–	74.7

*Notes to the standalone financial statements for year ended 31st March, 2024*

(iii) Set out below are the carrying amounts of lease liabilities and the movements during the year:

Rs. Million

Particulars	Leasehold Land		Rented Premises		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Balance as at 1st April, 2023</b>	–	–	<b>37.1</b>	–	<b>37.1</b>	–
<i>Balance as at 1st April, 2022</i>	–	–	–	44.9	–	44.9
Additions	–	–	–	5.4	–	5.4
Accretion of Interest	–	–	<b>3.4</b>	4.3	<b>3.4</b>	4.3
Payments	–	–	<b>(18.5)</b>	(17.5)	<b>(18.5)</b>	(17.5)
Deletion	–	–	–	–	–	–
<b>Balance as at 31st March, 2024</b>	–	–	<b>22.0</b>	–	<b>22.0</b>	–
Balance as at 31st March, 2023	–	–	–	37.1	–	37.1
Current	–	–	<b>16.4</b>	15.2	<b>16.4</b>	15.2
Non-current	–	–	<b>5.6</b>	21.9	<b>5.6</b>	21.9

(iv) The effective interest rate for lease liabilities is 10.4%, with maturity between 2024-2045.

(v) The following are the amounts recognised in profit or loss:

Rs. Million

Particulars	31st March, 2024	31st March, 2023
Depreciation expense on right of use assets	<b>15.6</b>	14.8
Interest expense on lease liabilities	<b>3.4</b>	4.3
Expense relating to short-term leases (included in other expenses)	<b>1.6</b>	2.3
Expense relating to leases of low-value assets	<b>0.1</b>	0.2
Variable lease payments (included in other expenses)	<b>8.1</b>	2.9
<b>Total amount recognised in statement of profit and loss</b>	<b>28.8</b>	24.5

(vi) The Company had total cash outflows for leases of **Rs.28.0 Million** in 31st March 2024 (Rs.22.8 Million for 31 March 2023). The Company also had non-cash additions to right-of-use assets and lease liabilities of **Rs.Nil** in 31st March 2024 (Rs.5.4 Million for 31 March 2023). There are no such leases for which the future cash outflows have not yet commenced.

(vii) The leases that the Company has entered with lessors are generally long-term in nature and no changes in terms of those leases are expected.

(viii) (viii) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(ix) (ix) The Company has made pre-payment of Rs.45.6 Million for lands taken on lease for 95 years located in Nashik and for 30 years located in Pithampur and hence no lease liability has been created for such assets.



Notes to the standalone financial statements for year ended 31st March, 2024

NOTE 4 INVESTMENTS

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	Rs. Million	Nos.	Rs. Million
<b>(Valued at cost unless stated otherwise)</b>				
<b>Investments in unquoted equity instruments (fully paid up unless specified)</b>				
<b>– Investment in associates (at cost)</b>				
i) Sona Autocomp Inc. (In USD 1 per share)	24,000	1.4	24,000	1.4
Less: Provision for diminution in value of investment	–	(1.4)	–	(1.4)
<b>Net Value (A)</b>	–	–	–	–
ii) Sona Autocomp Europe (in EURO 1 per share)	12,000	0.4	12,000	0.4
Less : Provision for diminution in value of investment	–	(0.4)	–	(0.4)
<b>Net Value (B)</b>	–	–	–	–
<b>– Investment in subsidiary (at cost)</b>				
iii) 25,00,000 (31st March, 2023 : 25,00,000) equity shares of Rs.10 each of MSL Electric Vehicle Technologies Private Ltd.	25,00,000	25.00	25,00,000	25.00
Less : Provision for impairment in value of investment	–	(7.5)	–	–
<b>Net Value (C)</b>	25,00,000	17.5	25,00,000	25.00
<b>Total (A + B + C)</b>	25,00,000	17.5	25,00,000	25.00
(a) Aggregate amount of unquoted investments		1.8		1.8
(b) Aggregate amount of impairment in value of investments		(1.8)		(1.8)

1. Sona Autocomp Inc and Sona Autocomp Europe have been dissolved in FY 2013-14 and FY 2014-15 respectively. The Company is not expecting any recoverability from these investments post dissolution and have been fully provided in the books of account.
2. The Company is in process of completing formalities with Reserve Bank of India in connection with the investments made in the said associate companies, pending which the investments have not been written off.

NOTE 5 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents			Rs. Million			
Particulars	As at 31st March, 2024		As at 31st March, 2023			
(a) Balances with banks:						
i) On current accounts		36.0			45.7	
ii) On EEFC account		34.8			55.0	
(b) Cash on hand		0.4			0.4	
<b>Total</b>		<b>71.2</b>			<b>101.1</b>	
<b>(b) Other bank balances</b>			Rs. Million			
Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>In deposit accounts : Earmarked deposit *</b>	–	–	–	–	–	–
<b>Total</b>	–	–	–	–	–	–

\* Represents fixed deposit of **Rs.Nil** (31st March, 2023: Rs.75,000) in the name of - CTO CIRCLE PITHAMPUR A/C MAHINDRA SONA LIMITED for 5 years towards Madhya Pradesh Central Sales Tax Registration.

**Notes to the standalone financial statements for year ended 31st March, 2024**

**For the purpose of statement of cash flows, cash and cash equivalents comprises the following:**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
(a) Balances with banks: i) On current accounts	36.0	45.7
ii) On EEFC account	34.8	55.0
iii) Earmarked deposit*	–	–
(b) Cash on hand	0.4	0.4
	71.2	101.1
Less : Loan repayable on demand and Bank Overdraft (Refer note 11)	(671.2)	(686.9)
<b>Total Cash and Cash equivalents</b>	<b>(600.0)</b>	<b>(585.8)</b>

\* Represents fixed deposit of **Rs. Nil** (31st March, 2023: Rs.75,000) in the name of - CTO CIRCLE PITHAMPUR A/C MAHINDRA SONA LIMITED for 5 years towards Madhya Pradesh Central Sales Tax Registration.

**NOTE 6 OTHER FINANCIAL ASSETS**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>(Unsecured, Considered good unless otherwise stated)</b>						
<b>Derivatives</b> : Foreign exchange forward contracts*	–	–	–	–	–	–
<b>Interest receivable</b> : Interest accrued on security deposits	–	0.9	0.9	–	0.5	0.5
<b>Security deposits</b>	21.6	–	21.6	18.2	–	18.2
Total	21.6	0.9	22.5	18.2	0.5	18.7

\* Represents balance of Rs. 30,533.

**NOTE 7 (a) Income tax assets (Net)**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Advance income tax [Net of provision <b>Rs.511.9 Million</b> (31st March, 2023 : Rs.570.7 Million)]	17.4	–	17.4	20.1	–	20.1
Total	17.4	–	17.4	20.1	–	20.1

**(b) Other non-current and current assets**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
(a) Capital advances [Refer Note 28(ii)]	33.3	–	33.3	5.9	–	5.9
(b) Prepayments	0.6	9.2	9.8	1.4	7.5	8.9
(d) Others : (i) Export benefits	–	4.6	4.6	–	7.1	7.1
(ii) Advance to suppliers	–	25.1	25.1	–	46.2	46.2
(iii) Others	–	23.2	23.2	–	10.9	10.9
Total	33.9	62.1	96.0	7.3	71.7	79.0

**Notes to the standalone financial statements for year ended 31st March, 2024****NOTE 8 INVENTORIES**

Rs. Million

Particulars	As at 31st March, 2024	As at 31st March, 2023
<b>(Valued at the lower of cost and net realisable value)</b>		
(a) Raw materials [Refer Note (i) below]	514.6	491.6
(b) Work-in-progress	552.4	503.9
(c) Finished goods [Refer Note (i) below]	263.3	236.4
(d) Stores and spares	8.1	6.6
(e) Loose tools	54.2	66.4
Total	<b>1,392.6</b>	<b>1,304.9</b>

Notes: (i) Included in above, goods-in-transit:

Rs. Million

Particulars	As at 31st March, 2024	As at 31st March, 2023
Raw materials	41.7	54.4
Finished Goods	195.7	176.2

- (ii) The cost of raw material recognised as an expense during the year **Rs.5,388.1 million** (31st March, 2023 : Rs.5,109.4 million).
- (iii) The cost of inventories recognised as an expense during the year ended 31st March, 2024 includes **Rs.6.8 million** (31st March, 2023 : Rs.Nil) in respect of provision for slow and non moving inventory.
- (iv) The provision made for slow and non moving inventory during the year ended **Rs.97.1 million** (31st March, 2023 : Rs.90.3 million)

**NOTE 9 TRADE RECEIVABLES**

Rs. Million

Particulars	As at 31st March, 2024	As at 31st March, 2023
<b>Trade Receivables</b>		
Trade Receivables - considered good	1,944.4	1,815.6
Trade Receivables which have significant increase in credit Risk	6.2	6.2
Trade Receivables - credit impaired	3.4	3.4
	<b>1,954.0</b>	<b>1,825.2</b>
<b>Impairment Allowance (allowance for bad and doubtful debts)</b>		
Trade Receivables which have significant increase in credit Risk	(6.2)	(6.2)
Trade Receivables - credit impaired	(3.4)	(3.4)
Total	<b>1,944.4</b>	<b>1,815.6</b>

- (i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) The Company is engaged in manufacturing and selling of Propeller shafts, Components & Clutch sets which are customers specific. Credit period varies from customer to customer. Average credit period in case of export customers is 30 - 150 days and in case of domestic customers 30 - 90 days from the date of receipt of goods.
- (iii) The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk even though it may be very low.

*Notes to the standalone financial statements for year ended 31st March, 2024*

(a) Movement in the expected credit loss :

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Balance at beginning of the year	9.6	9.6
Expected credit loss allowance on trade receivables	–	–
Reversal of Expected credit losses on trade receivables	–	–
<b>Balance at end of the year</b>	<b>9.6</b>	<b>9.6</b>

Rs. Million

Particulars Outstanding for following periods

Trade Receivable	Not Due		Un-billed Receivable		Less than 6 months		6 months – 1 year		1–2 years		2–3 years		More than 3 years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<b>Undisputed Trade Receivables</b>															
– considered good	1,566.9	1,408.9	–	49.4	337.3	320.1	31.6	36.1	8.3	0.2	0.3	0.9	–	–	1,944.4	1,815.6
– which have significant increase in credit risk	–	–	–	–	–	–	–	–	1.5	2.6	0.2	0.9	4.5	2.7	6.2	6.2
– credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	3.4	3.4	3.4	3.4
<b>Disputed Trade Receivables</b>																
– considered good	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– which have significant increase in credit risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Gross</b>	<b>1,566.9</b>	<b>1,408.9</b>	<b>–</b>	<b>49.4</b>	<b>337.3</b>	<b>320.1</b>	<b>31.6</b>	<b>36.1</b>	<b>9.8</b>	<b>2.8</b>	<b>0.5</b>	<b>1.8</b>	<b>7.9</b>	<b>6.1</b>	<b>1,954.0</b>	<b>1,825.2</b>
<b>Less : Allowance for Trade Receivables</b>																
– which have significant increase in credit risk – Undisputed	–	–	–	–	–	–	–	–	1.5	2.6	0.2	0.9	4.5	2.7	6.2	6.2
– which have significant increase in credit risk - disputed	–	–	–	–	–	–	–	–	–	–	–	–	3.4	–	3.4	–
– credit impaired - Undisputed	–	–	–	–	–	–	–	–	–	–	–	–	–	3.4	–	3.4
– credit impaired - disputed	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>1,566.9</b>	<b>1,408.9</b>	<b>–</b>	<b>49.4</b>	<b>337.3</b>	<b>320.1</b>	<b>31.6</b>	<b>36.1</b>	<b>8.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.9</b>	<b>–</b>	<b>–</b>	<b>1,944.4</b>	<b>1,815.6</b>

**Notes to the standalone financial statements for year ended 31st March, 2024**
**NOTE 10 (a) Equity Share Capital**

Particulars	Nos.	Rs. Million
<b>(A) Authorised : Equity shares of Rs.10 each</b>		
As at 1st April, 2022	1,70,00,000	170.0
Increase/(decrease) during the year	-	-
As at 31st March, 2023	1,70,00,000	170.0
Increase/(decrease) during the year	-	-
<b>As at 31st March, 2024</b>	<b>1,70,00,000</b>	<b>170.0</b>
<b>(B) Issued equity capital : Equity Shares of Rs.10 each issued, subscribed &amp; fully paid</b>		
As at 1st April, 2022	81,87,979	81.9
Increase/(decrease) during the year	(4,97,979)	(5.0)
As at 31st March, 2023	76,90,000	76.9
Increase/(decrease) during the year	(3,83,064)	(3.8)
<b>As at 31st March, 2024</b>	<b>73,06,936</b>	<b>73.1</b>

**Notes:** (i) (a) During the year, the Company bought back **3,83,064 equity shares** (31st March, 2023 : 4,97,979 equity shares) at a price of **Rs 992.0** (31st March, 2023 : Rs. 743.0) per share. The Board of Directors of the Company approved that buyback on **29th August, 2023** (31st March, 2023 : 25th July, 2022) and shareholders approved on **29th September, 2023** (31st March, 2023 : 27th September, 2022).

(b) The Company has bought back **21,66,624 equity shares** (31st March 2023: 23,93,315 equity shares) during immediately preceding five financial years including current year.

(ii) The Company has not allotted any equity shares pursuant to contracts without payment being received in cash.

**(iii) Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iv) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	% Holding	Nos.	% Holding
MSona Automotive Components Pvt. Ltd.	27,19,280	37.2%	28,61,838	37.2%
SKM Family Trust (Through Gaurav G. Motwane, Trustee)	27,47,159	37.6%	28,91,178	37.6%
Khattar Holdings Private Limited	10,47,136	14.3%	11,02,032	14.3%

**(v) Shares held by Promoters at the end of the year**

Promoter's Name	As at 31st March, 2024			As at 31st March, 2023		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
SKM Family Trust (Through Gaurav G. Motwane, Trustee)	27,47,159	37.6%	5.0%	28,91,178	37.6%	6.1%
MSona Automotive Components Pvt. Ltd.	27,19,280	37.2%	5.0%	28,61,838	37.2%	6.1%
Gaurav Motwane	23,691	0.3%	5.0%	24,933	0.3%	6.1%

*Notes to the standalone financial statements for year ended 31st March, 2024*

**NOTE 10 (b) Other Equity :**

Rs. Million

Particulars	Capital reserve		General reserve		Capital Redemption Reserve		Effective portion of Cash flow Hedges		Retained earnings		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Balance as at 1st April, 2023 / 2022	2.0	2.0	239.6	239.6	33.1	28.1	-	-	1,861.0	1,663.1	2,135.7	1,932.8
Profit for the year	-	-	-	-	-	-	-	-	582.7	653.5	582.7	653.5
Other comprehensive income (net of deferred income tax)	-	-	-	-	-	-	(0.2)	-	(2.3)	(0.6)	(2.5)	(0.6)
Buy back Shares	-	-	-	-	-	-	-	-	(376.2)	(365.0)	(376.2)	(365.0)
Distribution Tax on shares bought back	-	-	-	-	-	-	-	-	(87.6)	(85.0)	(87.6)	(85.0)
Transfer from Retained Earnings	-	-	-	-	3.8	5.0	-	-	-	-	3.8	5.0
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-	-	(3.8)	(5.0)	(3.8)	(5.0)
<b>Balance as at 31st March</b>	<b>2.0</b>	<b>2.0</b>	<b>239.6</b>	<b>239.6</b>	<b>36.9</b>	<b>33.1</b>	<b>(0.2)</b>	<b>-</b>	<b>1,973.8</b>	<b>1,861.0</b>	<b>2,252.1</b>	<b>2,135.7</b>

**Nature and purpose of reserves**

**i) Capital reserve -**

- Amount of Rs.0.9 Million represents octroi refund granted for the period 1st April, 1995 to 31st March, 1998 on plant and machinery purchased during the FY 1998-99. This refund was sanctioned in FY 2000-2001 under the State Government's incentive scheme.
- Amount of Rs.1.1 Million was created on account of Amalgamation of DRSK Management Services Private Limited (shareholder of the Company, then) into the company during the Financial Year 2011-12.

**ii) General reserve -**

The erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**iii) Capital redemption reserve -**

Capital redemption reserve was created on account of buy back of equity shares amounting to **Rs.3.8 Million** (31st March, 2023 Rs.5.0 Million).

**iv) Effective portion of cash flow hedges -**

This Reserve represents the cumulative effective portion of changes in Fair Value of hedging instrument that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy. Effective portion of cash flow hedges was created on account of mark-to-market exchange loss on forward contracts amounting to **Rs.0.2 million** (31st March, 2023 Rs.Nil).





## Notes to the standalone financial statements for year ended 31st March, 2024

## NOTE 11 BORROWINGS

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
<b>Non Current Borrowings (Secured)</b>		
Term Loan from Bank : Rupee Loan [Refer note (i) below]	68.0	95.3
Less : Current maturities of long term borrowings	(29.1)	(27.3)
<b>Total Non Current Borrowings</b>	<b>38.9</b>	<b>68.0</b>
<b>Current Borrowings (Secured)</b>		
Loans repayable on demand from banks: Working capital loan (Refer note (ii) below)	475.0	548.7
Bank overdrafts [Refer note (iii) below]	93.2	18.4
Bill discounting (Refer note (v) below)	103.0	99.1
<b>Sub Total</b>	<b>671.2</b>	<b>666.2</b>
<b>Current Borrowings (Unsecured) repayable on demand from financial institution</b>		
Bill discounting [Refer note (iv) below]	–	20.7
<b>Sub Total</b>	<b>–</b>	<b>20.7</b>
<b>Current maturities of long-term borrowings</b>		
<b>Sub Total</b>	<b>29.1</b>	<b>27.3</b>
<b>Total current borrowings</b>	<b>700.3</b>	<b>714.2</b>

## Note :

- (i) Citibank N.A. on 7th September, 2021, sanctioned a term loan amounting to Rs.127 Million for the purpose of financing the capital expenditure of the Company. The tenure of the loan is 4 years including 6 months moratorium from the first date of disbursement for each tranche of disbursement. The loan is repayable in quarterly installments beginning from the 9th month from the date of each tranche of disbursement. The loan is secured by first charge on all movable fixed assets of the Company at its plant located at Nashik, Maharashtra. The interest shall be payable on the loan at a rate equal to 3 months TBill rate as published by FBIL plus interest margin as agreed as per the Loan Agreement.

Table 1 – Schedule of Term Loan taken by the Company

Sr. No.	Disbursement Date	Repayment Date	Rs. in Millions	Rs. Million
				Interest Rate p.a. as on 31st March 2024
1	15th February, 2022	13th February, 2026	38.4	10.51%
2	18th April, 2022	17th April, 2026	16.0	10.43%
3	27th July, 2022	24th July, 2026	22.4	10.47%
4	01st November, 2022	30th October, 2026	25.2	10.49%

Table 2 – Repayment Schedule of Term loan

	Rs. Million		
	2025	2026	2027
Q1	7.3	7.3	4.5
Q2	7.3	7.3	3.4
Q3	7.3	7.3	1.8
Q4	7.3	7.3	–

The above term loan is secured by first *pari-passu* charge over movable fixed assets (present & future) of the Company

**Notes to the standalone financial statements for year ended 31st March, 2024**

- (ii) Loan repayable on demand include pre- shipment credit in Indian rupee (PCRE) and working capital demand loan. All these loans are secured by a first *pari-passu* charge on the Company's present and future stocks and book debts. Below is the schedule of PCRE and WCDL loan taken by the Company:

							Rs. Million	
No.	Disbursement date	Repayment date	Bank	Type of loan	As at 31st March, 2024	As at 31st March, 2023	Closing Interest Rate p.a.*	
1	07th November, 2023	30th September, 2024	ICICI Bank	WCDL	125.0	–	9.40%	
2	15th December, 2023	12th June, 2024	Citi Bank	WCDL	100.0	–	9.17%	
3	12th February, 2024	09th August, 2024	Citi Bank	PCRE	100.0	–	6.78%	
4	21st February, 2024	19th August, 2024	ICICI Bank	PCRE	100.0	–	8.66%	
5	27th February, 2024	23rd August, 2024	Citi Bank	PCRE	50.0	–	7.14%	
6	23rd September, 2022	28th September, 2023	ICICI Bank	WCDL	–	125.0	9.10%	
7	18th October, 2022	15th April, 2023	Citi Bank	WCDL	–	150.0	8.68%	
8	28th December, 2022	26th June, 2023	ICICI Bank	PCRE	–	43.2	6.30%	
9	21st March, 2023	18th September, 2023	ICICI Bank	PCRE	–	50.0	6.70%	
10	18th October, 2022	14th April, 2023	Citi Bank	PCRE	–	30.5	6.36%	
11	12th December, 2022	09th June, 2023	Citi Bank	PCRE	–	50.0	6.52%	
12	09th March, 2023	21st August, 2023	Citi Bank	PCRE	–	50.0	6.86%	
13	29th March, 2023	25th September, 2023	Citi Bank	PCRE	–	50.0	7.34%	
<b>Total</b>					<b>475.0</b>	<b>548.7</b>		

\* Bank is giving interest subvention of 2% w.e.f. October 1st, 2021 which is being adjusted in the books against PCRE.

