Tonnage and **Technology**

SUBSIDIARY COMPANIES ANNUAL REPORT 2022-23

BHARAT FORGE | KALYANI

CONTENTS

Note:

The Financial Statements are stated in the respective local currencies. The same are converted into Indian Rupees (INR) by applying the following rates:

Currency	Rate for conversion Equivalent INR
EURO	88.1496
SEK	7.970
USD	82.2169

The Financial Statements have been prepared as per Generally accepted accounting practices, in the respective countries and the same are not converted as per the IND AS.

Bharat Forge Aluminum USA, Inc.

Directors

Mr. Amit Kalyani

Mr. Ravindra Nagarkar

Auditors

KNAV P. A

One Lakeside

Commons, Suite 850

990 Hammond Drive NE,

Atlanta, GA 30328

Registered Office

160, Mine lake,

Court, Suite 200,

Raleigh, NC 27615

U.S.A.

Independent Auditor's Report

To the Board of Directors and Shareholder
Bharat Forge Aluminum USA, Inc.

Opinion

We have audited the financial statements of Bharat Forge Aluminum USA, Inc. (the "Company"), which comprise the balance sheets as of March 31, 2023, and March 31, 2022, and the related statements of loss for the year ended March 31, 2023, and for the period from January 1, 2022, to March 31, 2022, changes in stockholder's equity and cash flows for the year and the period then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and 2022, and the result of its operations and its cash flows for the year and period then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Atlanta, Georgia

June 30, 2023

Balance Sheet as on March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		As at March 31, 2022
	Rs.	**USD**	**USD**
Assets			
Current assets			
Cash and cash equivalents	34,287,572	417,038	1,277,213
Accounts receivable, net of allowances	629,001,873	7,650,518	1,334,840
Other receivable, related parties (Refer note Q)	18,805,718	228,733	-
Inventories, net	822,622,097	10,005,511	2,040,661
Other current assets	5,482,058	66,678	13,597
Total current assets	**1,510,199,318**	**18,368,478**	**4,666,311**
Property, plant and equipment, net	8,088,177,647	98,376,096	-
Capital work-in-progress	1,365,555,620	16,609,184	93,633,634
Intangible assets, net	32,243,495	392,176	-
Operating lease right-of-use-assets	25,677,489	312,314	-
Finance lease right-of-use-assets	53,217,684	647,284	-
Other non-current assets	784,308,364	9,539,503	24,672
Total Assets	**11,859,379,617**	**144,245,035**	**98,324,617**
Liabilities and Stockholder's Equity (Deficit)			
Current liabilities			
Accounts payable	632,898,708	7,697,915	7,778,197
Other payables, related party (Refer note Q)	162,094,894	1,971,552	7,692,414
Short term borrowings	6,988,436,500	85,000,000	34,000,000
Loans from related parties (Refer note Q)	1,192,145,050	14,500,000	31,000,000
Operating lease liabilities, current portion	21,984,635	267,398	-
Finance lease liabilities, current portion	29,767,862	362,065	-
Other current liabilities	725,044,943	8,818,685	842,500
Total current liabilities	**9,752,372,592**	**118,617,615**	**81,313,111**
Non-current liabilities			
Operating lease liabilities, excluding current portion	3,692,770	44,915	-
Finance lease liabilities, excluding current portion	23,704,612	288,318	-
Total liabilities	**9,779,769,974**	**118,950,848**	**81,313,111**
Stockholder's equity (deficit)			
Common stock (no par value, authorised 100 shares, issued and outstanding 10 shares)	8,222	100	100
Additional paid in capital	4,840,588,474	58,875,833	26,000,000
Accumulated deficit	(2,760,987,053)	(33,581,746)	(8,988,594)
Total stockholder's equity (deficit)	**2,079,609,643**	**25,294,187**	**17,011,506**
Total liabilities and stockholder's equity (deficit)	**11,859,379,617**	**144,245,035**	**98,324,617**

(The accompanying notes are an integral part of these financial statements)

Statements of income (loss) for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	**USD**	**USD**
Operating revenues	1,815,769,527	22,085,113.00	-
Cost of revenues	(2,588,809,407)	(31,487,558)	(846,845.00)
Gross Loss	**(773,039,880)**	**(9,402,445)**	**(846,845)**
Costs and expenses			
Selling, general and administrative expenses	609,520,497	7,413,567	-
Depreciation and amortization expenses	513,586,694	6,246,729	-
Total cost and expenses	**1,