- (iii) Bank overdraft represents Cash Credit facility with ICICI Bank and Citibank. The cash credit limit provided by the ICICI bank is **Rs.650 million** (31st March, 2023 : Rs.400 million) and by the Citibank is **Rs.500 million** (31st March, 2023 : Rs.500 million). The interest is payable at the rate of **10.4%** (31st March, 2023 : 9.65%). The Bank Overdraft is secured by first *pari-passu* charge created on Company's current assets. The facility is valid for ICICI Bank upto 10th July, 2024 and for Citibank upto 30th November, 2024 respectively and which can be further extended by the bank as per the request that may be made by the Company. The bank overdraft is repayable on demand. As on 31st March, 2024 the Company has bank overdraft balance outstanding of **Rs.93.2 million** (31st March, 2023 : Rs.18.4 million) from ICICI Bank.
- (iv) The Company had entered into an arrangement of discounting facility with The Tata Capital Financial Services Limited (NBFC). The Company had a credit limit of Rs.600 million as per interest rate mutually agreed with Tata Motors Limited ("TML"). As per agreement, the discounting charges of **1.08%** (31st March 2023 : 0.47%) are payable by the Company, as TML has decided to share 50% of the discounting charges of **2.16%** (31st March 2023 : 0.94%). The outstanding against the unsecured short term loan facility obtained from Tata Capital Financial Services Limited as on 31st March, 2024 is **Rs.Nil** (31st March, 2023 : Rs.20.7 million). On 1st September, 2023 the Company has discontinued arrangement of discounting facility after obtaining 'No Objection Certificate' from Tata Capital Financial Services Limited.
- (v) Bank acceptances represents Bill discounting facility with ICICI Bank, the bill discounting limit provided by the bank is **Rs.100 million** (31st March, 2023 : Rs.100 million). The interest is payable at the rate of **10.4%** (31st March, 2023 : 9.1%). The Bank acceptance is secured by first *pari-passu* charge created on Company's current assets. This facility is valid upto 10th July, 2024 which can be further extended by the bank as per the request that may be made by the Company. The bank acceptance is repayable on due date.
- (vi) The borrowings including term loan availed by the Company from Banks and Financial institutions has been used for the purpose such loans were taken.
- (vii) The quarterly returns or statements filed by the Company with ICICI and Citi Bank are in agreement with the books of accounts of the Company for the current and previous financial year.

**Notes to the standalone financial statements for year ended 31st March, 2024**
**Debt reconciliation statement in accordance with Ind AS 7**

		Rs. Million	
Particulars		As at 31st March, 2024	As at 31st March, 2023
<b>Opening Balance</b>	Long term borrowings (including current maturities)	95.3	38.4
	Short term borrowings	686.9	496.3
	Lease liabilities	37.1	44.9
<b>Movements</b>	Long term borrowings	(27.3)	56.9
	Short term borrowings	(15.7)	190.6
	Lease liabilities	(15.1)	(7.8)
<b>Closing Balance</b>	Long term borrowings (including current maturities)	68.0	95.3
	Short term borrowings	671.2	686.9
	Lease liabilities	22.0	37.1

**NOTE 12 TRADE PAYABLE**

		Rs. Million				
Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>Trade payable for goods &amp; services :</b>						
Total outstanding dues of micro enterprises and small enterprises (Refer Note 3 below)	–	270.6	270.6	–	194.9	194.9
Total outstanding dues of trade payables other than micro enterprises and small enterprises	–	639.7	639.7	–	583.7	583.7
Total	–	910.3	910.3	–	778.6	778.6

- Notes :
- Trade payables are non-interest bearing and are normally settled on 30 - 60 day terms.
  - The Company's exposure to currency and liquidity risk related to trade payable is disclosed in note no. 38
  - Details of due to micro, small and medium enterprises as defined under the MSMED Act, 2006.

		Rs. Million	
Particulars		As at 31st March, 2024	As at 31st March, 2023
(a) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year:			
i) Principal amount due to micro, small and medium enterprises		270.4	190.3
ii) Interest due on above		0.2	4.6
(b) The amount of Interest paid by the buyer in terms of Section 16 of MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		4.6	–
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006		4.6	4.2
(d) Amount of interest accrued and remaining unpaid as at the year end of each accounting year		0.2	4.6
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure u/s 23 of MSMED Act, 2006.		–	–

Note: The information has been given in respect of such vendors to the extent they could be identified as Micro, Small and Medium enterprises on the basis of information available with the Company.

**Notes to the standalone financial statements for year ended 31st March, 2024**

Particulars	Outstanding for following periods from due date of payment as at 31st March, 2024							Outstanding for following periods from due date of payment as at 31st March, 2023						
	Not Due	Un- billed Payable	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Not Due	Un-billed Payable	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	MSME	265.3	3.9	0.3	0.5	-	0.3	270.3	186.1	3.2	0.7	0.2	1.9	2.5
Others	374.4	197.8	62.4	0.1	0.1	4.9	639.7	287.2	147.9	141.8	0.8	0.9	5.1	583.7
Disputed Dues – MSME	-	-	-	-	-	0.3	0.3	-	-	-	-	-	0.3	0.3
Disputed Dues – Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>639.7</b>	<b>201.7</b>	<b>62.7</b>	<b>0.6</b>	<b>0.1</b>	<b>5.5</b>	<b>910.3</b>	<b>473.3</b>	<b>151.1</b>	<b>142.5</b>	<b>1.0</b>	<b>2.8</b>	<b>7.9</b>	<b>778.6</b>

**NOTE 13 PROVISIONS**

Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
	<b>Provision for employee benefits (Refer note 30)</b>					
(i) Provision for gratuity	-	9.0	9.0	-	7.4	7.4
(ii) Provision for compensated absences	-	90.8	90.8	-	83.6	83.6
<b>Other provisions</b>						
Warranty [Refer note (a) below]	12.6	23.3	35.9	9.0	15.0	24.0
<b>Total</b>	<b>12.6</b>	<b>123.1</b>	<b>135.7</b>	<b>9.0</b>	<b>106.0</b>	<b>115.0</b>

**Note (a) Details of movement in warranty provision**

Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
	<b>At the beginning of the year</b>	<b>9.0</b>	<b>15.0</b>	<b>24.0</b>	<b>5.6</b>	<b>6.8</b>
Arising during the year	8.2	10.0	18.2	9.0	10.8	19.8
Utilised (i.e. incurred and charged against the provision) during the year	(4.6)	(3.1)	(7.7)	(5.6)	(3.6)	(9.2)
Ind AS Impact - Unwinding of Warranty Interest	-	1.4	1.4	-	1.0	1.0
<b>Closing Balance at the end of the year</b>	<b>12.6</b>	<b>23.3</b>	<b>35.9</b>	<b>9.0</b>	<b>15.0</b>	<b>24.0</b>

- (i) A provision is recognised for expected warranty claims on manufacturing defects on products sold by the Company, based on past experience of the level of repairs. It is expected that most of these costs will be incurred in the next two financial years. Assumptions used to calculate the provision for warranties are based on the warranty period for the products sold by the Company.

*Notes to the standalone financial statements for year ended 31st March, 2024*

**NOTE 14 (a) Income Tax recognised in Profit or Loss Section**

The major components of income tax expense for the years ended 31st March, 2024 and 31st March, 2023

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
<b>Current Income Tax:</b> Charge for the year	215.3	231.6
Adjustments in respect of current income tax of previous year	2.6	6.2
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	(12.0)	(5.5)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>205.9</b>	<b>232.3</b>

**(b) Income Tax recognised in OCI**

Deferred tax related to items recognised in OCI during the year

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Re-measurement of the defined benefit obligation	0.9	0.2
<b>Income tax charged to OCI</b>	<b>0.9</b>	<b>0.2</b>

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for 31st March, 2024 and 31st March, 2023**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Accounting profit before income tax	788.6	885.8
At India's statutory income tax rate of <b>25.168%</b> (31st March, 2023: 25.168%)	198.5	222.9
Adjustments in respect of current income tax of previous year	2.6	6.2
Additional allowances for tax purposes	–	(0.1)
Expenses not deductible for tax purposes	16.8	8.8
At the effective income tax rate of <b>25.168%</b> (31st March, 2023: 25.168%)	217.9	237.8
Deferred tax relating to origination and reversal of temporary differences	(12.0)	(5.5)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>205.9</b>	<b>232.3</b>

**Notes to the standalone financial statements for year ended 31st March, 2024**
**(c) Deferred Tax**

Deferred tax relates to the following:

Particulars	Rs. Million			
	Balance Sheet		Profit or loss	
	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2024	As at 31st March, 2023
<b>Tax effect of items constituting deferred tax liabilities</b>				
Property, plant and equipment	59.0	67.7	(8.7)	(7.3)
Right of Use Assets	4.7	8.0	(3.3)	(2.2)
Warranty	0.7	–	0.7	–
<b>Tax effect of items constituting deferred tax assets</b>				
Employee benefits	(32.6)	(29.7)	(2.9)	(1.4)
Lease Liability (Non-Current + Current)	(5.5)	(9.1)	3.6	2.0
Provision for doubtful debts	(2.4)	(2.4)	–	–
Provision for Impairment - Investment	(2.3)	(0.4)	(1.9)	–
Provision for Impairment – Intg Assets	(3.5)	(3.1)	(0.4)	(0.4)
Provision for Export Incentive – MEIS	–	–	–	3.7
Provision for doubtful supplier advances	(0.2)	–	(0.2)	–
Warranty and Other items	(0.6)	(0.8)	0.2	(0.1)
<b>Deferred tax expense/ (Income)</b>	–	–	(12.9)	(5.7)
<b>Deferred tax liabilities (Net)</b>	<b>17.3</b>	<b>30.2</b>	<b>–</b>	<b>–</b>

**Reflected in the Balance Sheet as follows**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Deferred tax assets	(47.1)	(45.5)
Deferred tax liabilities	64.4	75.7
<b>Deferred tax liabilities, net</b>	<b>17.3</b>	<b>30.2</b>

**Reconciliation of Deferred Tax Liabilities (net)**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Opening balance as of 1 April	30.2	35.9
Tax income / (expense) during the period recognised in profit or loss	(12.0)	(5.5)
Tax income / (expense) during the period recognised in OCI	(0.9)	(0.2)
<b>Closing balance as at 31st March</b>	<b>17.3</b>	<b>30.2</b>

**NOTE 15 CURRENT TAX LIABILITIES (Net)**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Provision for tax (net of advance tax <b>Rs.1,052.69 Million</b> , 31st March, 2023 : Rs.377.9 Million)	17.1	51.6
<b>Total</b>	<b>17.1</b>	<b>51.6</b>

**Notes to the standalone financial statements for year ended 31st March, 2024**
**NOTE 16 OTHER FINANCIAL LIABILITIES**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>Derivatives</b>						
Foreign currency forward contracts	–	–	–	–	0.7	0.7
Sub-total (A)	–	–	–	–	0.7	0.7
<b>At amortized cost</b>						
Interest accrued but not due	–	1.9	1.9	–	1.9	1.9
Payables for capital purchases	–	6.2	6.2	–	4.2	4.2
Trade deposit received	–	2.7	2.7	–	1.2	1.2
Unpaid Dividend	–	0.4	0.4	–	0.4	0.4
Employee benefits payable	47.8	135.4	183.2	45.9	132.7	178.6
Sub-total (B)	47.8	146.6	194.4	45.9	140.4	186.3
<b>Total</b>	<b>47.8</b>	<b>146.6</b>	<b>194.4</b>	<b>45.9</b>	<b>141.1</b>	<b>187.0</b>

**NOTE 17 LEASE LIABILITIES**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Lease Liabilities – Current	16.4	15.2
Lease Liabilities – Non-Current	5.6	21.9
<b>Total</b>	<b>22.0</b>	<b>37.1</b>

**NOTE 18 OTHER CURRENT LIABILITIES**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Advances received from customers	4.0	1.8
Statutory dues (Refer note below)	50.8	48.4
Employee Recoveries	1.7	2.3
Others	0.1	0.1
<b>Total</b>	<b>56.6</b>	<b>52.6</b>

Note - Statutory dues payables includes contribution to PF, ESIC, withholding taxes, GST liability and professional tax.

*Notes to the standalone financial statements for year ended 31st March, 2024*

**NOTE 19 REVENUE FROM OPERATIONS**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue from contractors with customers	8,145.9	7,761.2
Other operating revenues:		
i) Tool development and testing charges	2.0	3.2
ii) Scrap sales	58.6	52.9
iii) Local body tax/Octroi incentive	–	0.4
iv) Government Grant (Export benefits and subsidy)	40.3	58.2
<b>Total</b>	<b>8,246.8</b>	<b>7,875.9</b>

**19.1 Disaggregated revenue information**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

**(a) Disaggregation by geography**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
India	6,509.9	5,877.7
Outside India	1,636.0	1,883.5
<b>Total revenue from contracts with customers</b>	<b>8,145.9</b>	<b>7,761.2</b>

**(b)** The Company is primarily engaged in manufacturing of automobile components such as propeller shafts, clutch sets and components thereof. The performance of the Company is evaluated as business as a whole. Accordingly, there is no reportable separate segment for the Company.

**(c) Timing of revenue recognition**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Goods transferred at a point in time	8,145.9	7,761.2
<b>Total revenue from contracts with customers</b>	<b>8,145.9</b>	<b>7,761.2</b>

**19.2 Contract Balances**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Trade Receivables (Contract assets - Refer note 9)	1,944.4	1,815.6
Advance from customer (Contract liability - Refer note 18) *	4.0	1.8

\*Represents short term liability which shall be adjusted against subsequent invoices.

(i) Trade receivables are non-interest bearing and average credit period is 30 - 150 days in respect of export customers and 30 - 90 days in respect of domestic customers generally from the date of receipt of goods.



**Notes to the standalone financial statements for year ended 31st March, 2024**
**19.3 Right of return assets and refund liabilities**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Right of return assets	–	–
<b>Refund liabilities</b>	<b>204.1</b>	<b>261.6</b>
Arising from retrospective volume rebates	119.2	119.9
Arising from rights of return	84.9	141.7

**19.4 Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue as per contracted price	8,356.6	7,941.5
<b>Adjustments : Sales return</b>	<b>(54.3)</b>	<b>(29.7)</b>
Discount	(156.4)	(150.6)
<b>Revenue from contract with customers</b>	<b>8,145.9</b>	<b>7,761.2</b>

**19.5 Performance obligation**

Information about the Company's performance obligations are summarised below:

**Sale of goods**

The performance obligation is satisfied upon delivery of the goods to customers.

The Company provides normal warranty for general repairs for the period of two years on all the products sold, in line with industry practice.

**NOTE 20 OTHER INCOME**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Net foreign exchange gains	37.3	65.8
Excess provisions written back	5.6	22.5
Profit/loss on sale of Property Plant & Equipment	–	0.1
Miscellaneous Income	0.1	0.2
<b>Total</b>	<b>43.0</b>	<b>88.6</b>

**NOTE 21 FINANCE INCOME**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Dividend income/Capital gain from current investments*	–	0.3
Interest income on bank deposits	1.0	0.8
Other interest	1.3	0.7
<b>Total</b>	<b>2.3</b>	<b>1.8</b>

\* Represents balance of Rs.24,457.

*Notes to the standalone financial statements for year ended 31st March, 2024*

**NOTE 22 (a) Cost of Raw materials and Components consumed**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Inventory at the beginning of the year	491.6	346.1
Add : Purchases	5,486.5	5,221.6
	5,978.1	5,567.7
Less : Inventory at the end of the year	514.6	491.6
<b>Cost of raw materials and components consumed</b>	<b>5,463.5</b>	<b>5,076.1</b>

**(b) (Increase) / Decrease in Inventories of Finished Goods and Work-in-progress**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>Inventory at the end of the year</b>		
: Work-in-progress	552.4	503.9
: Finished goods	263.3	236.4
	815.7	740.3
<b>Less : inventory at the beginning of the year</b>		
: Work-in-progress	503.9	486.9
: Finished goods	236.4	286.7
	740.3	773.6
<b>(Increase)/Decrease in Inventory</b>	<b>(75.4)</b>	<b>33.3</b>

**NOTE 23 EMPLOYEE BENEFITS EXPENSE**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
(a) Salaries, wages and bonus*	664.3	585.2
(b) Contribution to provident and other funds (Refer Note 30)	33.7	27.3
(c) Gratuity Expense (Refer Note 30)	6.2	6.6
(d) Staff Welfare Expenses	49.2	47.0
	753.4	666.1
Less: Capitalized during the year	–	–
Total	<b>754.4</b>	<b>666.1</b>

\* Including contract labour charges.

**NOTE 24 FINANCE COST**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>(a) Interest on debts and borrowings</b>		
– On Short Term Borrowing	43.7	37.3
– On Long Term Borrowing	8.4	7.1
<b>(b) Other Interest</b>		
– Trade payables – MSME (Refer Note 12)	0.2	0.3
– Unwinding interest on lease liabilities	3.4	4.3
– Unwinding interest on provision for warranty expense	1.4	1.0
– Interest on delayed payment of income tax	0.1	3.3
– Other	1.7	2.0
Total	<b>58.9</b>	<b>55.3</b>

*Notes to the standalone financial statements for year ended 31st March, 2024***NOTE 25 DEPRECIATION AND AMORTISATION EXPENSES**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
– Depreciation of tangible assets	118.4	111.5
– Amortization of intangible assets	3.9	2.9
– Amortization of Right of used assets	15.6	14.8
<b>Total</b>	<b>137.9</b>	<b>129.3</b>

**NOTE 26 OTHER EXPENSES**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Outside Processing Charges	340.9	321.7
Freight and handling charges	160.9	178.1
Packing materials consumed	140.5	142.8
Stores and spares consumed	111.2	106.3
Tools consumed	91.2	91.1
Power & fuel consumed	101.4	93.0
Repairs and maintenance - buildings	2.5	3.7
Repairs and maintenance - machinery	12.6	13.5
Repairs and maintenance - others	13.3	7.9
Loss on sale/write off of property, plant and equipment (net)	1.1	–
Rates and taxes	2.6	5.8
Lease rent [Refer note 3(c)]	9.8	5.4
Insurance charges	8.8	9.0
Provision for Impairment - Investment (Refer note 4)	7.5	–
Provision of Intangible Asset under development [Refer note 3(b)(i)(a)]	1.1	1.7
Provision for doubtful supplier advances	0.8	–
Payment to Auditors (Refer details below)	4.8	3.6
Expenditure on corporate social responsibility (Refer Note 34)	14.0	9.5
Directors' sitting fees	0.8	0.8
Business promotion expenses	4.1	5.2
Commission on sales	1.3	1.5
Service Charges Paid	50.2	44.0
Travelling Expenses	20.0	20.8
Legal & Professional Charges	22.5	13.8
Warranty Claims	18.2	19.8
Miscellaneous expenses	23.1	21.4
<b>Total</b>	<b>1,165.2</b>	<b>1,120.4</b>

**Note : Payment to Auditors**

Payment to Auditors	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
As Auditor : Audit Fee	3.9	3.2
: Other services	0.7	0.2
: Auditors out-of-pocket expenses	0.2	0.2
	<b>4.8</b>	<b>3.6</b>

*Notes to the standalone financial statements for year ended 31st March, 2024*

**NOTE 27 COMPONENTS OF COMPREHENSIVE INCOME**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Remeasurement gains/(losses) of the defined benefit plans	(3.2)	(0.8)
Net gains/(loss) on cash flow hedges(effective portion)	(0.2)	–
Income Tax effect	0.9	0.2
Total	(2.5)	(0.6)

**NOTE 28 COMMITMENTS**

(i) **Leases**

Operating lease commitment - Company as lessee

The company has paid **Rs.28.0 Million** (31st March, 2023: Rs.22.8 Million) during the year towards minimum lease payment.

The Company has entered into operating lease arrangements for its office premises, storage locations and residential premises.

Future minimum rental payable under non-cancellable operating leases as at 31st March, 2024 and 31st March, 2023 are, as follows:

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Within one year	18.4	18.7
After one year but not more than five years	4.8	23.2
More than 5 years	4.1	5.6
Total	27.3	47.5

(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advance-Refer Note 7(b)] **Rs.66.6 Million** [31st March, 2023: Rs.24.3 Million (net)].

**NOTE 29 CONTINGENT LIABILITIES NOT PROVIDED FOR:**

Claims against the Company not acknowledged as debts

(i) **Income-tax**

Demands in respect of earlier years against which the Company is in appeal and pending with Appellate authorities is **Rs.7.1 Million** (31st March, 2023 : Rs.6.2 Million).

(ii) **Excise and Service Tax** : **Excise Rs.17.1 Million** (31st March, 2023 : Rs.18.2 Million)  
: **Service Tax Rs.2.3 Million** (31st March, 2023 : Rs.2.3 Million).

(iii) **Goods and Service Tax** : a) Goods & Service Tax **Rs.8.5 million** (31st March, 2023 : Nil)

(iv) **Provident Fund (PF)**

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of SC order. The Company will update its provision, on receiving further clarity on the subject.

**NOTE 30 GRATUITY AND OTHER POST EMPLOYMENT PLANS**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Gratuity (Assets) / Liability (Net)	9.0	7.4

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

**Notes to the standalone financial statements for year ended 31st March, 2024**
**Regulatory framework:**

The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

**Governance of Plan:**

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Current service cost	5.9	6.0
Interest cost on benefit obligation	0.6	0.6
Others	(0.3)	–
Net Benefit expenses	6.2	6.6

**Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2024**

Rs. Million

Particulars	Gratuity cost charged to profit or loss					Re-measurement gains/(losses) in other comprehensive income					Contributions by employer	31st March, 2024
	1st Apr 2023	Service Cost (A)	Net interest expense (B)	Sub-total included in profit or loss (C=A+B)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actual Return on plan assets in excess of the expected return	Actuarial changes arising from changes in financial assumptions (D)	Experience adjustments (E)	sub-total included in OCI (F=D+E)		
Defined benefit obligation	117.4	5.9	7.3	13.2	(19.3)	–	–	1.5	1.5	3.0	–	114.3
Fair value of plan assets	110.0	–	–	–	(19.3)	7.0	0.2	–	–	–	7.4	105.3
Benefit liability	7.4	–	–	13.2	–	7.0	0.2	–	–	3.0	7.4	9.0

**Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2023**

Rs. Million

Particulars	Gratuity cost charged to profit or loss					Re-measurement gains/(losses) in other comprehensive income					Contributions by employer	31st March, 2023
	1st Apr 2022	Service Cost (A)	Net interest expense (B)	Sub-total included in profit or loss (C=A+B)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actual Return on plan assets in excess of the expected return	Actuarial changes arising from changes in financial assumptions (D)	Experience adjustments (E)	sub-total included in OCI (F=D+E)		
Defined benefit obligation	119.3	6.0	6.8	12.8	(16.9)	–	–	(4.1)	6.3	2.2	–	117.4
Fair value of plan assets	107.0	–	–	–	(16.9)	6.2	1.5	–	–	–	12.3	110.0
Benefit liability	12.3	–	–	12.8	–	6.2	1.5	–	–	2.2	12.3	7.4

The major categories of plan assets of the fair value of the total plan assets are as follows:

Rs. Million

Particulars	31st March, 2024	31st March, 2023
Unquoted Investments – with LIC	105.3	110.0

**Notes to the standalone financial statements for year ended 31st March, 2024**

The principal assumptions used in determining gratuity and post-employment gratuity benefit obligations for the Company's plans are shown below:

Particulars	31st March, 2024	31st March, 2023
Discount rate (per annum)	7.2%	7.5%
<b>Attrition Rate</b>		
a. Between 21-30 years	5%	5%
b. Between 31-40 years	2%	2%
c. Between 41-50 years	3%	3%
d. Between 51-59 years	10%	10%
Rate of escalation in salary (per annum)	7%	7%
Mortality Tables	Indian Assured Lives Mortality (2012-14) Ult Table	Indian Assured Lives Mortality (2012-14) Ult Table
Expected Employer's contribution next year	5 Million	5 Million

**Sensitivity Analysis**

Gratuity is a lump-sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Rs. Million

Particulars	Discount Rate				Future salary increase			
	31st March, 2024		31st March, 2023		31st March, 2024		31st March, 2023	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	109.5	119.8	112.5	122.3	119.7	109.4	122.2	112.4

The table below shows the expected cash flow to be paid to the current membership of the plan based on past service of the employees:

Rs. Million

Particulars	31st March, 2024	31st March, 2023
Within the next 12 months (next annual reporting period)	36.5	39.7
2 years and above but less than 5 years	41.4	50.2
5 years and above but less than 10 years	53.3	47.1
10 years and above	44.0	40.9
<b>Total expected payments</b>	<b>175.2</b>	<b>177.9</b>

The weighted average duration to the payment of these cash flows is 4.36 years.

**Notes to the standalone financial statements for year ended 31st March, 2024****Asset liability comparisons**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
PVO at the end of the year	114.3	117.4
Plan Assets	105.3	110.0
Surplus/(Deficit)	9.0	7.4
Experience adjustments on plan assets	–	–

**Other long term employee benefit plans****Compensated absences:**

The obligation for leave encashment is recognized in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of **Rs.16.3 million** (31st March, 2023 : Rs.11.6 million) towards compensated absences has been recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year

**Defined Contribution Plan:**

The Company's contribution to Provident Fund and Superannuation fund aggregating **Rs.33.7 million** (31st March, 2023 : Rs.27.3 million) has been recognised in Profit or Loss under the head "Employee benefits expense".

**NOTE 31 RELATED PARTY TRANSACTIONS****(i) Details of related parties and description of relationship**

Sr. No.	Description of relationship	Name of the Party
1.	<b>Individual/Entity having significant influence over the company</b>	SKM Family Trust (Through Gaurav G. Motwane, Trustee)
2.	<b>Enterprise over which KMP have significant influence</b>	MSona Automotive Components Private Limited Motwane Consultancy Private Limited Khattar Holdings Private Limited MSL North America Inc.
3.	<b>Related Party where control exists - subsidiaries</b>	MSL Electric Vehicle Technologies Private Limited
4.	<b>Key Managerial Personnel</b>	Mr. Gaurav G. Motwane Mr. Sat pal Khattar Mr. Nikhilesh Panchal Mr. Rajesh Nagpal Mr. Manish Choksi Mr. Kaval Mirchandani Mrs. Superna Motwane Mr. Bhushan Patwardhan (w.e.f. 31st May 2023)

*Notes to the standalone financial statements for year ended 31st March, 2024*

**Details of Related Party transactions during the year ended 31st March, 2024 and outstanding balances as at 31st March, 2024.**

Rs. Million

Sr. No.	Particulars	2023-24				2022-23			
		Individual having significant influence	Enterprises over which KMP have significant influence	Subsidiaries	Key Managerial Personnel	Individual having significant influence	Enterprises over which KMP have significant influence	Subsidiaries	Key Managerial Personnel
1.	Charges for utilising office facilities	–	17.0	–	–	17.0	–	–	
2.	Managerial remuneration (including commission)	–	–	–	120.1	–	–	108.8	
3.	Directors' sitting fees	–	–	–	0.8	–	–	0.9	
4.	Reimbursement of Business promotion expenses	–	–	–	1.1	–	–	1.6	
5.	Buy Back of shares	142.9	195.9	–	18.1	139.1	190.7	17.6	
6.	Sale of finished goods	–	1,173.4	–	–	–	1,372.3	–	
7.	Export freight reimbursement	–	–	–	–	–	56.3	–	
8.	Reimbursement of expenses from related party	–	–	3.1	–	–	–	–	
9.	Balance payable as on 31st March 2024 & 2023	–	–	–	39.6	–	–	40.8	
10.	Balance receivable as on 31st March 2024 & 2023	–	282.9	–	–	–	411.9	–	
11.	Balance of Investment* as on 31st March 2024 & 2023	–	–	17.5	–	–	–	25.0	

\* Net of impairment **Rs.7.5 million** (31st March, 2023 : Nil).

**The significant related party transactions are as under**

Sr. No.	Particulars	Name of Related Party	Year 2023-24	Year 2022-23
			Rs. Million	Rs. Million
1.	Charges for utilizing office facilities	Motwane Consultancy Pvt. Ltd.	17.0	17.0
2.	Managerial Remuneration	Mr. Gaurav G. Motwane	110.4	108.8
		Mr. Bhushan S. Patwardhan	9.7	–
3.	Director sitting fees	Mr. Sat pal Khattar*	*	0.1
		Mr. Nikhilesh Panchal	0.1	0.1
		Mr. Rajesh Nagpal	0.1	0.1
		Mr. Manish Choksi	0.3	0.3
		Mrs. Superna Motwane *	*	0.1
		Mr. Kaval Mirchandani	0.2	0.2

\* Represents balance of Rs.88,893 each.



**Notes to the standalone financial statements for year ended 31st March, 2024**
**The significant related party transactions are as under (contd.)**

Sr. No.	Particulars	Name of Related Party	Year 2023-24	Year 2022-23
			Rs. Million	Rs. Million
4.	Reimbursement of business promotion expenses	Mr. Gaurav G. Motwane	1.1	1.6
5	Buy Back of shares	Msona Automotive Components Pvt. Ltd.	141.4	137.7
		Khattar Holdings Private Limited	54.5	53.0
		Mr. Sat pal Khattar	16.9	16.4
		SKM Family Trust (Through Gaurav G. Motwane, Trustee)	142.9	139.1
		Mr. Gaurav G. Motwane	1.2	1.2
6.	Sale of finished goods	MSL North America Inc	1,173.4	1,372.3
7.	Export freight reimbursement from related party	MSL North America Inc	–	56.3
8.	Reimbursement of expenses to related party	MSL Electric Vehicle Technologies Pvt. Ltd.	3.1	–
9.	Balance payable as on 31st March, 2024 & 2023	Mr. Gaurav G. Motwane	39.4	40.8
		Mr. Bhushan S. Patwardhan	0.2	–
10.	Balance receivable as on 31st March, 2024 & 2023	MSL North America Inc	278.7	407.7
11.	Balance receivable (security deposit) as on 31st March, 2024 & 2023	Motwane Consultancy Pvt. Ltd.	4.2	4.2
12.	Balance of Investment	MSL Electric Vehicle Technologies Pvt. Ltd.	17.5	25.0

a) In respect of the outstanding balance recoverable as at 31st March, 2024, no provision for doubtful debts is required to be made in the financial statement as at 31st March, 2024. 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.

b) During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.

c) **Terms and conditions of transactions with related parties**

The sales to and purchases from 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.

(ii) **Compensation of Key Managerial Personnel**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Short-term employee benefits	112.3	102.4
Post-employment benefits [Refer note (b) below]	7.8	6.4
<b>Total compensation paid to key management personnel</b>	<b>120.1</b>	<b>108.8</b>

**Note :** (a) The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

(b) The post employment benefits includes Provident Fund, Superannuation and policy expense. Employee benefits in the nature of gratuity and leave encashment are created on actuarial basis for the Company as a whole and not for the individual employee including Key Managerial Personnel.

**Notes to the standalone financial statements for year ended 31st March, 2024**
**NOTE 32 COMPUTATIONS OF EARNINGS PER SHARE**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Rs. Million	
	2023-24	2022-23
a) Net Profit after tax available for Equity Shareholders (Rs. Million)	582.7	653.5
b) Weighted average number of Equity Shares	75,53,108	79,70,221
c) Basic and Diluted Earnings per share (Rs.)	77.15	81.98
d) Face Value per share (Rs.)	10.0	10.0

The weighted average number of shares takes into account the weighted average effect of shares being bought back during the financial year. There have been no other transactions involving Equity shares or potential Equity shares during the financial year.

**NOTE 33 RESEARCH & DEVELOPMENT COST**

The Company's research and development concentrates on the development of Universal Joints and clutch sets. Research and Development expenditure incurred in recognized Research and Development unit for the year is as below:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
<b>Research &amp; development cost, as certified by the management</b>		
a) Revenue expenses debited to appropriate heads of account	14.5	14.5
b) Capital Expenditure	–	–

**NOTE 34 CORPORATE SOCIAL RESPONSIBILITY**

Sr. No.	Particulars	Rs. Million	
		31st March, 2024	31st March, 2023
(i)	Amount required to be spent by the Company during the year as per Section 135 read with Section 198 of the Companies Act, 2013	14.0	10.5
(ii)	Amount of expenditure incurred*	12.1	9.5
(iii)	Shortfall at the end of the year	1.9	–
(iv)	Total of previous years shortfall	–	–

\* At the end of the financial year 31st March 2024 in aggregate Rs.1.9 million remained unspent on an on-going project which was subsequently transferred to a separate account pursuant to section 135(6) of the Act.

\* During the previous year, the Company has contributed Rs.9.5 million towards programs encompassing the areas i.e. education, health, woman empowerment, environment and upliftment of poor. Further the excess amount of Rs.1.0 million spent during FY 21-22 was set off against the CSR requirement of the previous year.

**NOTE 35 DERIVATIVES INSTRUMENT**

The Company enters into foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss. The foreign exchange forward contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twenty four months (Refer Note 38).

Notes to the standalone financial statements for year ended 31st March, 2024

NOTE 36 FAIR VALUES

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Rs. Million

Particulars	Carrying value		Fair Value	
	31st March, 2024	31st March, 2023	31st March, 2024	31st March, 2023
<b>Financial assets carried at amortised Cost</b>				
– Cash and cash equivalent	71.2	101.1	71.2	101.1
– Trade receivables	1,944.4	1,815.6	1,944.4	1,815.6
– Forward contract	–	–	*	–
– Other Financial Assets	22.5	18.7	22.5	18.7
<b>Total</b>	<b>2,038.1</b>	<b>1,935.4</b>	<b>2,038.1</b>	<b>1,935.4</b>
<b>Financial liabilities held at amortised cost</b>				
– Borrowings	739.2	782.2	739.2	782.2
– Trade and other payables	910.3	778.6	910.3	778.6
– Forward contracts	–	0.7	–	0.7
– Other financial liabilities	194.4	186.3	194.4	186.3
<b>Total</b>	<b>1,843.9</b>	<b>1,747.8</b>	<b>1,843.9</b>	<b>1,747.8</b>

\* Represents balance of Rs.30,533.

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2024 was assessed to be insignificant.

NOTE 37 FAIR VALUE HIERACHY

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**Notes to the standalone financial statements for year ended 31st March, 2024**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Particulars	Rs. Million					
	31st March, 2024			31st March, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets carried at amortised Cost</b>						
– Cash and cash equivalents	–	–	71.2	–	–	101.1
– Trade receivables	–	–	1,944.4	–	–	1,815.6
– Forward Contracts	–	*	–	–	–	1,815.6
– Other Financial Assets	–	–	22.5	–	–	18.7
<b>Total</b>	–	–	<b>2,038.1</b>	–	–	1,935.4
<b>Financial liabilities held at amortised cost</b>						
– Borrowings	–	–	739.2	–	–	782.2
– Trade and other payables	–	–	910.3	–	–	778.6
– Other financial liabilities	–	–	194.4	–	0.7	186.3
<b>Total</b>	–	–	<b>1,843.9</b>	–	0.7	1,747.1

\* Represents balance of Rs.30,533.

There have been no transfers between Level 1 and Level 2 during the period.

**NOTE 38 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior management monitors financial risks and they design appropriate financial risk governance framework for the Company. All derivative activities and packing credit finances for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Company management reviews and agrees policies for managing each of these risks, which are summarised below.

**[A] 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 Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**(i) Trade receivables**

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies for major customers. At 31st March, 2024, the Company had **4 customers** (31st March, 2023 : 3 customers) that owed the Company more than Rs.100 Millions each and accounted for approximately **68.7%** of all the receivables outstanding (31st Mar, 2023 : 67.7%)

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Notes to the standalone financial statements for year ended 31st March, 2024**
**(ii) Financial instruments and cash deposits:**

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Company's senior management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**[B] LIQUIDITY RISK**
**(i) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also discounts its bills receivable to Non-Banking Financial Institution.

**(ii) Maturities of financial liabilities**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. Million

Particulars	31st March, 2024						31st March, 2023					
	Less than 1 Year	1-3 Years	3-5 Years	5 Years & above	Total	Carrying amount	Less than 1 Year	1-3 Years	3-5 Years	5 Years & above	Total	Carrying amount
<b>Non-interest bearing</b>												
- Trade Payable	910.3	-	-	-	910.3	910.3	778.6	-	-	-	778.6	778.6
- Other financial liabilities	146.6	47.8	-	-	194.4	194.4	141.1	45.9	-	-	187.0	187.0
- Lease liabilities	18.4	3.3	1.5	4.1	27.3	27.3	18.7	20.2	3.0	5.6	47.5	47.5
<b>Interest bearing</b>												
- Long term Borrowing (Including current maturities)	34.6	41.6	-	-	76.2	76.2	35.8	65.9	10.0	-	111.7	111.7
- Short term Borrowing *	685.5	-	-	-	685.5	685.5	699.0	-	-	-	699.0	699.0

\* The Company has long term loan and loans repayable on demand (comprising of working capital loan, pre-shipment credit, cash credit and bill discounting) facility available with it for use to the extent of undrawn balances amounting to **Rs.25.0 million** (31 March 2023: Rs.25.0 millions) and **Rs.478.8 million** (31 March 2023: Rs.233.8 millions) respectively.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets. The amounts disclosed in the table have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. Million

Particulars	31st March, 2024						31st March, 2023					
	Less than 1 Year	1-3 Years	3-5 Years	5 Years & above	Total	Carrying amount	Less than 1 Year	1-3 Years	3-5 Years	5 Years & above	Total	Carrying amount
<b>Non-interest bearing</b>												
- Cash & cash equivalent	71.2	-	-	-	71.2	71.2	101.1	-	-	-	101.1	101.1
- Other Bank Balance*	-	-	-	-	-	-	-	-	-	-	-	-
- Trade receivables	1,944.4	-	-	-	1,944.4	1,944.4	1,815.6	-	-	-	1,815.6	1,815.6
- Other Financial Assets	0.9	4.2	0.7	16.7	22.5	22.5	0.2	-	5.1	13.4	18.7	18.7

\* Represents fixed deposit of **Rs.Nil** (2023 : Rs.75,000) in the name of - CTO CIRCLE PITHAMPUR A/C MAHINDRA SONA LIMITED for 5 years towards Madhya Pradesh Central Sales Tax Registration.

*Notes to the standalone financial statements for year ended 31st March, 2024*

**[C] MARKET RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

**(i) Currency Risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging trade receivables and borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

**Foreign currency risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. The Company hedges its exposure to fluctuations by using foreign currency swaps and forwards.

- (a) The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

		Rs. Million					
Particulars	Currency	31st March, 2024			31st March, 2023		
		Total Exposure	Hedged by Forward Contract	Net Foreign Currency Exposure	Total Exposure	Hedged by Forward Contract	Net Foreign Currency Exposure
Trade receivable	USD	363.6	–	363.6	498.4	55.5	442.9
	GBP	3.8	–	3.8	4.7	–	4.7
	EURO	0.8	–	0.8	5.2	–	5.2
Trade payables	USD	213.2	12.6	200.6	235.5	–	235.5
	EURO	0.3	–	0.3	3.0	–	3.0
Trade receivable	USD	4.4	–	4.4	6.1	0.7	5.4
	GBP	#	–	–	#	–	–
	EURO	*	–	–	0.1	–	0.1
Trade payables	USD	2.6	0.2	2.4	2.9	–	2.9
	EURO	@	–	–	@	–	–
# represents	GBP	35,845			46,131		
* represents	EURO	8,875			–		
@ represents	EURO	3,788			33,873		

**Notes to the standalone financial statements for year ended 31st March, 2024**

(b) The Company has forward contracts equivalent to **Rs.204.27 Million** (31 March 2023: Rs.131.5 Million), **USD equivalent 2.45 Million** (31 March 2023: Rs.1.6 Million) outstanding as at 31 March 2024, which are due to mature within the next one year. As per Ind AS 109, the Company has an option to designate these contracts as hedging instrument against the highly probable forecasted sales and/or pool of trade receivables. In line with the foreign exchange risk management policy of the Company, the Company has designated these contracts as hedging instruments against:

- Highly probable forecasted sales in foreign currency i.e. towards future sales where corresponding exposure is yet to be recorded in the books (for a initial part of the tenure of contract), and
- Pool of trade receivables in foreign currency (for balance part of the tenure of contract).

Further, the Company settles these forward contracts with banks by utilising it against the realisations for trade receivables in foreign currency. As at year end, out of the total forward contracts outstanding,

- contracts amounting to **Rs.Nil** (31 March 2023: 55.5 Million), **USD equivalent Nil** (31 March 2023: 0.7 Million) are designated as hedging instruments against the outstanding pool of trade receivables in foreign currency.
- contracts amounting to **Rs.204.27 million** (31 March 2023: **76.0 Million**), **USD equivalent 2.45 Million** (31 March 2023: 0.9 Million) have been designated as hedging instruments against highly probable forecasted sales in foreign currency.

The Company has tested the above contract for hedge effectiveness and found these to be effective. Accordingly, in the above table, the Company has considered and disclosed the trade receivables in foreign currency of **Rs.Nil** (31 March 2023: **55.5 Million**), **USD equivalent Nil** (31 March 2023: 0.7 Million) as hedged through foreign exchange forward contracts or derivatives.

(c) The Company has forward contracts equivalent to Rs.20.84 million (31 March 2023: Rs. Nil), USD equivalent 0.25 million (31 March 2023: Rs. Nil) outstanding as at 31 March 2024, which are due to mature within the next one year. As per Ind AS 109, the Company has designated:

- contracts amounting to **Rs.12.58 million** (31 March 2023: Nil), USD equivalent 0.15 million (31 March 2023: Nil) as hedging instruments against the outstanding pool of trade payables in foreign currency.
- contracts amounting to **Rs.8.30 million** (31 March 2023: Nil), USD equivalent 0.10 million (31 March 2023: Nil) as hedging instruments against highly probable forecasted imports in foreign currency.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	Rs. Million	
Year	Change in USD Rate	Effect on profit before tax and equity
<b>31st March, 2024</b>	<b>5%</b>	<b>8.3</b>
	<b>-5%</b>	<b>-8.3</b>
31st March, 2023	5%	10.3
	-5%	-10.3

**Interest Rate Risk**

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

## Notes to the standalone financial statements for year ended 31st March, 2024

### Interest Rate Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedging. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Year	Increase/decrease in basis points	Rs. Million
		Effect on profit before tax
31st March, 2024	+100	6.79
	-100	-6.79
31st March, 2023	+100	6.53
	-100	-6.53

### Commodity price risk or other Price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price same is passed on to customers through appropriate adjustment to selling prices.

## NOTE 39 CAPITAL MANAGEMENT

'For the purpose of the company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 0% and 30%. The company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

Particulars	Rs. Million	
	31st March 2024	31st March 2023
Borrowings	739.2	782.2
Less : Cash and cash equivalent including other bank balances	(71.2)	(101.1)
<b>Net Debt</b>	<b>668.0</b>	681.1
Equity	2,325.2	2,212.6
Total Capital	2,325.2	2,212.6
Total Capital and debt	2,993.2	2,893.7
<b>Gearing ratio</b>	<b>22.3%</b>	23.5%

'In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2024 and 31st March, 2023.

## NOTE 40 SEGMENT INFORMATION

The Company is primarily engaged in manufacturing of automobile components such as propeller shafts, clutch sets and components thereof. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Chairman, Managing Director and CEO for the purpose of resource allocation and assessing performance focuses on the business as a whole. Accordingly, there is no other separate reportable segment as defined by Ind AS 108. "Segment Reporting".



**Notes to the standalone financial statements for year ended 31st March, 2024****Information about Geographical area**

The revenue of the Company from the external customers are attributed to the Company's country of domicile i.e. India and attributed to all foreign countries in total from which the Company derives revenue.

The Company's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

Particulars	Financial Year	Rs. Million			
		Domestic	U.S.A.	Other countries	Total
Revenue from operation	2023-24	6,610.8	1,340.8	295.2	8,246.8
	2022-23	5,992.4	1,407.6	475.9	7,875.9
Non-current operating assets	2023-24	911.7	–	–	911.7
	2022-23	908.0	–	–	908.0

**Information about major customers having revenue amounting to 10% or more of the company's revenue.**

Particulars	Domestic		U.S.A.		Total	
	No of Customers	Rs. Million	No of Customers	Rs. Million	No of Customers	Rs. Million
	2023-24	2	3,239.2	1	1,173.4	3
2022-23	2	2,975.3	1	1,372.3	3	4,347.6

No other customer individually contributed 10% or more to the Company's revenue for the current year ended 31st March, 2024 and previous ended 31st March, 2023.

**NOTE 41 STANDARDS ISSUED BUT NOT EFFECTIVE**

There are no standards that have been issued but not yet effective.

**NOTE 42 NOTE ON RECORDING AUDIT TRAIL**

The Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated for all relevant transactions recorded in the software, during the period 19 December 2023 to 31 March 2024 at application level, however, audit trail feature is not enabled at the database level insofar as it relates to such accounting software. Further, audit trail feature has not been tampered with in respect of accounting software where the audit trail has been enabled.

*Notes to the standalone financial statements for year ended 31st March, 2024*

**NOTE 43 RATIOS**

Particulars		2024		2023	Variance (%)	Remarks
<b>Current ratio</b>	<i>in times</i>	<b>Current Asset</b>	<b>3,471.20</b>			
		<b>Current Liabilities</b>	<b>1,970.40</b>	3,293.80	1.77	<b>(0.6)</b>
			<b>1.76</b>			
<b>Debt equity ratio</b>	<i>in times</i>	<b>Borrowings</b>	<b>739.20</b>	782.20	0.35	<b>(10.1)</b>
		<b>Equity</b>	<b>2,325.20</b>	2,212.60		
			<b>0.32</b>			
<b>Debt Service Coverage Ratio</b>	<i>in times</i>	<b>Earnings for Debt Service</b>	<b>787.20</b>	838.03	11.33	<b>(30.4)</b> During the current year, debt service coverage ratio has decreased due to decrease in profit over previous year.
		<b>Debt Service</b>	<b>99.80</b>	73.94		
			<b>7.89</b>			
<b>ROE</b>	<i>in %</i>	<b>PAT</b>	<b>582.70</b>	653.50	30.92	<b>(16.9)</b>
		<b>Avg. Net Worth</b>	<b>2,268.90</b>	2,113.65		
			<b>25.68</b>			
<b>Inventory turnover</b>	<i>in times</i>	<b>Cost of goods sold</b>	<b>5,388.10</b>	5,109.40	4.10	<b>(2.6)</b>
		<b>Avg. Inventory</b>	<b>1,348.75</b>	1,245.65		
			<b>3.99</b>			
<b>Trade Receivables turnover</b>	<i>in times</i>	<b>Gross Revenue from sale of products and services</b>	<b>8,145.90</b>	7,761.20	4.40	<b>(1.4)</b>
		<b>Avg. Receivables</b>	<b>1,880.00</b>	1,765.45		
			<b>4.33</b>			
<b>Trade payables turnover</b>	<i>in times</i>	<b>Net Purchases</b>	<b>5,486.50</b>	5,221.60	5.99	<b>8.5</b>
		<b>Avg. Payables</b>	<b>844.45</b>	872.20		
			<b>6.50</b>			
<b>Net capital turnover</b>	<i>in times</i>	<b>Gross Revenue from sale of products and services</b>	<b>8,145.90</b>	7,761.20	5.41	<b>0.3</b>
		<b>Working Capital (Current Assets - Current Liabilities)</b>	<b>1,500.80</b>	1,434.50		
			<b>5.43</b>			
<b>Net Profit</b>	<i>in %</i>	<b>Profit for the year</b>	<b>582.70</b>	653.50	8.42	<b>(15.0)</b>
		<b>Gross Revenue from sale of products &amp; services</b>	<b>8,145.90</b>	7,761.20		
			<b>7.15</b>			
<b>Return on Capital employed</b>	<i>in %</i>	<b>PBIT</b>	<b>847.50</b>	941.10	31.20	<b>(11.7)</b>
		<b>Capital Employed (Tangible networth + Total debt + Deferred Tax Liabilities)</b>	<b>3,077.80</b>	3,016.70		
			<b>27.54</b>			
<b>Return on investment</b>	<i>in %</i>	<b>Income from Investments *</b>	<b>20.20</b>	29.00	4.77	<b>1.9</b>
		<b>Time weighted average Investments</b>	<b>415.10</b>	607.50		
			<b>4.87</b>			

\* Income from investment annualized for the year ended 31st March, 2024 and 31st March, 2023.



*Notes to the standalone financial statements for year ended 31st March, 2024*

**NOTE 44 OTHER STATUTORY INFORMATION**

- i. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii. The Company does not have any transactions with companies struck off.
- iii. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vi. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- vii. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

**NOTE 45 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved for issue by the Board of Directors on May 27, 2024.

**NOTE 46 PREVIOUS YEAR COMPARATIVES**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date

**For S R B C & CO. LLP**

*Chartered Accountants*

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

*Partner*

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors**

**MSL Driveline Systems Limited**

**Gaurav Motwane**

*Chairman, Managing Director & CEO*  
(DIN 00746165)

**Pradeep Mestry**  
*Chief Financial Officer*

**Manish Choksi**

*Independent Director*  
(DIN 00026496)

**Mahendra Salunke**  
*Company Secretary*

Mumbai, May 27, 2024

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**INDEPENDENT AUDITOR'S REPORT****To the Members of MSL Driveline Systems Limited****REPORT ON THE AUDIT OF THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS****Opinion**

We have audited the accompanying consolidated Ind AS financial statements of MSL Driveline Systems Limited (hereinafter referred to as “the Holding Company”), its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) comprising of the consolidated Balance sheet as at March 31, 2024, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements’ section of our report. We are independent of the Group in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated Ind AS financial statements and our auditor’s report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Consolidated Ind AS Financial Statements**

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.



In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entity included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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**Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 18.42 million as at March 31, 2024, and total revenues of Rs Nil and net cash outflows of Rs 3.18 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary company incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
  - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g).
  - g) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
  - h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company, incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act and based on the consideration of report of other statutory auditor of the subsidiary, incorporated in India, the subsidiary company has not paid remuneration to its directors during the period;
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:



- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 29 to the consolidated Ind AS financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2024;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2024.
- iv.
  - a) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief, as disclosed in the note 45 (v) to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or subsidiary to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or subsidiary (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief, as disclosed in the note 45 (vi) to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or subsidiary from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor’s notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- (v) No dividend has been declared or paid during the year by the Holding Company and its subsidiary company, incorporated in India.
- (vi) Based on our examination which included test checks and that performed by the auditor of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated for all relevant transactions recorded in the software during the period 19 December 2023 to 31 March 2024 at application level. At database level, the audit trail feature is not enabled for direct changes to data when using certain access rights during the period 1 April 2023 to 31 March 2024 and the subsidiary company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software as described in note 42 to the consolidated Ind AS financial statement. Further, during the course of audit, we and respective auditor of the above referred subsidiary did not come across any instance of audit trail feature being tampered with, in respect of accounting software’s where the audit trail have been enabled.

For **S R B C & CO LLP**  
*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per **Murtuza Bookwala**  
*Partner*

Membership Number: 117633  
UDIN: 24117633BKFLK18337

Place of Signature: Mumbai  
Date: May 27, 2024





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**ANNEXURE '1'****REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE****RE.: MSL DRIVELINE SYSTEMS LIMITED**

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In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated Ind AS financial statements. Accordingly, the requirement to report on clause 3(xxii) of the Order is not applicable to the Holding Company.

For **S R B C & CO LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per **Murtuza Bookwala**

*Partner*

Membership Number: 117633

UDIN: 24117633BKFLKI8337

Place of Signature: Mumbai

Date: May 27, 2024



**ANNEXURE ‘2’  
TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE  
ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF MSL DRIVELINE SYSTEMS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of MSL Driveline Systems Limited (hereinafter referred to as the “Holding Company”) as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), which are companies incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

**Meaning of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements**

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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**Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, in so far as it relates to this one subsidiary, which is company incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

For **S R B C & CO LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per **Murtuza Bookwala**

*Partner*

Membership Number: 117633

UDIN: 24117633BKFLKI8337

Place of Signature: Mumbai

Date: May 27, 2024

**Consolidated Balance Sheet as at 31st March, 2024**

Rs. Million

Particulars	Note	As at	
		31st March, 2024	31st March, 2023
<b>(A) ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3(a)	793.0	799.0
(b) Capital work-in-progress	3(a)(iii)	9.6	9.9
(c) Other intangible assets	3(b)	3.9	7.2
(d) Intangible assets under development	3(b)(i)	–	1.1
(e) Right of use assets	3(c)	49.7	65.3
(f) Financial assets :			
(i) Investments	4	–	–
(ii) Others	6	21.6	18.2
(g) Income tax assets (net)	7(a)	17.4	20.1
(h) Other non-current assets	7(b)	33.9	7.3
<b>Total non-current assets</b>		<b>929.1</b>	<b>928.1</b>
<b>2. Current assets</b>			
(a) Inventories	8	1,392.6	1,304.9
(b) Financial assets :			
(i) Trade receivables	9	1,944.4	1,815.6
(ii) Cash and cash equivalents	5	89.4	122.5
(iii) Others	6	1.0	0.6
(c) Other current assets	7(b)	62.2	71.7
<b>Total current assets</b>		<b>3,489.6</b>	<b>3,315.3</b>
<b>Total assets</b>		<b>4,418.7</b>	<b>4,243.4</b>
<b>(B) EQUITY AND LIABILITIES</b>			
<b>1. EQUITY</b>			
(a) Equity share capital	10(a)	73.1	76.9
(b) Other equity			
(i) Retained Earnings	10(b)	1,974.6	1,857.3
(ii) Other Reserves	10(b)	278.3	274.7
<b>Total equity</b>		<b>2,326.0</b>	<b>2,208.9</b>
<b>2. LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities:			
(i) Long term borrowings	11	38.9	68.0
(ii) Lease Liabilities	17	5.6	21.9
(iii) Others	16	47.8	45.9
(b) Long Term Provisions	13	12.6	9.0
(c) Deferred tax liabilities (Net)	14(c)	17.3	30.2
<b>Total non-current liabilities</b>		<b>122.2</b>	<b>175.0</b>
<b>3. Current liabilities</b>			
(a) Financial liabilities:			
(i) Short Term Borrowings	11	700.3	714.2
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	12	270.7	194.9
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	12	639.7	583.8
(iii) Lease liabilities	17	16.4	15.2
(iv) Others	16	146.6	141.1
(b) Other current liabilities	18	56.6	52.6
(c) Short term Provisions	13	123.1	106.0
(d) Current tax Liabilities (Net)	15	17.1	51.7
<b>Total current liabilities</b>		<b>1,970.5</b>	<b>1,859.5</b>
<b>Total equity and liabilities</b>		<b>4,418.7</b>	<b>4,243.4</b>
<b>Summary of material accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

1 - 47

As per our report of even date

**For S R B C & CO. LLP**

Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

Partner

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors  
MSL Driveline Systems Limited****Gaurav Motwane**Chairman, Managing Director & CEO  
(DIN 00746165)**Manish Choksi**Independent Director  
(DIN 00026496)**Pradeep Mestry**

Chief Financial Officer

**Mahendra Salunke**

Company Secretary

Mumbai, May 27, 2024

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2024

Rs. Million

Particulars	Note	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue from operations	19	8,246.8	7,875.9
Other income	20	43.0	88.6
Finance income	21	3.1	2.5
<b>Total Income</b>		<b>8,292.9</b>	<b>7,967.0</b>
<b>Expenses</b>			
(a) Cost of raw materials and components consumed	22(a)	5,463.5	5,076.1
(b) (Increase)/Decrease in inventories of finished goods and work-in-progress	22(b)	(75.4)	33.3
(c) Employee benefits expense	23	753.4	666.1
(d) Depreciation & amortisation expense	25	137.9	129.3
(e) Finance costs	24	58.9	55.3
(f) Other expenses	26	1,161.5	1,121.3
<b>Total Expense</b>		<b>7,499.8</b>	<b>7,081.4</b>
<b>Profit before tax</b>		<b>793.1</b>	<b>885.6</b>
<b>Tax expense :</b>			
(1) Current tax	14(a)	215.3	231.6
(2) Adjustment of tax relating to earlier periods	14(a)	2.6	6.2
(3) Deferred tax	14(a)	(12.0)	(5.5)
<b>Total tax expense</b>		<b>205.9</b>	<b>232.3</b>
<b>Profit for the year</b>		<b>587.2</b>	<b>653.3</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
– Re-measurement gains/(losses) of the defined benefit plans	27	(3.2)	(0.8)
– Net gains/(loss) on cash flow hedges (effective portion)	27	(0.2)	–
– Income tax effect	14(b)	0.9	0.2
<b>Other Comprehensive Income for the year, net of tax</b>		<b>(2.5)</b>	<b>(0.6)</b>
<b>Total Comprehensive Income for the year</b>		<b>584.7</b>	<b>652.7</b>
<b>Earnings per equity share (in Rs.) – Basic &amp; Diluted</b>	32	<b>77.75</b>	<b>81.96</b>
<b>Summary of material accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

1 - 47

As per our report of even date

For S R B C &amp; CO. LLP

Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

Per Murtuza Bookwala

Partner

Membership No.117633

Mumbai, May 27, 2024

For and on behalf of the Board of Directors  
MSL Driveline Systems Limited

Gaurav Motwane

Chairman, Managing Director & CEO  
(DIN 00746165)

Manish Choksi

Independent Director  
(DIN 00026496)

Pradeep Mestry

Chief Financial Officer

Mahendra Salunke

Company Secretary

Mumbai, May 27, 2024



## Consolidated Cash Flow Statement for the year ended 31st March, 2024

Rs. Million

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>A. Cash flow from operating activities:</b>		
Net Profit before tax	793.1	885.6
<b>Adjustment for:</b>		
Depreciation and amortisation expense	137.9	129.3
Excess provision written back	(5.6)	(22.5)
Provision for slow-moving and non-moving inventory	6.8	–
Provision of Intangible Asset under development	1.1	1.7
Provision for doubtful supplier advances	0.8	–
Dividend Income/capital gain from current investment*	–	(0.3)
Interest Income	(3.1)	(2.2)
Net foreign exchange differences	(4.8)	(8.7)
Finance costs paid	58.9	55.3
Loss/ (gain) on sale of Property, Plant and equipment (net)	1.1	(0.1)
	193.1	152.5
Operating Cash flow before Working Capital Changes	986.2	1,038.1
<b>Movements in Working Capital:</b>		
<u>Adjustments for (increase)/decrease in operating assets:</u>		
Inventories	(94.5)	(118.5)
Trade and Other Receivables	(119.8)	(93.4)
Other current assets	9.5	(29.6)
Financial assets	(3.4)	(1.7)
<u>Adjustments for increase/(decrease) in operating liabilities:</u>		
Trade payables	132.8	(163.8)
Provision	16.1	8.7
Other liabilities	4.0	(17.1)
Financial liabilities	5.4	14.2
	(49.9)	(401.2)
Cash generated from/(used in) operations	936.3	636.9
Direct tax paid (net of refunds)	(249.8)	(219.1)
<b>Net Cash flow from/(used in) operating activities (A)</b>	<b>686.5</b>	<b>417.8</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of Property, Plant and equipment (net)	(141.7)	(108.7)
Proceeds from disposal of Property, Plant and equipment(net)	2.5	0.8
Investment in mutual funds	(30.0)	(290.0)
Redemption of mutual funds	30.0	290.3
Investment in fixed deposit with banks	(385.1)	(317.5)
Redemption of fixed deposit with banks	385.1	317.5
Interest income	2.8	2.2
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(136.4)</b>	<b>(105.4)</b>

\* Represents balance of Rs. 24,457

Contd.

## Consolidated Cash Flow Statement for the year ended 31st March, 2024 (contd.)

Rs. Million

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>C. Cash flow from financing activities :</b>		
Payment made for buy back of equity shares	(380.0)	(370.0)
Tax payment on buy back of equity shares	(87.6)	(85.0)
Payment of lease liability toward principal obligation	(15.1)	(7.8)
Payment of lease liability toward interest obligation	(3.4)	(4.3)
Finance costs paid	(54.0)	(44.5)
Long term loan taken during the year [Refer note 11]	–	63.6
Repayment of long term loan	(27.3)	(6.7)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(567.4)</b>	<b>(454.7)</b>
<b>Net decrease in Cash and cash equivalents (A+B+C)</b>	<b>(17.3)</b>	<b>(142.3)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(564.4)</b>	<b>(422.0)</b>
Less: Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.1)	(0.1)
<b>Cash and cash equivalents at the end of the year</b>	<b>(581.8)</b>	<b>(564.4)</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet		
1 Cash in Hand [Refer Note 5(a)]	0.4	0.4
2 Loan repayable on demand [Refer Note 11]	(671.2)	(686.9)
3 Balances with Banks : [Refer Note 5(a)]		
i) In current accounts	36.2	47.1
ii) EEFC account	34.8	55.0
iii) Deposits with original maturity of less than three months	18.0	20.0
	(582.2)	(564.8)
<b>Cash and cash equivalents at the end of the year (Refer note a below)</b>	<b>(581.8)</b>	<b>(564.4)</b>

Note a : For the purpose of the statement of cash flows, cash and cash equivalents comprise following

Rs. Million

Particulars	For the year ended 31st March, 2024		For the year ended 31st March, 2023	
	Closing Balance	Opening Balance	Closing Balance	Opening Balance
Cash & bank (Refer note 5)	89.4	122.5	122.5	74.3
Short term borrowing (Refer note 11)	(671.2)	(686.9)	(686.9)	(496.3)
<b>Total</b>	<b>(581.8)</b>	<b>(564.4)</b>	<b>(564.4)</b>	<b>(422.0)</b>

Cash flow statement has been prepared as per the indirect method set out in Indian Accounting Standard 7 “Statement of Cash Flows”.

## Summary of material accounting policies (Refer note 2)

The accompanying notes are an integral part of the financial statements

1 - 47

As per our report of even date  
For S R B C & CO. LLP  
Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

Per Murtuza Bookwala  
Partner  
Membership No.117633

Mumbai, May 27, 2024

For and on behalf of the Board of Directors  
MSL Driveline Systems Limited

Gaurav Motwane  
Chairman, Managing Director & CEO  
(DIN 00746165)

Manish Choksi  
Independent Director  
(DIN 00026496)

Pradeep Mestry  
Chief Financial Officer

Mahendra Salunke  
Company Secretary

Mumbai, May 27, 2024

**Consolidated Statement of Changes in Equity for the year ended 31st March, 2024****(A) Equity Share Capital**

Particulars	Numbers	Rs. Million
Balance as at 31st March, 2022	81,87,979	81.9
Add : Issued during the financial year 2022-23	–	–
Less : Buy back during the financial year 2022-23	(4,97,979)	(5.0)
Balance as at 31st March, 2023	76,90,000	76.9
Add : Issued during the financial year 2023-24	–	–
Less : Buy back during the financial year 2023-24	(3,83,064)	(3.8)
<b>Balance as at 31st March, 2024</b>	<b>73,06,936</b>	<b>73.1</b>

**(B) Other equity**

Rs. Million

Particulars	Capital reserve		Capital Redemption reserve		General reserve		Effective portion of Cash flow Hedges		Retained earnings		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Balance as at 1st April, 2023 / 2022	2.0	2.0	33.1	28.1	239.6	239.6	–	–	1,857.3	1,659.6	2,132.0	1,929.3
Profit for the year	–	–	–	–	–	–	–	–	587.2	653.3	587.2	653.3
Other comprehensive income (net of deferred income tax)	–	–	–	–	–	–	(0.2)	–	(2.3)	(0.6)	(2.5)	(0.6)
<b>Total comprehensive income</b>	–	–	–	–	–	–	(0.2)	–	584.9	652.7	584.7	652.7
Buy back Shares	–	–	–	–	–	–	–	–	(376.2)	(365.0)	(376.2)	(365.0)
Distribution Tax on shares bought back	–	–	–	–	–	–	–	–	(87.6)	(85.0)	(87.6)	(85.0)
Transfer from Retained Earnings	–	–	3.8	5.0	–	–	–	–	–	–	3.8	5.0
Transfer to Capital Redemption Reserve	–	–	–	–	–	–	–	–	(3.8)	(5.0)	(3.8)	(5.0)
<b>Balance as at 31st March, 2024/ 2023</b>	<b>2.0</b>	<b>2.0</b>	<b>36.9</b>	<b>33.1</b>	<b>239.6</b>	<b>239.6</b>	<b>(0.2)</b>	<b>–</b>	<b>1,974.6</b>	<b>1,857.3</b>	<b>2,252.9</b>	<b>2,132.0</b>

**Summary of material accounting policies (Refer note 2)****The accompanying notes are an integral part of the financial statements (1 – 47)**

As per our report of even date

**For S R B C & CO. LLP**

Chartered Accountants

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

Partner

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors****MSL Driveline Systems Limited****Gaurav Motwane**

Chairman, Managing Director &amp; CEO

(DIN 00746165)

**Manish Choksi**

Independent Director

(DIN 00026496)

**Pradeep Mestry**

Chief Financial Officer

**Mahendra Salunke**

Company Secretary

Mumbai, May 27, 2024

## Notes to the consolidated financial statements for the year ended 31st March, 2024

### NOTE 1 CORPORATE INFORMATION

MSL Driveline Systems Limited ('the Company' or 'the Holding Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is a closely held company. The registered office of the Company is located at Unit 1506, 15th floor, One BKC, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

The Company is engaged in manufacturing and selling of Auto Components including Propeller Shafts, Clutch Set and Universal Joints. The Company caters to both domestic and international markets. The Company also trades in steel and metal.

The Company has the following subsidiary:

Name of the Company	Country of Incorporation	Proportion of equity interest
MSL Electric Vehicle Technologies Private Limited	India	100%

MSL Electric Vehicle Technologies Private Limited ('the subsidiary company') is a private company domiciled in India and was incorporated on September 14, 2021 under the provisions of the Companies Act, 2013 ('the Act'). The registered office of the Company is located at Unit 1506, 15th Floor, One BKC, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. The subsidiary company has been incorporated with a specific object of catering to electrical vehicle segment by manufacturing products for electric vehicles.

The Company along with its subsidiary (hereafter collectively is referred to as the "Group").

### NOTE 2 MATERIAL ACCOUNTING POLICIES

#### 2.1. Basis of preparation

The Consolidated Ind AS financial statements of the Group which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the period ended March 31, 2024, and a summary of the material accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Ind AS financial statements") have been prepared in accordance with Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and presentation requirements of division II of schedule III to the Companies Act, 2013, (Ind AS compliant schedule III), as applicable.

These Consolidated Ind AS financial statements are prepared under the historical cost convention except for certain financial assets and liabilities which are measured at fair value as required by relevant Ind AS.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The consolidated financial statements are presented in Indian Rupee ('INR') which is also the Company's functional currency and all values are rounded to the nearest Million, except when otherwise indicated.

#### 2.2. Basis of preparation, presentation and consolidation of Ind AS Financial Statements

##### Principles of consolidation

The Group consolidates all entities which are controlled by it. The consolidated Ind AS financial statements comprise the financial statements of the Company and its subsidiary. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The entities are consolidated from the date control commences until the date control ceases.



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**Notes to the consolidated financial statements for year ended 31st March, 2024****Subsidiaries**

The consolidated Ind AS financial statements of the Group are prepared by consolidating the financial statement of the subsidiary on a line-by-line basis and intra-group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. These consolidated Ind AS financial statements are prepared by applying uniform accounting policies in use at the Group. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. Changes in the Group's holding that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's holding and the non-controlling interests are adjusted to reflect the changes in their relative holding. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

**2.3. Summary of material accounting policies****a. Current versus non-current classification**

The company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- 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.

A liability is current when:

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

The company classifies all other liabilities as non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**b. Foreign currencies**

The Company's consolidated financial statements are presented in INR, which is also the company's functional currency.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the company at its functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

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**Notes to the consolidated financial statements for year ended 31st March, 2024**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. 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 recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

**c. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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 that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities.

At each reporting date, the Company's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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**Notes to the consolidated financial statements for year ended 31st March, 2024**

The Company's management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (note 37)
- Financial instruments (including those carried at amortised cost) [note 4, 5, 6, 9, 11, 12 and 16]

**d. Revenue from contracts with customer**

Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.3.

**Sale of goods**

Revenue from sale of goods are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 - 150 days in respect of export customers and 30 - 90 days from the date of delivery of goods in respect of domestic customers.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, rebates, etc.). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

**i) Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

**Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

**Volume rebates**

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method (OEM, with whom we don't have any contract) and the expected value method for contracts with more than one volume threshold (Dealers). The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

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*Notes to the consolidated financial statements for year ended 31st March, 2024*

**ii) Significant financing component**

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good to the customer and when the customer pays for that good will be one year or less.

**iii) Warranty obligations**

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (n) Provisions.

**Contract balances**

**Contract assets**

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

**Trade receivables**

A receivable is recognised if 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 (p) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Assets and liabilities arising from rights of return**

**Right of return assets**

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

**Interest income**

Interest income is recognised using the effective interest method.

**Dividends**

Revenue is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

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*Notes to the consolidated financial statements for year ended 31st March, 2024***e. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**f. Export Benefits**

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

Export entitlements from government authorities are recognised in the Statement of Profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**g. Taxes****Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Sales/value added taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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**Notes to the consolidated financial statements for year ended 31st March, 2024**
**h. Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets up to the date assets are ready for use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

When an item of property, plant and equipment is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013.

Estimated useful life of the assets are as follows:

Nature of Tangible Assets	Useful Life (Years)
Buildings	10 - 30
Plant and equipment	3 - 15
Furniture and fixtures	5 - 10
Vehicles	8
Office equipment	3 - 10
Lease improvement	Over the period of lease

**i. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**Notes to the consolidated financial statements for year ended 31st March, 2024**

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Company's intangible assets are, as follows:

<b>Intangible assets</b>	<b>Useful lives</b>	<b>Amortisation method used</b>	<b>Internally generated or acquired</b>
Computer Software	3 - 6 years	Amortised on a straight-line basis over the useful life	Acquired
Development costs	5 years	Amortised on a straight-line basis over the useful life	Internally generated

**j. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.



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**Notes to the consolidated financial statements for year ended 31st March, 2024**

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**k. Borrowing costs**

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

**l. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**
**i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	95 years for leasehold land at Nashik
Leasehold Land	30 years for leasehold land at Pithampur
Offices on Lease	More than 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

**ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings (see Note 17).



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*Notes to the consolidated financial statements for year ended 31st March, 2024*

**iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 3 years or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices at branches that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**m. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials, Stores and spares, packing materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on moving weighted average basis.
- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**n. Provisions**

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, 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 cost.

**Warranty provisions**

Provisions for warranty-related costs are recognised when the product is sold, or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

**o. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

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**Notes to the consolidated financial statements for year ended 31st March, 2024**

Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the statement of profit and loss in the year when an employee renders the related service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. Every employee who has completed five years or more of service get a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an insurance Company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**p. 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.

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)

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**Notes to the consolidated financial statements for year ended 31st March, 2024**

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Debt instruments at amortised cost**

A debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI**

A debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

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**Notes to the consolidated financial statements for year ended 31st March, 2024****Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments and are measured at amortized cost e.g., deposits and trade receivables.
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables and
- Other Receivable

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably.
- then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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**Notes to the consolidated financial statements for year ended 31st March, 2024**

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'finance cost' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and other receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions; the Company expects to recover the carrying amount of these assets.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

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**Notes to the consolidated financial statements for year ended 31st March, 2024****Bill Discounting**

During any point of time in the accounting year a Company may enter into an arrangement, with the Non-Banking Financial Companies ('NBFC') to avail the bill discounting facility extended by the NBFC's on such terms and conditions as may be mutually decided through a written agreement/contract and discount the bills raised on the customer with NBFC at an agreed discount rate. The liability to pay to the NBFC on due date is of the customer on full recourse basis to the Company (i.e. NBFC will recover the o/s bills amount from the company in case the customer fails to pay on due date).

At the end of the accounting year, any amount payable to NBFC by the Company on account of the discounted bills shall be disclosed under the head 'Borrowing' as this liability is not in the Company's normal business operating cycle and shall be considered as payable towards the money borrowed from the NBFC.

**Derecognition**

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

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

**q. Derivative financial instruments**

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

**r. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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**Notes to the consolidated financial statements for year ended 31st March, 2024**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, loan repayable on demand (from bank) and net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**s. Cash dividend**

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 recognised directly in equity.

**t. Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the company (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**u. Contingent Liability and Contingent assets:**

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

**2.4. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**(A) Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

**(i) Revenue from contracts with customers**

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Determining method to estimate variable consideration and assessing the constraint:

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.



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**Notes to the consolidated financial statements for year ended 31st March, 2024**

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

**(B) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(i) Impairment of non- financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

**(ii) Taxes**

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made.

The assessment of probability involves estimation of a number of factors including future taxable income.

**Defined benefit plans (gratuity benefits)**

A liability in respect of defined benefit plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 30 for details of the key assumptions used in determining the accounting for these plans.

**(iii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



**Notes to the consolidated financial statements for year ended 31st March, 2024**
**(iv) Intangible asset under development**

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**(v) Estimating variable consideration for returns and volume rebates**

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. Right of return are analysed for the Company as a whole due to past experience of the Company having similar range of right to return for each customer.

The Company updates its assessment of expected returns and volume rebates annually and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future

**(vi) Provision against obsolete and slow-moving inventories**

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

**(vii) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

**NOTE 3 (a) Property, plant and equipment:**

Particulars	CURRENT YEAR – AS AT 31st MARCH 2024							PREVIOUS YEAR – AS AT 31st MARCH 2023						
	Build-ings	Plant and equip-ment	Furni-ture and fixtures	Vehicles	Office equip-ment	Lease-hold improve-ment	Total	Build-ings	Plant and equip-ment	Furni-ture and fixtures	Vehicles	Office equip-ment	Lease-hold improve-ment	Total
	<b>I. Cost</b>													
Balance as at 1st April, 2023/2022	319.3	1,509.7	91.0	38.2	8.3	9.9	1,976.4	319.1	1,419.6	90.3	36.7	10.1	9.9	1,885.7
Additions	–	89.3	1.8	23.8	1.1	–	116.0	0.2	94.0	2.0	3.0	0.3	–	99.5
Disposals	–	(43.4)	(0.5)	(4.0)	(3.2)	–	(51.1)	–	(3.9)	(1.3)	(1.5)	(2.1)	–	(8.8)
<b>Balance as at 31st March,</b>	<b>319.3</b>	<b>1,555.6</b>	<b>92.3</b>	<b>58.0</b>	<b>6.2</b>	<b>9.9</b>	<b>2,041.3</b>	<b>319.3</b>	<b>1,509.7</b>	<b>91.0</b>	<b>38.2</b>	<b>8.3</b>	<b>9.9</b>	<b>1,976.4</b>
<b>II. Accumulated depreciation</b>														
Balance as at 1st April, 2023/2022	119.7	990.3	29.0	21.0	7.5	9.9	1,177.4	108.1	907.5	21.5	17.9	9.1	9.9	1,074.0
Depreciation expense for the year	11.6	92.8	8.5	5.1	0.4	–	118.4	11.6	86.5	8.8	4.0	0.6	–	111.5
Eliminated on disposal of assets	–	(39.7)	(0.5)	(4.1)	(3.2)	–	(47.5)	–	(3.7)	(1.3)	(0.9)	(2.2)	–	(8.1)
<b>Balance as at 31st March,</b>	<b>131.3</b>	<b>1,043.4</b>	<b>37.0</b>	<b>22.0</b>	<b>4.7</b>	<b>9.9</b>	<b>1,248.3</b>	<b>119.7</b>	<b>990.3</b>	<b>29.0</b>	<b>21.0</b>	<b>7.5</b>	<b>9.9</b>	<b>1,177.4</b>
<b>Carrying amount (I – II)</b>														
<b>Balance as at 31st March,</b>	<b>188.0</b>	<b>512.2</b>	<b>55.3</b>	<b>36.0</b>	<b>1.5</b>	<b>–</b>	<b>793.0</b>	<b>199.6</b>	<b>519.4</b>	<b>62.0</b>	<b>17.2</b>	<b>0.8</b>	<b>–</b>	<b>799.0</b>

**Notes to the consolidated financial statements for year ended 31st March, 2024**

- (i) Term loan is secured by first *pari passu* charge over movable Property, plant and equipment (present and future) of the Company. Refer note 11 for details of security.
- (ii) The above includes value of property, plant and equipment such as tools and equipments lying with sub-contractors are as under :

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Opening Gross Block	41.8	37.5
Transfer from MSL premises to Subcontractor	13.5	–
Additions during the year	4.2	4.3
Less : Accumulated Depreciation	(32.9)	(25.2)
<b>Net Block</b>	<b>26.6</b>	<b>16.6</b>

- (iii) Capital work-in-progress :

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Opening balance	9.9	2.9
Additions during the year	22.0	56.3
Less : Capitalised during the year	(22.3)	(49.3)
<b>Closing Balance</b>	<b>9.6</b>	<b>9.9</b>

- (iv) Capital Work-in-Progress ageing schedule

Particulars	As at 31st March 2024					As at 31st March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	Project in Progress	9.0	0.6	–	–	9.6	9.9	–	–	–
Project temporarily suspended	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>9.0</b>	<b>0.6</b>	<b>–</b>	<b>–</b>	<b>9.6</b>	<b>9.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9.9</b>

**NOTE 3 (b) Intangible Assets**

Particulars	Rs. Million					
	CURRENT YEAR			PREVIOUS YEAR		
	Computer software – (acquired)	Internally generated development expenditure	Total	Computer software – (acquired)	Internally generated development expenditure	Total
<b>I. Cost</b>						
Balance as at 1st April,	43.1	12.2	55.3	39.3	12.2	51.5
Additions	0.6	–	0.6	3.8	–	3.8
Disposals	–	–	–	–	–	–
<b>Balance as at 31st March,</b>	<b>43.7</b>	<b>12.2</b>	<b>55.9</b>	<b>43.1</b>	<b>12.2</b>	<b>55.3</b>
<b>II. Accumulated amortisation</b>						
Balance as at 1st April,	35.9	12.2	48.1	33.4	11.8	45.2
Amortisation expense for the year	3.9	–	3.9	2.5	0.4	2.9
Eliminated on disposal	–	*	–	–	*	–
<b>Balance as at 31st March,</b>	<b>39.8</b>	<b>12.2</b>	<b>52.0</b>	<b>35.9</b>	<b>12.2</b>	<b>48.1</b>
<b>Carrying amount (I – II) :</b>						
<b>Balance as at 31st March,</b>	<b>3.9</b>	<b>–</b>	<b>3.9</b>	<b>7.2</b>	<b>–</b>	<b>7.2</b>

\*Represents balance of Re.1 (Previous Year : Rs.91,264).

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**(i) Intangible assets under development:**

Rs. Million		
Particulars	31st March, 2024	31st March, 2023
Opening balance	1.1	2.8
Provision for impairment [Refer note (a) below]	(1.1)	(1.7)
<b>Closing Balance</b>	<b>–</b>	<b>1.1</b>

(a) During the year, the Company reviewed the intangible assets under development and based on its own assessment the company made a provision of Rs.1.1 Million towards impairment in the carrying cost as certain projects, although technically feasible, for available for use, were not meeting the condition of generating future economic benefit in a certain period of time. The Company has reassessed the status of these projects and decided to make the provision for these projects, it will reassess the status of these projects in future and appropriate action will be taken.

**(ii) Intangible assets under development ageing schedule**

Rs. Million										
Particulars	As at 31st March 2024					As at 31st March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in Progress	–	–	0.4	0.7	1.1	–	2.1	–	0.7	2.8
Project temporarily suspended	–	–	–	–	–	–	–	–	–	–
Less : Provision for impairment	–	–	(0.4)	(0.7)	(1.1)	–	(1.7)	–	–	(1.7)
Total	–	–	–	–	–	–	0.4	–	0.7	1.1

**(iii) Completion Schedule for Intangible Assets under development, which are overdue or has exceeded its cost compared to its original plan**

Rs. Million									
Particulars	As at 31st March 2024				As at 31st March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Tilt & Telescopic Steering Column	–	–	0.7	–	–	0.7	–	–	–
Inter-axle prop shaft 2040 Series with rubber Boot	–	0.4	–	–	0.4	–	–	–	–
Less: Provision for impairment	–	(0.4)	(0.7)	–	–	–	–	–	–
Total	–	–	–	–	0.4	0.7	–	–	–

**(c) Right of use assets**
**(i) Company as a lessee**

The Company has lease contracts for various items i.e. land, building premises used in its operations. Leasehold land have lease period between 30 to 95 years, while building premises have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

*Notes to the consolidated financial statements for year ended 31st March, 2024*

(ii) Right of use assets

Particulars	CURRENT YEAR			PREVIOUS YEAR		
	Leasehold Land	Rented Premises	Total	Leasehold Land	Rented Premises	Total
	Rs. Million					
<b>I. Cost</b>						
Balance as at 1st April,	37.4	73.1	110.5	37.4	68.5	105.9
Additions	–	–	–	–	5.4	5.4
Disposals	–	–	–	–	(0.8)	(0.8)
<b>Balance as at 31st March,</b>	<b>37.4</b>	<b>73.1</b>	<b>110.5</b>	<b>37.4</b>	<b>73.1</b>	<b>110.5</b>
<b>II. Accumulated amortisation</b>						
Balance as at 1st April,	5.2	40.0	45.2	3.9	27.3	31.2
Amortisation expense for the year	1.3	14.3	15.6	1.3	13.5	14.8
Disposals	–	–	–	–	(0.8)	(0.8)
<b>Balance as at 31st March,</b>	<b>6.5</b>	<b>54.3</b>	<b>60.8</b>	<b>5.2</b>	<b>40.0</b>	<b>45.2</b>
<b>Net Book Value (I – II) :</b>						
<b>Balance as at 31st March,</b>	<b>30.9</b>	<b>18.8</b>	<b>49.7</b>	<b>32.2</b>	<b>33.1</b>	<b>65.3</b>

(iii) Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	CURRENT YEAR			PREVIOUS YEAR		
	Leasehold Land	Rented Premises	Total	Leasehold Land	Rented Premises	Total
	Rs. Million					
Balance as at 1st April,	–	37.1	37.1	–	44.9	44.9
Additions	–	–	–	–	5.4	5.4
Accretion of Interest	–	3.4	3.4	–	4.3	4.3
Payments	–	(18.5)	(18.5)	–	(17.5)	(17.5)
Deletion	–	–	–	–	–	–
<b>Balance as at 31st March,</b>	<b>–</b>	<b>22.0</b>	<b>22.0</b>	<b>–</b>	<b>37.1</b>	<b>37.1</b>
Current	–	16.4	16.4	–	15.2	15.2
Non-current	–	5.6	5.6	–	21.9	21.9

(iv) The effective interest rate for lease liabilities is 10.4%, with maturity between 2024-2045.

(v) The following are the amounts recognised in profit or loss:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Depreciation expense on right of use assets	15.6	14.8
Interest expense on lease liabilities	3.4	4.3
Expense relating to short-term leases (included in other expenses)	1.6	2.3
Expense relating to leases of low-value assets	0.1	0.2
Variable lease payments (included in other expenses)	8.1	2.9
<b>Total amount recognised in statement of profit and loss</b>	<b>28.8</b>	<b>24.5</b>

**Notes to the consolidated financial statements for year ended 31st March, 2024**

- (vi) The Company had total cash outflows for leases of **Rs.28.0 Million in 31st March 2024** (Rs.22.8 Million for 31 March 2023). The Company also had non-cash additions to right-of-use assets and lease liabilities of **Rs.Nil in 31st March 2024** (Rs.5.4 Million for 31 March 2023). There are no such leases for which the future cash outflows have not yet commenced.
- (vii) The leases that the Company has entered with lessors are generally long-term in nature and no changes in terms of those leases are expected.
- (viii) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.
- (ix) The Company has made pre-payment of Rs.45.6 Million for lands taken on lease for 95 years located in Nashik and for 30 years located in Pithampur and hence no lease liability has been created for such assets.

**NOTE 4 INVESTMENTS**

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	Rs. Million	Nos.	Rs. Million
<b>(Valued at cost unless stated otherwise)</b>				
<b>Investments in unquoted equity instruments (fully paid up unless specified)</b>				
<b>– Investment in associates (at cost)</b>				
i) Sona Autocomp Inc. (In USD 1 per share)	<b>24,000</b>	<b>1.4</b>	24,000	1.4
Less: Provision for impairment in value of investment	–	<b>(1.4)</b>	–	(1.4)
<b>Net Value (A)</b>	–	–	–	–
ii) Sona Autocomp Europe (in EURO 1 per share)	<b>12,000</b>	<b>0.4</b>	12,000	0.4
Less : Provision for impairment in value of investment	–	<b>(0.4)</b>	–	(0.4)
<b>Net Value (B)</b>	–	–	–	–
<b>Total (A + B)</b>	–	–	–	–
(a) Aggregate amount of unquoted investments	<b>Rs.1.8 Million</b>		Rs.1.8 Million	
(b) Aggregate amount of impairment in value of investments	<b>(Rs.1.8 Million)</b>		(Rs.1.8 Million)	

**Note:**

1. Sona Autocomp Inc and Sona Autocomp Europe have been dissolved in FY 2013-14 and FY 2014-15 respectively. The Company is not expecting any recoverability from these investments post dissolution and have been fully provided in the books of account.
- The Company is in process of completing formalities with Reserve Bank of India in connection with the investments made in the said associate companies, pending which the investments have not been written off.

**NOTE 5 CASH AND CASH EQUIVALENTS**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
(a) Balances with banks:		
i) On current accounts	<b>36.2</b>	47.1
ii) On EEFC account	<b>34.8</b>	55.0
iii) Deposits with original maturity of less than 3 months	<b>18.0</b>	20.0
(b) Cash on hand	<b>0.4</b>	0.4
<b>Total</b>	<b>89.4</b>	122.5

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**(b) Other bank balances**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>In deposit accounts</b>						
Earmarked deposit*	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**For the purpose of statement of cash flows, cash and cash equivalents comprises the following:**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
(a) Balances with banks:		
i) On current accounts	36.2	47.1
ii) On EEFC account	34.8	55.0
iii) Deposits with original maturity of less than 3 months	18.0	20.0
iv) Earmarked deposit*	–	–
(b) Cash on hand	0.4	0.4
	<b>89.4</b>	<b>122.5</b>
Less : Loan repayable on demand and Bank Overdraft (Refer note 11)	<b>(671.2)</b>	<b>(686.9)</b>
<b>Total Cash and Cash equivalents</b>	<b>(581.8)</b>	<b>(564.4)</b>

\* Represents fixed deposit of **Rs.Nil** (31st March, 2023: Rs. 75,000) in the name of - CTO CIRCLE PITHAMPUR A/C MAHINDRA SONA LIMITED for 5 years towards Madhya Pradesh Central Sales Tax Registration.

**NOTE 6 OTHER FINANCIAL ASSETS**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>(Unsecured, Considered good unless otherwise stated)</b>						
<b>Derivatives</b> : Foreign exchange forward contracts*	–	–	–	–	–	–
<b>Interest receivable</b> : Interest accrued on security deposits	–	0.9	0.9	–	0.6	0.6
<b>Interest receivable</b> : Interest accrued on Fixed deposits	–	0.1	0.1	–	–	–
<b>Security deposits</b>	21.6	–	21.6	18.2	–	18.2
<b>Total</b>	<b>21.6</b>	<b>1.0</b>	<b>22.6</b>	<b>18.2</b>	<b>0.6</b>	<b>18.8</b>

\* Represents balance of Rs.30,533.

**NOTE 7 (a) Income tax assets (Net)**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Advance income tax (net of provision <b>Rs.511.9 Million</b> , 31st March, 2023 : Rs. 570.7 Million)	17.4	–	17.4	20.1	–	20.1
<b>Total</b>	<b>17.4</b>	<b>–</b>	<b>17.4</b>	<b>20.1</b>	<b>–</b>	<b>20.1</b>

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**(b) Other non-current and current assets**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
(a) Capital advances [Refer Note 28(ii)]	33.3	–	33.3	5.9	–	5.9
(b) Balances with statutory/government authorities (other than income taxes):						
GST credit receivable	–	1.2	1.2	–	0.6	0.6
Less : Provision for Impairment	–	(1.2)	(1.2)	–	(0.6)	(0.6)
(c) Prepayments	0.6	9.2	9.8	1.4	7.5	8.9
(d) Others: (i) Export benefits	–	4.6	4.6	–	7.1	7.1
(ii) Advance to suppliers	–	25.1	25.1	–	46.2	46.2
(iii) Others	–	23.3	23.3	–	10.9	10.9
<b>Total</b>	<b>33.9</b>	<b>62.2</b>	<b>96.1</b>	<b>7.3</b>	<b>71.7</b>	<b>79.0</b>

**NOTE 8 INVENTORIES**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
<b>(Valued at the lower of cost and net realisable value)</b>		
(a) Raw materials [Refer Note (i) below]	514.6	491.6
(b) Work-in-progress	552.4	503.9
(c) Finished goods [Refer Note (i) below]	263.3	236.4
(d) Stores and spares	8.1	6.6
(e) Loose tools	54.2	66.4
<b>Total</b>	<b>1,392.6</b>	<b>1,304.9</b>

**Notes: (i) Included above, goods-in-transit:**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Raw materials	41.7	54.4
Finished Goods	195.7	176.2

- (ii) The cost of inventories recognised as an expense during the year **Rs.5,388.1 Million** (31st March, 2023 : Rs.5,109.4 Million).
- (iii) The cost of inventories recognised as an expense during the year ended 31st March, 2024 includes **Rs.6.8 Million** (31st March, 2023 : Rs.Nil) in respect of provision for slow and non moving inventory.
- (iv) The provision made for slow and non moving inventory during the year ended **Rs.97.1 Million** (31st March, 2023 : Rs.90.3 Million)

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 9 TRADE RECEIVABLES**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
<b>Trade Receivables</b>		
Trade Receivables - considered good	1,944.4	1,815.6
Trade Receivables which have significant increase in credit Risk	6.2	6.2
Trade Receivables - credit impaired	3.4	3.4
	<b>1,954.0</b>	1,825.2
<b>Impairment Allowance (allowance for bad &amp; doubtful debts)</b>		
Trade Receivables which have significant increase in credit Risk	(6.2)	(6.2)
Trade Receivables - credit impaired	(3.4)	(3.4)
	<b>1,944.4</b>	1,815.6

- (i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) The Company is engaged in manufacturing and selling of Propeller shafts, Components & Clutch sets which are customers specific. Credit period varies from customer to customer. Average credit period in case of export customers is 30 - 150 days and in case of domestic customers 30 - 90 days from the date of receipt of goods.
- (iii) The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk even though it may be very low.

**(a) Movement in the expected credit loss :**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Balance at beginning of the year	9.6	9.6
Expected credit loss allowance on trade receivables	—	—
Reversal of Expected credit losses on trade receivables	—	—
<b>Balance at end of the year</b>	<b>9.6</b>	9.6





Notes to the consolidated financial statements for year ended 31st March, 2024

Rs. Million

Trade Receivable as on 31st March 2024 Trade Receivable as on 31st March 2023	Particulars outstanding for following periods							Total	
	Not Due	Unbilled Receivable	Less than 6 months	Six months – 1 year	1–2 years	2–3 years	More than 3 years		
<b>Undisputed Trade Receivables</b>									
– considered good	<b>1,566.9</b> 1,408.9	– 49.4	<b>337.3</b> 320.1	<b>31.6</b> 36.1	<b>8.3</b> 0.2	<b>0.3</b> 0.9	–	<b>1,944.4</b> 1,815.6	
– which have significant increase in credit risk	–	–	–	–	<b>1.5</b> 2.6	<b>0.2</b> 0.9	<b>4.5</b> 2.7	<b>6.2</b> 6.2	
– credit impaired	–	–	–	–	–	–	<b>3.4</b> 3.4	<b>3.4</b> 3.4	
<b>Disputed Trade Receivables</b>									
– considered good	–	–	–	–	–	–	–	–	
– which have significant increase in credit risk	–	–	–	–	–	–	–	–	
– credit impaired	–	–	–	–	–	–	–	–	
	<b>Gross</b>	<b>1,566.9</b>	<b>–</b>	<b>337.3</b>	<b>31.6</b>	<b>9.8</b>	<b>0.5</b>	<b>7.9</b>	<b>1,954.0</b>
		1,408.9	49.4	320.1	36.1	2.8	1.8	6.1	1,825.2
<b>Less : Allowance for Trade Receivables</b>									
– which have significant increase in credit risk - Undisputed	–	–	–	–	<b>1.5</b> 2.6	<b>0.2</b> 0.9	<b>4.5</b> 2.7	<b>6.2</b> 6.2	
– which have significant increase in credit risk - disputed	–	–	–	–	–	–	–	–	
– credit impaired - Undisputed	–	–	–	–	–	–	<b>3.4</b> 3.4	<b>3.4</b> 3.4	
– credit impaired - disputed	–	–	–	–	–	–	–	–	
	<b>TOTAL</b>	<b>1,566.9</b>	<b>–</b>	<b>337.3</b>	<b>31.6</b>	<b>8.3</b>	<b>0.3</b>	<b>–</b>	<b>1,944.4</b>
		1,408.9	49.4	320.1	36.1	0.2	0.9	–	1,815.6

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 10 (a) Equity Share Capital**

Particulars	Nos.	Rs. Million
<b>(A) Authorised:</b>		
<b>Equity shares of Rs.10 each</b>		
As at 1st April, 2022	1,70,00,000	170.0
Increase/(decrease) during the year	–	–
As at 31st March, 2023	1,70,00,000	170.0
Increase/(decrease) during the year	–	–
<b>As at 31st March, 2024</b>	<b>1,70,00,000</b>	<b>170.0</b>
<b>(B) Issued equity capital :</b>		
<b>Equity Shares of Rs.10 each issued, subscribed and fully paid</b>		
As at 1st April, 2022	81,87,979	81.9
Increase/(decrease) during the year	(4,97,979)	(5.0)
As at 31st March, 2023	76,90,000	76.9
Increase/(decrease) during the year	(3,83,064)	(3.8)
<b>As at 31st March, 2024</b>	<b>73,06,936</b>	<b>73.1</b>

**Notes:**

- (i) (a) During the year, the Company bought back **3,83,064** equity shares (31st March, 2023 : 4,97,979 equity shares) at a price of **Rs.992.0** (31st March, 2023 : Rs.743.0) per share. The board of directors of the Company approved that buyback on **29th August, 2023** (31st March, 2023 : 25th July, 2022) and shareholders approved on **29th September, 2023** (31st March, 2023 : 27th September, 2022).
- (b) The Company has bought back **21,66,624** equity shares (31st March 2023: 23,93,315 equity shares) during immediately preceding five financial years including current year.

(ii) The Company has not allotted any equity shares pursuant to contracts without payment being received in cash.

(iii) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) **Details of shareholders holding more than 5% shares in the Company**

Particulars	Rs. Million			
	As at 31st March, 2024		As at 31st March, 2023	
MSONA Automotive Components Private Limited	27,19,280	37.2%	28,61,838	37.2%
SKM Family Trust (Through Gaurav G. Motwane, Trustee)	27,47,159	37.6%	28,91,178	37.6%
Khattar Holdings Private Limited	10,47,136	14.3%	11,02,032	14.3%

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**(v) Shares held by Promoters at the end of the year**

Promoters Name	As at 31st March, 2024			Rs. Million As at 31st March, 2023		
	Number of Shares	% of total shares	% change during the year	Number of Shares	% of total shares	% change during the year
SKM Family Trust (Through Gaurav G. Motwane, Trustee)	27,47,159	37.6%	5.0%	28,91,178	37.6%	6.1%
MSONA Automotive Components Private Limited	27,19,280	37.2%	5.0%	28,61,838	37.2%	6.1%
Gaurav Motwane	23,691	0.3%	5.0%	24,933	0.3%	6.1%

**NOTE 10 (b) Other Equity :**

	Rs. Million											
	Capital reserve		General reserve		Capital Redemption Reserve		Effective portion of Cash flow Hedges		Retained earnings		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Balance as at 1st April,	2.0	2.0	239.6	239.6	33.1	28.1	-	-	1,857.3	1,659.6	2,132.0	1,929.3
Profit for the year	-	-	-	-	-	-	-	-	587.2	653.3	587.2	653.3
Other comprehensive income (net of deferred income tax)	-	-	-	-	-	-	(0.2)	-	(2.3)	(0.6)	(2.5)	(0.6)
Buy back Shares	-	-	-	-	-	-	-	-	(376.2)	(365.0)	(376.2)	(365.0)
Distribution Tax on shares bought back	-	-	-	-	-	-	-	-	(87.6)	(85.0)	(87.6)	(85.0)
Transfer from Retained Earnings	-	-	-	-	3.8	5.0	-	-	-	-	3.8	5.0
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-	-	(3.8)	(5.0)	(3.8)	(5.0)
<b>Balance as at 31st March,</b>	<b>2.0</b>	<b>2.0</b>	<b>239.6</b>	<b>239.6</b>	<b>36.9</b>	<b>33.1</b>	<b>(0.2)</b>	<b>-</b>	<b>1,974.6</b>	<b>1,857.3</b>	<b>2,252.9</b>	<b>2,132.0</b>

**Nature and purpose of reserves**
**i) Capital reserve -**

- Amount of Rs.0.9 Million represents octroi refund granted for the period 1st April, 1995 to 31st March, 1998 on plant and machinery purchased during the FY 1998-99. This refund was sanctioned in FY 2000-2001 under the State Government's incentive scheme.
- Amount of Rs.1.1 Million was created on account of Amalgamation of DRSK Management Services Private Limited (shareholder of the Company, then) into the company during the Financial Year 2011-12.

**ii) General reserve -**

The erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**iii) Capital redemption reserve -**

Capital redemption reserve was created on account of buy back of equity shares amounting to **Rs.3.8 Million** (31st March, 2023 Rs.5.0 Million).

**iv) Effective portion of cash flow hedges -**

This Reserve represents the cumulative effective portion of changes in Fair Value of hedging instrument that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy. Effective portion of cash flow hedges was created on account of mark-to-market exchange loss on forward contracts amounting to **Rs.0.2 million** (31st March, 2023 Rs.Nil)

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 11 BORROWINGS**

		Rs. Million	
Particulars		As at 31st March, 2024	As at 31st March, 2023
<b>Non Current Borrowings (Secured)</b>			
<b>Term Loan from Bank :</b>	Rupee Loan [Refer note (i) below]	<b>68.0</b>	95.3
	Less : Current maturities of long term borrowings	<b>(29.1)</b>	(27.3)
	<b>Total Non Current Borrowings</b>	<b>38.9</b>	68.0
<b>Current Borrowings (Secured)</b>			
<b>Loans repayable on demand from banks:</b>	Working capital loan (Refer note (ii) below)	<b>475.0</b>	548.7
	Bank overdrafts [Refer note (iii) below]	<b>93.2</b>	18.4
	Bill discounting (Refer note (v) below)	<b>103.0</b>	99.1
	<b>Sub Total</b>	<b>671.2</b>	666.2
<b>Current Borrowings (Unsecured) repayable on demand from financial institution</b>			
	Bill discounting [Refer note (iv) below]	–	20.7
	<b>Sub Total</b>	–	20.7
<b>Current maturities of long-term borrowings</b>			
	<b>Sub Total</b>	<b>29.1</b>	27.3
	<b>Sub Total</b>	<b>29.1</b>	27.3
<b>Total current borrowings</b>		<b>700.3</b>	714.2

**Notes :**

- (i) Citibank N. A. on 7th September, 2021, sanctioned a term loan amounting to Rs.127 Million for the purpose of financing the capital expenditure of the Company. The tenure of the loan is 4 years including 6 months moratorium from the first date of disbursement for each tranche of disbursement. The loan is repayable in quarterly installments beginning from the 9th month from the date of each tranche of disbursement. The loan is secured by first charge on all movable fixed assets of the Company at its plant located at Nashik, Maharashtra. The interest shall be payable on the loan at a rate equal to 3 months TBill rate as published by FBIL plus interest margin as agreed as per the Loan Agreement.

**Table 1 - Schedule of Term Loan taken by the Company**

Sr. No.	Disbursement date	Repayment date	Rs. Millions	Interest Rate p.a. as on 31st March, 2024
1	15th February, 2022	13th February, 2026	<b>38.4</b>	10.51%
2	18th April, 2022	17th April, 2026	<b>16.0</b>	10.43%
3	27th July, 2022	24th July, 2026	<b>22.4</b>	10.47%
4	01st November, 2022	30th October, 2026	<b>25.2</b>	10.49%

**Table 2 - Repayment Schedule of Term loan**

		Rs. Million		
Particulars		2025	2026	2027
<b>Q1</b>		7.3	7.3	4.5
<b>Q2</b>		7.3	7.3	3.4
<b>Q3</b>		7.3	7.3	1.8
<b>Q4</b>		7.3	7.3	–

The above term loan is secured by first *pari-passu* charge over movable fixed assets (present and future) of the Company.

**Notes to the consolidated financial statements for year ended 31st March, 2024**

- (ii) Loan repayable on demand include pre-shipment credit in Indian Rupee (PCRE) and working capital demand loan. All these loans are secured by a first *pari-passu* charge on the Company's present and future stock and book debts. Below is the schedule of PCRE and WCDL loan taken by the Company:

Sr. No.	Disbursement date	Repayment date	Bank	Type of loan	As at 31st March 2024	As at 31st March 2023	Closing interest p.a.*
1	07th November, 2023	30th September, 2024	ICICI Bank	WCDL	125.0		9.40%
2	15th December, 2023	12th June, 2024	Citi Bank	WCDL	100.0	–	9.17%
3	12th February, 2024	09th August, 2024	Citi Bank	PCRE	100.0	–	6.78%
4	21st February, 2024	19th August, 2024	ICICI Bank	PCRE	100.0	–	8.66%
5	27th February, 2024	23rd August, 2024	Citi Bank	PCRE	50.0	–	7.14%
6	23rd September, 2022	28th September, 2023	ICICI Bank	WCDL	–	125.0	9.10%
7	18th October, 2022	15th April, 2023	Citi Bank	WCDL	–	150.0	8.68%
8	28th December, 2022	26th June, 2023	ICICI Bank	PCRE	–	43.2	6.30%
9	21st March, 2023	18th September, 2023	ICICI Bank	PCRE	–	50.0	6.70%
10	18th October, 2022	14th April, 2023	Citi Bank	PCRE	–	30.5	6.36%
11	12th December, 2022	09th June, 2023	Citi Bank	PCRE	–	50.0	6.52%
12	09th March, 2023	21st August, 2023	Citi Bank	PCRE	–	50.0	6.86%
13	29th March, 2023	25th September, 2023	Citi Bank	PCRE	–	50.0	7.34%
<b>Total</b>					<b>475.0</b>	548.7	

\* Bank is giving interest subvention of 2% w.e.f. October 1st, 2021 which is being adjusted in the books against PCRE.

- (iii) Bank overdraft represents Cash Credit facility with ICICI Bank and Citibank. The cash credit limit provided by the ICICI bank is **Rs.650 million** (31st March, 2023 : Rs.400 million) and by the Citibank is **Rs.500 million** (31st March, 2023 : Rs.500 million). The interest is payable at the rate of **10.4%** (31st March, 2023 : **9.65%**). The Bank Overdraft is secured by first *pari-passu* charge created on Company's current assets. The facility is valid for ICICI Bank upto 10th July, 2024 and for Citibank upto 30th November, 2024 respectively and which can be further extended by the bank as per the request that may be made by the Company. The bank overdraft is repayable on demand. As on 31st March, 2024 the Company has bank overdraft balance outstanding of **Rs.93.2 million** (31st March, 2023 : Rs.18.4 million) from ICICI Bank.
- (iv) The Company had entered into an arrangement of discounting facility with The Tata Capital Financial Services Limited (NBFC). The Company had a credit limit of Rs.600 million as per interest rate mutually agreed with Tata Motors Limited ("TML"). As per agreement, the discounting charges of **1.08%** (31st March 2023 : 0.47%) are payable by the Company, as TML has decided to share 50% of the discounting charges of **2.16%** (31st March 2023 : 0.96%). The outstanding against the unsecured short term loan facility obtained from Tata Capital Financial Services Limited as on 31st March, 2024 is **Rs.Nil** (31st March, 2023 : Rs.20.7 million). On 1st September, 2023 the Company has discontinued arrangement of discounting facility after obtaining 'No Objection Certificate' from Tata Capital Financial Services Limited.
- (v) Bank acceptances represents Bill discounting facility with ICICI Bank, the bill discounting limit provided by the bank is **Rs.100 Million** (31st March, 2023 : Rs.100 Million). The interest is payable at the rate of 10.4% (31st March, 2023 : 9.1%). The Bank acceptance is secured by first *pari-passu* charge created on Company's current assets. This facility is valid upto 10th July, 2024 which can be further extended by the bank as per the request that may be made by the Company. The bank acceptance is repayable on due date.
- (vi) The borrowings including term loan availed by the Company from Banks and Financial institutions has been used for the purpose such loans were taken.
- (vii) The quarterly returns or statements filed by the Company with ICICI Bank and Citi Bank are in agreement with the book of account of the Company for the current and previous financial year.

**Notes to the consolidated financial statements for year ended 31st March, 2024**

**Debt reconciliation statement in accordance with Ind AS 7**

		Rs. Million	
Particulars		As at 31st March, 2024	As at 31st March, 2023
	Long term borrowings (including current maturities)	95.3	38.4
<b>Opening Balance</b>	Short term borrowings	686.9	496.3
	Lease liabilities	37.1	44.9
<b>Movements</b>	Long term borrowings	(27.3)	56.9
	Short term borrowings	(15.7)	190.6
	Lease liabilities	(15.1)	(7.8)
<b>Closing Balance</b>	Long term borrowings (including current maturities)	68.0	95.3
	Short term borrowings	671.2	686.9
	Lease liabilities	22.0	37.1

**NOTE 12 TRADE PAYABLE**

		Rs. Million				
Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>Trade payable for goods &amp; services :</b>						
Total outstanding dues of micro enterprises and small enterprises (Refer Note 3 below)	–	270.7	270.7	–	194.9	194.9
Total outstanding dues of trade payables other than micro enterprises and small enterprises	–	639.7	639.7	–	583.8	583.8
<b>Total</b>	–	<b>910.4</b>	<b>910.4</b>	–	<b>778.7</b>	<b>778.7</b>

- Notes :**
- Trade payables are non-interest bearing and are normally settled on 30 - 60 day terms.
  - The Company's exposure to currency and liquidity risk related to trade payable is disclosed in note no. 38
  - Details of due to micro, small and medium enterprises as defined under the MSMED Act, 2006

		Rs. Million	
		As at 31st March, 2024	As at 31st March, 2023
(a) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year:			
i) Principal amount due to micro, small and medium enterprises		270.5	190.3
ii) Interest due on above		0.2	4.6
(b) The amount of Interest paid by the buyer in terms of Section 16 of MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		4.6	–
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006		4.6	4.2
(d) Amount of interest accrued and remaining unpaid as at the year end of each accounting year		0.2	4.6
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure u/s 23 of MSMED Act, 2006.		–	–

**Note:** The information has been given in respect of such vendors to the extent they could be identified as Micro, Small and Medium enterprises on the basis of information available with the Company.

**Notes to the consolidated financial statements for year ended 31st March, 2024**

Rs. Million

Particulars	Outstanding for following periods from due date of payment as at													
	31st March, 2024							31st March, 2023						
	Not Due	Un-billed Pay-able	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Not Due	Un-billed Pay-able	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	265.3	4.0	0.3	0.5	-	0.3	270.4	186.1	3.2	0.7	0.2	1.9	2.5	194.6
Others	374.4	197.8	62.4	0.1	0.1	4.9	639.7	287.2	148.0	141.8	0.8	0.9	5.1	583.8
Disputed Dues – MSME	-	-	-	-	-	0.3	0.3	-	-	-	-	-	0.3	0.3
Disputed Dues – Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>639.7</b>	<b>201.8</b>	<b>62.7</b>	<b>0.6</b>	<b>0.1</b>	<b>5.5</b>	<b>910.4</b>	<b>473.3</b>	<b>151.2</b>	<b>142.5</b>	<b>1.0</b>	<b>2.8</b>	<b>7.9</b>	<b>778.7</b>

**NOTE 13 PROVISIONS**

Rs. Million

Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>Provision for employee benefits (Refer note 30)</b>						
(i) Provision for gratuity	-	9.0	9.0	-	7.4	7.4
(ii) Provision for compensated absences	-	90.8	90.8	-	83.6	83.6
<b>Other provisions</b>						
Warranty [Refer note (a) below]	12.6	23.3	35.9	9.0	15.0	24.0
<b>Total</b>	<b>12.6</b>	<b>123.1</b>	<b>135.7</b>	<b>9.0</b>	<b>106.0</b>	<b>115.0</b>

**Note (a) Details of movement in warranty provision**

Rs. Million

Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>At the beginning of the year</b>	<b>9.0</b>	<b>15.0</b>	<b>24.0</b>	5.6	6.8	12.4
Arising during the year	8.2	10.0	18.2	9.0	10.8	19.8
Utilised (i.e. incurred and charged against the provision) during the year	(4.6)	(3.1)	(7.7)	(5.6)	(3.6)	(9.2)
Ind AS Impact - Unwinding of Warranty Interest	-	1.4	1.4	-	1.0	1.0
<b>Closing Balance at the end of the year</b>	<b>12.6</b>	<b>23.3</b>	<b>35.9</b>	<b>9.0</b>	<b>15.0</b>	<b>24.0</b>

- (i) A provision is recognised for expected warranty claims on manufacturing defects on products sold by the Company, based on past experience of the level of repairs. It is expected that most of these costs will be incurred in the next two financial years. Assumptions used to calculate the provision for warranties are based on the warranty period for the products sold by the Company.

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 14 (a) Income Tax recognised in Profit or Loss Section**

The major components of income tax expense for the years ended 31st March, 2024 & 31st March, 2023

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
<b>Current Income Tax:</b> Charge for the year	215.3	231.6
Adjustments in respect of current income tax of previous year	2.6	6.2
<b>Deferred Tax:</b> Relating to origination and reversal of temporary differences	(12.0)	(5.5)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>205.9</b>	<b>232.3</b>

**(b) Income Tax recognised in OCI**

Deferred tax related to items recognised in OCI during the year

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Re-measurement of the defined benefit obligation	0.9	0.2
<b>Income tax charged to OCI</b>	<b>0.9</b>	<b>0.2</b>

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for 31st March, 2024 and 31st March, 2023**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Accounting profit before income tax	793.1	885.6
At India's statutory income tax rate of <b>25.168%</b> (31st March, 2023 : 25.168%)	199.6	222.9
Adjustments in respect of current income tax of previous year	2.6	6.2
Additional allowances for tax purposes	-	(0.1)
Expenses not deductible for tax purposes	15.7	8.8
At the effective income tax rate of <b>25.168%</b> (31st March, 2023 : 25.168%)	217.9	237.8
Deferred tax relating to origination and reversal of temporary differences	(12.0)	(5.5)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>205.9</b>	<b>232.3</b>



**Notes to the consolidated financial statements for year ended 31st March, 2024**

(c) **Deferred Tax** : Deferred tax relates to the following:

Particulars	Rs. Million			
	Balance Sheet		Profit & Loss	
	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2024	As at 31st March, 2023
<b>Tax effect of items constituting deferred tax liabilities</b>				
Property, plant and equipment	59.0	67.7	(8.7)	(7.3)
Right of Use Assets	4.7	8.0	(3.3)	(2.2)
Warranty	0.7	–	0.7	–
<b>Tax effect of items constituting deferred tax assets</b>				
Employee benefits	(32.6)	(29.7)	(2.9)	(1.4)
Lease Liability (Non-Current + Current)	(5.5)	(9.1)	3.6	2.0
Provision for doubtful debts	(2.4)	(2.4)	–	–
Provision for Impairment - Investment	(2.3)	(0.4)	(1.9)	–
Provision for Impairment – Intangible Assets	(3.5)	(3.1)	(0.4)	(0.4)
Provision for Export Incentive – MEIS	–	–	–	3.7
Provision for doubtful supplier advances	(0.2)	–	(0.2)	–
Warranty and Other items	(0.6)	(0.8)	0.2	(0.1)
<b>Deferred tax expense/ (Income)</b>	–	–	(12.9)	(5.7)
<b>Deferred tax liabilities (Net)</b>	<b>17.3</b>	<b>30.2</b>	<b>–</b>	<b>–</b>

**Reflected in the Balance Sheet as follows**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Deferred tax assets	(47.1)	(45.5)
Deferred tax liabilities	64.4	75.7
<b>Deferred tax liabilities, net</b>	<b>17.3</b>	<b>30.2</b>

**Reconciliation of deferred tax liabilities (net):**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Opening balance as of 1 April	30.2	35.9
Tax income / (expense) during the period recognised in profit or loss	(12.0)	(5.5)
Tax income / (expense) during the period recognised in OCI	(0.9)	(0.2)
<b>Closing balance as at 31st March</b>	<b>17.3</b>	<b>30.2</b>

**NOTE 15 CURRENT TAX LIABILITIES (Net)**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Provision for tax (net of advance tax <b>Rs.1,052.6 Million</b> , 31st March, 2023 : Rs.802.6 Million)	17.1	51.7
<b>Total</b>	<b>17.1</b>	<b>51.7</b>

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 16 OTHER FINANCIAL LIABILITIES**

Particulars	Rs. Million					
	As at 31st March, 2024			As at 31st March, 2023		
	Non-current	Current	Total	Non-current	Current	Total
<b>Derivatives</b> : Foreign currency forward contracts	–	–	–	–	0.7	0.7
Sub-total (A)	–	–	–	–	0.7	0.7
<b>At amortized cost</b> : Interest accrued but not due	–	1.9	1.9	–	1.9	1.9
: Payables for capital purchases	–	6.2	6.2	–	4.2	4.2
: Trade deposit received	–	2.7	2.7	–	1.2	1.2
: Unpaid Dividend	–	0.4	0.4	–	0.4	0.4
: Employee benefits payable	47.8	135.4	183.2	45.9	132.7	178.6
Sub-total (B)	47.8	146.6	194.4	45.9	140.4	186.3
<b>TOTAL [ (A) + (B) ]</b>	47.8	146.6	194.4	45.9	141.1	187.0

**NOTE 17 LEASE LIABILITIES**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Lease Liabilities – Current	16.4	15.2
Lease Liabilities – Non-Current	5.6	21.9
<b>Total</b>	22.0	37.1

**NOTE 18 OTHER CURRENT LIABILITIES**

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Advances received from customers	4.0	1.8
Statutory dues (Refer note a below)	50.8	48.4
Employee Recoveries	1.7	2.3
Others	0.1	0.1
<b>Total</b>	56.6	52.6

**Note** - Statutory dues payables includes contribution to PF, ESIC, withholding taxes, GST liability and professional tax.

**NOTE 19 REVENUE FROM OPERATIONS**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue from contractors with customers	8,145.9	7,761.2
Other operating revenues: i) Tool development and testing charges	2.0	3.2
ii) Scrap sales	58.6	52.9
iii) Local body tax/Octroi incentive	–	0.4
iv) Government Grant (Export benefits and subsidy)	40.3	58.2
<b>Total</b>	8,246.8	7,875.9

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**19.1 Disaggregated revenue information**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

**(a) Disaggregation by geography**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
India	6,509.9	5,877.7
Outside India	1,636.0	1,883.5
<b>Total revenue from contracts with customers</b>	<b>8,145.9</b>	<b>7,761.2</b>

(b) The Company is primarily engaged in manufacturing of automobile components such as propeller shafts, clutch sets and components thereof. The performance of the Company is evaluated as business as a whole. Accordingly, there is no reportable separate segment for the Company.

**(c) Timing of revenue recognition**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Goods transferred at a point in time	8,145.9	7,761.2
<b>Total revenue from contracts with customers</b>	<b>8,145.9</b>	<b>7,761.2</b>

**19.2 Contract Balances**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Trade Receivable	1,944.4	1,815.6
Advance from customer (Contract liability - Refer note 18) *	4.0	1.8

\*Represents short term liability which shall be adjusted against subsequent invoices.

(i) Trade receivables are non-interest bearing and average credit period is 30 - 150 days in respect of export customers and 30 - 90 days in respect of domestic customers generally from the date of receipt of goods.

**19.3 Right of return assets and refund liabilities**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Right of return assets	-	-
<b>Refund liabilities</b>	<b>204.1</b>	<b>261.6</b>
Arising from retrospective volume rebates	119.2	119.9
Arising from rights of return	84.9	141.7

**19.4 Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue as per contracted price	8,356.6	7,941.5
<b>Adjustments : Sales return</b>	<b>(54.3)</b>	<b>(29.7)</b>
Discount	(156.4)	(150.6)
<b>Revenue from contract with customers</b>	<b>8,145.9</b>	<b>7,761.2</b>

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**19.5 Performance obligation**

Information about the Company's performance obligations are summarised below:

**Sale of goods**

The performance obligation is satisfied upon delivery of the goods to customers.

The Company provides normal warranty for general repairs for the period of two years on all the products sold, in line with industry practice.

**NOTE 20 OTHER INCOME**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Net foreign exchange gains	37.3	65.8
Excess provisions written back	5.6	22.5
Profit/Loss on sale of Property, Plant & Equipment	–	0.1
Miscellaneous Income	0.1	0.2
<b>Total</b>	<b>43.0</b>	<b>88.6</b>

**NOTE 21 FINANCE INCOME**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Dividend income/Capital gain from current investments *	–	0.3
Interest income on bank deposits	1.9	1.5
Other interest	1.2	0.7
<b>Total</b>	<b>3.1</b>	<b>2.5</b>

\* Represents balance of Rs. 24,457

**NOTE 22 (a) Cost of Raw materials and Components consumed**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Inventory at the beginning of the year	491.6	346.1
Add : Purchases	5,486.5	5,221.6
	<b>5,978.1</b>	<b>5,567.7</b>
Less : Inventory at the end of the year	514.6	491.6
<b>Cost of raw materials and components consumed</b>	<b>5,463.5</b>	<b>5,076.1</b>

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**(b) Increase / (Decrease) in Inventories of Finished Goods and Work-in-progress**

		Rs. Million	
Particulars		For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>Inventory at the end of the year</b>	: Work-in-progress	552.4	503.9
	: Finished goods	263.3	236.4
		<b>815.7</b>	<b>740.3</b>
<b>Less : inventory at the beginning of the year</b>	: Work-in-progress	503.9	486.9
	: Finished goods	236.4	286.7
		<b>740.3</b>	<b>773.6</b>
<b>Increase / (Decrease) in Inventory</b>		<b>(75.4)</b>	<b>33.3</b>

**NOTE 23 EMPLOYEE BENEFITS EXPENSE**

		Rs. Million	
Particulars		For the year ended 31st March, 2024	For the year ended 31st March, 2023
(a) Salaries, wages and bonus*		664.3	585.2
(b) Contribution to provident and other funds (Refer Note 30)		33.7	27.3
(c) Gratuity Expense (Refer Note 30)		6.2	6.6
(d) Staff Welfare Expenses		49.2	47.0
<b>Total</b>		<b>753.4</b>	<b>666.1</b>

\* Including contract labour charges

**NOTE 24 FINANCE COST**

		Rs. Million	
Particulars		For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>(a) Interest on debts and borrowings</b>	– On Short Term Borrowing	43.7	37.3
	– On Long Term Borrowing	8.4	7.1
<b>(b) Other Interest</b>	– Trade payables – MSME (Refer Note 12)	0.2	0.3
	– Unwinding interest on lease liabilities	3.4	4.3
	– Unwinding interest on provision for warranty expense	1.4	1.0
	– Interest on delayed payment of income tax	0.1	3.3
	– Others	1.7	2.0
<b>Total</b>		<b>58.9</b>	<b>55.3</b>

**NOTE 25 DEPRECIATION AND AMORTISATION EXPENSES**

		Rs. Million	
Particulars		For the year ended 31st March, 2024	For the year ended 31st March, 2023
– Depreciation of tangible assets		118.4	111.5
– Amortization of intangible assets		3.9	2.9
– Amortization on Right of use assets		15.6	14.8
<b>Total</b>		<b>137.9</b>	<b>129.3</b>

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 26 OTHER EXPENSES**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Outside Processing Charges	340.9	321.7
Freight and handling charges	160.9	178.1
Packing materials consumed	140.5	142.8
Stores and spares consumed	111.2	106.3
Tools consumed	91.2	91.1
Power & fuel consumed	101.4	93.0
Repairs and maintenance - buildings	2.5	3.7
Repairs and maintenance - machinery	12.6	13.5
Repairs and maintenance - others	13.3	7.9
Loss on sale/write off of property, plant and equipment (net)	1.1	–
Rates and taxes	2.6	6.0
Lease rent [Refer note 3(c)]	9.8	5.4
Insurance charges	8.8	9.0
Impairment of Intangible Asset under development [Refer note 3(b)(i)(a)]	1.1	1.7
Provision for doubtful supplier advances	0.8	–
Payment to Auditors (Refer details below)	4.9	3.7
Expenditure on corporate social responsibility (Refer Note 34)	14.0	9.5
Directors' sitting fees	0.8	0.8
Business promotion expenses	4.1	5.2
Commission on sales	1.3	1.5
Service Charges Paid	50.2	44.0
Travelling Expenses	22.8	20.8
Legal & Professional Charges	22.8	13.8
Warranty Claims	18.2	19.8
Allowances for impairment in current assets-GST Credit Receivable	0.6	0.6
Miscellaneous expenses	23.1	21.4
<b>Total</b>	<b>1,161.5</b>	<b>1,121.3</b>

**Note :** Payment to Auditors

Payment to Auditors	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>As Auditor</b> : Audit Fee	4.0	3.3
: Other services	0.7	0.2
: Auditors out-of-pocket expenses	0.2	0.2
<b>Total</b>	<b>4.9</b>	<b>3.7</b>

**NOTE 27 COMPONENTS OF COMPREHENSIVE INCOME**

Particulars	Rs. Million	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Remeasurement gains/(losses) of the defined benefit plans	(3.2)	(0.8)
Net gains/(loss) on cash flow hedges (effective portion)	(0.2)	–
Income Tax effect	0.9	0.2
<b>Total</b>	<b>(2.5)</b>	<b>(0.6)</b>

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**NOTE 28 COMMITMENTS**
**(i) Leases**

Operating lease commitment - Company as lessee

The company has paid **Rs.28.0 Million** (31st March, 2023: Rs.22.8 Million) during the year towards minimum lease payment.

The Company has entered into operating lease arrangements for its office premises, storage locations and residential premises.

Future minimum rental payable under non-cancellable operating leases as at 31st March, 2024 and 31st March, 2023 are, as follows:

Particulars	Rs. Million	
	As at 31st March, 2024	As at 31st March, 2023
Within one year	18.4	18.7
After one year but not more than five years	4.8	23.2
More than 5 years	4.1	5.6
<b>Total</b>	<b>27.3</b>	<b>47.5</b>

- (ii) Estimated amount of contracts remaining to be executed on capital account and not provided for [(net of advance) – Refer Note 7(b)] **Rs.66.6 Million** [31st March, 2023 : Rs 24.3 Million (net)].

**NOTE 29 CONTINGENT LIABILITIES NOT PROVIDED FOR:**

Claims against the Company not acknowledged as debts

**(i) Income-tax**

Demands in respect of earlier years against which the Company is in appeal and pending with Appellate authorities is **Rs.7.1 Million** (31st March, 2023 : Rs.6.2 Million).

**(ii) Excise and Service Tax**

Excise **Rs.17.1 Million** (31st March, 2023 : Rs.18.2 Million)

Service Tax **Rs.2.3 Million** (31st March, 2023 : Rs.2.3 Million).

**(iii) Good and Service Tax**

Good and Service Tax **Rs.8.5 Million** (31st March, 2023 : Rs.Nil)

**(iv) Provident Fund (PF)**

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of SC order. The Company will update its provision, on receiving further clarity on the subject.

**NOTE 30 GRATUITY AND OTHER POST EMPLOYMENT PLANS**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Gratuity (Assets) / Liability (Net)	9.0	7.4

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

**Regulatory framework:**

The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**Governance of Plan:**

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Current service cost	5.9	6.0
Interest cost on benefit obligation	0.6	0.6
Others	(0.3)	–
<b>Net Benefit expenses</b>	<b>6.2</b>	<b>6.6</b>

**Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2024 & 2023**

Particulars	Gratuity cost charged to profit or loss					Re-measurement gains/(losses) in other comprehensive income						31st March, 2024/2023
	1st Apr 2023/2022	Service Cost (A)	Net interest expense (B)	Sub-total included in profit or loss (C=A+B)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actual Return on plan assets in excess of the expected return	Actuarial changes arising from changes in financial assumptions (D)	Experience adjustments (E)	sub-total included in OCI (F=D+E)	Contributions by employer	
Defined benefit obligation	117.4	5.9	7.3	13.2	(19.3)	–	–	1.5	1.5	3.0	–	114.3
	119.3	6.0	6.8	12.8	(16.9)	–	–	(4.1)	6.3	2.2	–	117.4
Fair value of plan assets	110.0	–	–	–	(19.3)	7.0	0.2	–	–	–	7.4	105.3
	107.0	–	–	–	(16.9)	6.2	1.5	–	–	–	12.3	110.0
Benefit liability	7.4	–	–	13.2	–	7.0	0.2	–	–	3.0	7.4	9.0
	12.3	–	–	12.8	–	6.2	1.5	–	–	2.2	12.3	7.4

**Note :** Previous year's figures are mentioned below the **current year's figures**

The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Unquoted Investments – with LIC	105.3	110.0

The principal assumptions used in determining gratuity and post-employment gratuity benefit obligations for the Company's plans are shown below:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Discount rate (per annum)	7.2%	7.5%
<b>Attrition Rate :</b>		
a. Between 21-30 years	5%	5%
b. Between 31-40 years	2%	2%
c. Between 41-50 years	3%	3%
d. Between 51-59 years	10%	10%
Rate of escalation in salary (per annum)	7%	7%
Mortality Tables	Indian Assured Lives Mortality (2012-14) Ult Table	Indian Assured Lives Mortality (2012-14) Ult Table
Expected Employer's contribution next year	5 Million	5 Million



**Notes to the consolidated financial statements for year ended 31st March, 2024**
**Sensitivity Analysis**

Gratuity is a lump-sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Particulars	Rs. Million							
	31st March, 2024		31st March, 2023		31st March, 2024		31st March, 2023	
	Discount Rate		Discount Rate		Future salary increase		Future salary increase	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	109.5	119.8	112.5	122.3	119.7	109.4	122.2	112.4

The table below shows the expected cash flow to be paid to the current membership of the plan based on past service of the employees:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Within the next 12 months (next annual reporting period)	36.5	39.7
2 years and above but less than 5 years	41.4	50.2
5 years and above but less than 10 years	53.3	47.1
10 years and above	44.0	40.9
<b>Total expected payments</b>	<b>175.2</b>	<b>177.9</b>

The weighted average duration to the payment of these cash flows is 4.36 years.

**Asset liability comparisons**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
PVO at the end of the year	114.3	117.4
Plan Assets	105.3	110.0
Surplus/(Deficit)	9.0	7.4
Experience adjustments on plan assets	—	—

**Other long term employee benefit plans**
**Compensated absences:**

The obligation for leave encashment is recognized in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of **Rs.16.3 Million** (31st March, 2023 : Rs.11.6 Million) towards compensated absences has been recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year

**Defined Contribution Plan:**

The Company's contribution to Provident Fund and Superannuation fund aggregating **Rs.33.7 million** (31st March, 2023 : Rs.27.3 million) has been recognised in Profit or Loss under the head "Employee benefits expense".

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 31 RELATED PARTY TRANSACTIONS**

(i) **Details of related parties and description of relationship**

Sr. No.	Description of relationship	Name of the Party
<b>1.</b>	<b>Individual/Entity having significant influence over the company</b>	SKM Family Trust (Through Gaurav G. Motwane, Trustee)
<b>2.</b>	<b>Enterprise over which KMP have significant influence</b>	MSONA Automotive Components Private Limited Motwane Consultancy Private Limited Khattar Holdings Private Limited MSL North America Inc.
<b>3.</b>	<b>Related Party where control exists - subsidiaries</b>	MSL Electric Vehicle Technologies Private Limited
<b>4.</b>	<b>Key Managerial Personnel</b>	Mr. Gaurav G. Motwane Mr. Sat pal Khattar Mr. Nikhilesh Panchal Mr. Rajesh Nagpal Mr. Manish Choksi Mr. Kaval Mirchandani Mrs. Superna Motwane Mr. Bhushan S. Patwardhan (w.e.f. 31st May, 2023)

**Details of Related Party transactions during the year ended 31st March, 2024 and outstanding balances as at 31st March, 2024.**

Rs. Million

Sr. No.	Particulars	Individual having significant influence		Enterprises over which KMP have significant influence		Key Managerial Personnel	
		2024	2023	2024	2023	2024	2023
1.	Charges for utilising office facilities	–	–	17.0	17.0	–	–
2.	Managerial remuneration (including commission)	–	–	–	–	120.1	108.8
3.	Directors' sitting fees	–	–	–	–	0.8	0.9
4.	Reimbursement of business promotion expenses	–	–	–	–	1.1	1.6
5.	Buy Back of shares	142.9	139.1	195.9	190.7	18.1	17.6
6.	Sale of finished goods	–	–	1,173.4	1,372.3	–	–
7.	Export freight reimbursement	–	–	–	56.3	–	–
8.	Balance payable as on 31st March	–	–	–	–	39.6	40.8
9.	Balance receivable as on 31st March	–	–	282.9	411.9	–	–

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**The significant related party transactions are as under**

Sr. No.	Particulars	Name of Related Party	Rs. Million	
			2023-24	2022-23
1.	Charges for utilizing office facilities	Motwane Consultancy Private Limited	17.0	17.0
2.	Managerial Remuneration	Mr. Gaurav G. Motwane	110.4	108.8
		Mr. Bhushan S. Patwardhan	9.7	–
3.	Director sitting fees	Mr. Sat pal Khattar	*	0.1
		Mr. Nikhilesh Panchal	0.1	0.1
		Mr. Rajesh Nagpal	0.1	0.1
		Mr. Manish Choksi	0.3	0.3
		Ms. Superna Motwane	*	0.1
		Mr. Kaval Mirchandani	0.2	0.2
4.	Reimbursement of Business promotion expenses	Mr. Gaurav G. Motwane	1.1	1.6
5.	Buy Back of shares	MSona Automotive Components Pvt. Ltd.	141.4	137.7
		Khattar Holdings Private Limited	54.5	53.0
		Mr. Sat pal Khattar	16.9	16.4
		SKM Family Trust (Through Gaurav G. Motwane, Trustee)	142.9	139.1
		Mr. Gaurav G. Motwane	1.2	1.2
6.	Sale of finished goods	MSL North America Inc	1,173.4	1,372.3
7.	Export freight reimbursement from related party	MSL North America Inc	–	56.3
8.	Balance payable as on 31st March	Mr. Gaurav G. Motwane	39.4	40.8
		Mr. Bhushan S. Patwardhan	0.2	–
9.	Balance receivable as on 31st March	MSL North America Inc	278.7	407.7
10.	Balance receivable (security deposit)	Motwane Consultancy Private Limited	4.2	4.2

\* Represents balance of Rs.88,893 each.

- a) In respect of the outstanding balance recoverable as at 31st March, 2024, no provision for doubtful debts is required to be made in the financial statement as at 31st March, 2024. 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.
- b) During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
- c) **Terms and conditions of transactions with related parties**  
The sales to and purchases from 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.

**(ii) Compensation of Key Managerial Personnel**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Short-term employee benefits	112.3	102.4
Post-employment benefits [Refer note (b) below]	7.8	6.4
<b>Total compensation paid to key management personnel</b>	<b>120.1</b>	<b>108.8</b>

**Notes to the consolidated financial statements for year ended 31st March, 2024**

- Note :** (a) The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.
- (b) The post employment benefits includes Provident Fund, Superannuation and policy expense. Employee benefits in the nature of gratuity and leave encashment are created on actuarial basis for the Company as a whole and not for the individual employee including Key Managerial Personnel.

**NOTE 32 COMPUTATIONS OF EARNINGS PER SHARE**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Rs. Million	
	2023-24	2022-23
a) Net Profit after tax available for Equity Shareholders (Rs. Million)	587.2	653.3
b) Weighted average number of Equity Shares	75,53,108	79,70,221
c) Basic and Diluted Earnings per share (Rs.)	77.75	81.96
d) Face Value per share (Rs.)	10.0	10.0

The weighted average number of shares takes into account the weighted average effect of shares being bought back during the financial year. There have been no other transactions involving Equity shares or potential Equity shares during the financial year.

**NOTE 33 RESEARCH & DEVELOPMENT COST**

The Company's research and development concentrates on the development of Universal Joints sets and clutches. Research and Development expenditure incurred in recognized Research and Development unit for the year is as below:

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
<b>Research &amp; development cost, as certified by the management</b>		
a) Revenue expenses debited to appropriate heads of account	14.5	14.5
b) Capital Expenditure	–	–

**NOTE 34 CORPORATE SOCIAL RESPONSIBILITY**

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
(i) Amount required to be spent by the Company during the year as per Section 135 read with Section 198 of the Companies Act, 2013	14.0	10.5
(ii) Amount of expenditure incurred*	12.1	9.5
(iii) Shortfall at the end of the year	1.9	–
(iv) Total of previous years shortfall	–	–

\* At the end of the financial year 31st March 2024 in aggregate **Rs.1.9 million** remained unspent on an on-going project which was subsequently transferred to a separate account pursuant to section 135(6) of the Act.

\* During the previous year, the Company has contributed Rs.9.5 million towards programs encompassing the areas i.e. education, health, woman empowerment, environment and up-liftment of poor. Further the excess amount of Rs.1.0 million spent during FY 21-22 was set off against the CSR requirement of the previous year.

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**NOTE 35 DERIVATIVES INSTRUMENT**

The Company enters into foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss. The foreign exchange forward contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twenty four months (Refer Note 38).

**NOTE 36 FAIR VALUES**

**Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

Rs. Million

Particulars	Carrying value		Fair Value	
	31st March, 2024	31st March, 2023	31st March, 2024	31st March, 2023
<b>Financial assets carried at amortised Cost</b>				
– Cash and cash equivalent	89.4	122.5	89.4	122.5
– Trade receivables	1,944.4	1,815.6	1,944.4	1,815.6
– Forward contracts	–	–	*	–
– Other Financial Assets (including forward contracts)	22.6	18.8	22.6	18.8
<b>Total</b>	<b>2,056.4</b>	<b>1,956.9</b>	<b>2,056.4</b>	<b>1,956.9</b>
<b>Financial liabilities held at amortised cost</b>				
– Borrowings	739.2	782.2	739.2	782.2
– Trade and other payables	910.4	778.7	910.4	778.7
– Forward contracts	–	0.7	–	0.7
– Other financial liabilities	194.4	186.3	194.4	186.3
<b>Total</b>	<b>1,844.0</b>	<b>1,747.9</b>	<b>1,844.0</b>	<b>1,747.9</b>

\* Represents balance of Rs.30,533.

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2024 was assessed to be insignificant.

**NOTE 37 FAIR VALUE HIERACHY**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**Notes to the consolidated financial statements for year ended 31st March, 2024**

Particulars	Rs. Million					
	31st March, 2024			31st March, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets carried at amortised Cost</b>						
– Cash and cash equivalents	–	–	<b>89.4</b>	–	–	122.5
– Trade receivables	–	–	<b>1,944.4</b>	–	–	1,815.6
– Forward contracts	–	*	–	–	–	–
– Other Financial Assets	–	–	<b>22.6</b>	–	–	18.8
<b>Total</b>	–	*	<b>2,056.4</b>	–	–	1,956.9
<b>Financial liabilities held at amortised cost</b>						
– Borrowings	–	–	<b>739.2</b>	–	–	782.2
– Trade and other payables	–	–	<b>910.4</b>	–	–	778.7
– Other financial liabilities	–	–	<b>194.4</b>	–	0.7	186.3
<b>Total</b>	–	–	<b>1,844.0</b>	–	0.7	1,747.2

There have been no transfers between Level 1 and Level 2 during the period.

\* Represents balance of Rs.30,533.

**NOTE 38 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior management monitors financial risks and they design appropriate financial risk governance framework for the Company. All derivative activities and packing credit finances for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Company management reviews and agrees policies for managing each of these risks, which are summarised below.

**[A] 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 Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**(i) Trade receivables**

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies for major customers. At 31st March, 2024, the Company had **4 customers** (31st March, 2023 : 3 customers) that owed the Company more than Rs.100 Millions each and accounted for approximately **68.7%** of all the receivables outstanding (31st March, 2023 : 67.7%)

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**(ii) Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Company's senior management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**[B] LIQUIDITY RISK**
**(i) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also discounts its bills receivable to Non-Banking Financial Institution.

**(ii) Maturities of financial liabilities**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Particulars	Rs. Million												
	Less than 1 Year		1-3 Years		3-5 Years		5 Years & above		Total		Carrying amount		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
<b>Non-interest bearing</b>													
– Trade Payable	910.4	778.7	–	–	–	–	–	–	910.4	778.7	910.4	778.7	
– Other financial liabilities	146.6	141.1	47.8	45.9	–	–	–	–	194.4	187.0	194.4	187.0	
– Lease liabilities	18.4	18.7	3.3	20.2	1.5	3.0	4.1	5.6	27.3	47.5	27.3	47.5	
<b>Interest bearing</b>													
– Long term Borrowing (Including current maturities) *	34.6	35.8	41.6	65.9	–	10.0	–	–	76.2	111.7	76.2	111.7	
– Short term Borrowings	685.5	699.0	–	–	–	–	–	–	685.5	699.0	685.5	699.0	

\*The Company has long term loan and loans repayable on demand (comprising of working capital loan, pre-shipment credit, cash credit and bill discounting) facility available with it for use to the extent of undrawn balances amounting to **Rs.25.0 millions** (31 March 2023: Rs.25.0 millions) and **Rs.478.8 millions** (31 March 2023 : Rs.233.8 millions) respectively.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets. The amounts disclosed in the table have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Rs. Million												
	Less than 1 Year		1-3 Years		3-5 Years		5 Years & above		Total		Carrying amount		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
<b>Non-interest bearing</b>													
– Cash & cash equivalent	89.4	122.5	–	–	–	–	–	–	89.4	122.5	89.4	122.5	
– Other Bank Balance*	–	–	–	–	–	–	–	–	–	–	–	–	
– Trade receivables	1,944.4	1,815.6	–	–	–	–	–	–	1,944.4	1,815.6	1,944.4	1,815.6	
– Other Financial Assets	0.9	0.2	4.2	–	0.7	5.1	16.8	13.5	22.6	18.8	22.6	18.8	

\*Represents fixed deposit of **Rs.Nil** (2023: Rs.75,000) in the name of - CTO CIRCLE PITHAMPUR A/C MAHINDRA SONA LIMITED for 5 years towards Madhya Pradesh Central Sales Tax Registration.

**Notes to the consolidated financial statements for year ended 31st March, 2024**

**[C] MARKET RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

**(i) Currency Risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging trade receivables and borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

**Foreign currency risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. The Company hedges its exposure to fluctuations by using foreign currency swaps and forwards.

- (a) The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

		Rs. Million					
		31st March, 2024			31st March, 2023		
Particulars	Currency Exposure	Total Exposure	Hedged by Forward Contracts	Net Foreign Currency Exposure	Total Exposure	Hedged by Forward Contracts	Net Foreign Currency Exposure
Trade Receivables	USD	363.6	–	363.6	498.4	55.5	442.9
	GBP	3.8	–	3.8	4.7	–	4.7
	EURO	0.8	–	0.8	5.2	–	5.2
Trade Payables	USD	213.2	12.6	200.6	235.5	–	235.5
	EURO	0.3	–	0.3	3.0	–	3.0
Trade Receivables	USD	4.4	–	4.4	6.1	0.7	5.4
	GBP	*	–	–	*	–	–
	EURO	#	–	–	0.1	–	0.1
Trade Payables	USD	2.6	0.2	2.4	2.9	–	2.9
	EURO	**	–	–	**	–	–
* Represents	GBP	35,845			46,131		
# Represents	EURO	8,875			–		
** Represents	EURO	3,788			33,873		



**Notes to the consolidated financial statements for year ended 31st March, 2024**

(b) The Company has forward contracts equivalent to **Rs.204.27 million** (31 March 2023: Rs.131.5 million), **USD equivalent 2.45 million** (31 March 2023: Rs.1.6 million) outstanding as at 31 March 2024, which are due to mature within the next one year. As per Ind AS 109, in line with the foreign exchange risk management policy of the Company, the Company has designated these contracts as hedging instruments against:

- Highly probable forecasted sales in foreign currency i.e. towards future sales where corresponding exposure is yet to be recorded in the books (for a initial part of the tenure of contract), and
- Pool of trade receivables in foreign currency (for balance part of the tenure of contract).

Further, the Company settles these forward contracts with banks by utilising it against the realisations for trade receivables in foreign currency. As at year end, out of the total forward contracts outstanding,

- contracts amounting to **Rs.Nil** (31 March 2023: 55.5 million), **USD equivalent Nil** (31 March 2023: 0.7 million) are designated as hedging instruments against the outstanding pool of trade receivables in foreign currency.
- contracts amounting to **Rs.204.27 million** (31 March 2023: 76.0 million), **USD equivalent 2.45 million** (31 March 2023: 0.9 million) have been designated as hedging instruments against highly probable forecasted exports in foreign currency.

The Company has tested the above contract for hedge effectiveness and found these to be effective. Accordingly, in the above table, the Company has considered and disclosed the trade receivables in foreign currency of **Rs.Nil** (31 March 2023 : 55.5 million), **USD equivalent Nil** (31 March 2023 : 0.7 million) as hedged through foreign exchange forward contracts or derivatives.

(c) The Company has forward contracts equivalent to **Rs.20.84 million** (31 March 2023: Rs. Nil), **USD equivalent 0.25 million** (31 March 2023: Rs. Nil) outstanding as at 31 March 2024, which are due to mature within the next one year. As per Ind AS 109, the Company has designated:

- contracts amounting to **Rs.12.58 million** (31 March 2023: Nil), **USD equivalent 0.15 million** (31 March 2023: Nil) as hedging instruments against the outstanding pool of trade payables in foreign currency.
- contracts amounting to **Rs.8.30 million** (31 March 2023: Nil), **USD equivalent 0.10 million** (31 March 2023: Nil) as hedging instruments against highly probable forecasted imports in foreign currency.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

			Rs. Million
Year	Change in USD Rate	Effect on profit before tax and equity	
<b>31st March, 2024</b>	<b>5%</b>	<b>8.3</b>	
	<b>-5%</b>	<b>-8.3</b>	
31st March, 2023	5%	10.3	
	-5%	-10.3	

**Interest Rate Risk**

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**Interest Rate Sensitivity Analysis**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedging. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

*Notes to the consolidated financial statements for year ended 31st March, 2024*

Rs. Million

Year	Increase/decrease in basis points	Effect on profit before tax
<b>31st March, 2024</b>	<b>+100</b>	<b>6.79</b>
	<b>-100</b>	<b>-6.79</b>
31st March, 2023	+100	6.53
	-100	-6.53

**Commodity price risk or other Price risk**

The Company does not have significant risk in raw material price variations. In case of any variation in price same is passed on to customers through appropriate adjustment to selling prices.

**NOTE 39 CAPITAL MANAGEMENT**

'For the purpose of the company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 0% and 30%. The company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

Particulars	Rs. Million	
	31st March, 2024	31st March, 2023
Borrowings	739.2	782.2
Less : Cash and cash equivalent including other bank balances	(89.4)	(122.5)
<b>Net Debt</b>	<b>649.8</b>	659.7
Equity	2,326.0	2,208.9
Total Capital	2,326.0	2,208.9
Total Capital and debt	2,975.8	2,868.6
<b>Gearing ratio</b>	<b>21.8%</b>	23.0%

'In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2024 and 31st March, 2023

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**NOTE 40 SEGMENT INFORMATION**

The Company is primarily engaged in manufacturing of automobile components such as propeller shafts, clutch sets and components thereof. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Chairman, Managing Director and CEO for the purpose of resource allocation and assessing performance focuses on the business as a whole. Accordingly, there is no other separate reportable segment as defined by Ind AS 108. "Segment Reporting".

**Information about Geographical area**

The revenue of the Company from the external customers are attributed to the Company's country of domicile i.e. India and attributed to all foreign countries in total from which the Company derives revenue.

The Company's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

Particulars	Financial Year	Rs. Million			Total
		Domestic	U.S.A.	Other countries	
Revenue from operations	<b>2023-24</b>	<b>6,610.8</b>	<b>1,340.8</b>	<b>295.2</b>	<b>8,246.8</b>
	2022-23	5,992.4	1,407.6	475.9	7,875.9
Non-current operating assets	<b>2023-24</b>	<b>911.7</b>	<b>-</b>	<b>-</b>	<b>911.7</b>
	2022-23	908.0	-	-	908.0

**Information about major customers having revenue amounting to 10% or more of the company's revenue.**

Particulars	Domestic		U.S.A.		Total	
	No of Customers	Rs. Million	No of Customers	Rs. Million	No of Customers	Rs. Million
<b>2023-24</b>	<b>2</b>	<b>3,239.2</b>	<b>1</b>	<b>1,173.4</b>	<b>3</b>	<b>4,412.6</b>
2022-23	2	2,975.3	1	1,372.3	3	4,347.6

No other customer individually contributed 10% or more to the Company's revenue for the current year ended 31st March, 2024 and previous ended 31st March, 2023.

**NOTE 41 STANDARDS ISSUED BUT NOT EFFECTIVE**

There are no standards that have been issued but not yet effective.

**NOTE 42 NOTE ON RECORDING AUDIT TRAIL**

The Holding Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated for all relevant transactions recorded in the software, during the period 19 December 2023 to 31 March 2024 at application level, however, audit trail feature is not enabled at the database level insofar as it relates to such accounting software. The subsidiary company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, audit trail feature has not been tampered with in respect of accounting software's where the audit trail have been enabled.

*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 43 RATIOS**

Rs. Million

Particulars		2024		2023	Variance (%)	Remarks
<b>Current ratio</b>	<i>in times</i>					
	Current Asset	<b>3,489.60</b>	<b>1.77</b>	3,315.30	1.78	<b>(0.7)</b>
Current Liabilities	<b>1,970.50</b>	1,859.50				
<b>Debt equity ratio</b>	<i>in times</i>					
	Borrowings	<b>739.2</b>	<b>0.32</b>	782.20	0.35	<b>(10.3)</b>
Equity	<b>2326.00</b>	2,208.9				
<b>Debt Service Coverage Ratio</b>	<i>in times</i>					During the current year, debt service coverage ratio has decreased due to decrease in profit over previous year.
	Earnings for Debt Service	<b>784.40</b>	<b>7.86</b>	837.83	11.33	
Debt Service	<b>99.80</b>	73.94				
<b>ROE</b>	<i>in %</i>					
	PAT	<b>587.20</b>	<b>25.90</b>	653.30	30.96	<b>(16.4)</b>
Avg. Net Worth	<b>2,267.45</b>	2,110.05				
<b>Inventory turnover</b>	<i>in times</i>					
	Cost of goods sold	<b>5,388.10</b>	<b>3.99</b>	5,109.40	4.10	<b>(2.6)</b>
Avg. Inventory	<b>1,348.75</b>	1,245.65				
<b>Trade Receivables turnover</b>	<i>in times</i>					
	Gross Revenue from sale of products and services	<b>8,145.90</b>	<b>4.33</b>	7,761.20	4.40	<b>(1.4)</b>
Avg. Receivables	<b>1,880.00</b>	1,765.45				
<b>Trade payables turnover</b>	<i>in times</i>					
	Net Purchases	<b>5,486.50</b>	<b>6.50</b>	5,221.60	5.99	<b>8.5</b>
Avg. Payables	<b>844.55</b>	872.25				
<b>Net capital turnover</b>	<i>in times</i>					
	Gross Revenue from sale of products and services	<b>8,145.90</b>	<b>5.36</b>	7,761.20	5.33	<b>0.6</b>
Working Capital (Current Assets - Current Liabilities)	<b>1,519.10</b>	1,455.80				
<b>Net Profit</b>	<i>in %</i>					
	Profit for the year	<b>587.20</b>	<b>7.21</b>	653.30	8.42	<b>(14.4)</b>
Gross Revenue from sale of products & services	<b>8,145.90</b>	7,761.20				
<b>Return on Capital employed</b>	<i>in %</i>					
	PBIT	<b>852.00</b>	<b>27.67</b>	940.90	31.23	<b>(11.4)</b>
Capital Employed (Tangible net worth + Total debt + Deferred Tax Liabilities)	<b>3,078.60</b>	3,013.00				
<b>Return on investment</b>	<i>in %</i>					
	Income from Investments *	<b>23.80</b>	<b>5.50</b>	29.80	4.75	<b>15.7</b>
Time weighted average Investments	<b>433.10</b>	627.50				

\* Income from investment annualized for the year ended 31st March, 2024 and 31st March, 2023.

**Notes to the consolidated financial statements for year ended 31st March, 2024**
**NOTE 44 INFORMATION FOR CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO SCHEDULE III (DIVISION II) OF THE COMPANIES ACT, 2013**

Name of entity	31st March, 2024				31st March, 2023			
	Share in Net assets Operation		Share in Profit/Loss		Share in Net assets Operation		Share in Profit/Loss	
	As % of consolidated net assets	Rs. Million	As % of consolidated profit or Loss	Rs. Million	As % of consolidated net assets	Rs. Million	As % of consolidated profit or Loss	Rs. Million
MSL Driveline Systems Limited	100.0%	2,325.2	99.2%	580.2	100.2%	2,212.6	100.0%	653.5
MSL Electric Vehicle Technologies Private Limited, (W.E.F. 14th September 2021)	0.8%	18.3	-0.5%	(3.0)	1.0%	21.3	0.0%	(0.2)
Adjustment on Consolidation	-0.8%	(17.5)	1.3%	7.5	-1.2%	(25.0)	-	-
Consolidated Net assets/ Profit after tax before other comprehensive income	100%	2,326.0	100.0%	584.7	100%	2,208.9	100.0%	653.3

**NOTE 45 Other Statutory Information**

- i. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- ii. The Group does not have any transactions with companies struck off.
- iii. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vi. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- vii. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961



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*Notes to the consolidated financial statements for year ended 31st March, 2024*

**NOTE 46 APPROVALS OF FINANCIAL STATEMENTS**

The financial statements were approved for issue by the Board of Directors on May 27, 2024.

**NOTE 47 PREVIOUS YEAR COMPARATIVES**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

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As per our report of even date

**For S R B C & CO. LLP**

*Chartered Accountants*

ICAI Firm Regn. No.324982E / E300003

**Per Murtuza Bookwala**

*Partner*

Membership No.117633

Mumbai, May 27, 2024

**For and on behalf of the Board of Directors**

**MSL Driveline Systems Limited**

**Gaurav Motwane**

*Chairman, Managing Director & CEO*

(DIN 00746165)

**Pradeep Mestry**

*Chief Financial Officer*

**Manish Choksi**

*Independent Director*

(DIN 00026496)

**Mahendra Salunke**

*Company Secretary*

Mumbai, May 27, 2024



**MSL DRIVELINE SYSTEMS LIMITED**



**MSL DRIVELINE SYSTEMS LIMITED**

(U30007MH1994PLC081637)

**Registered & Corporate Office**

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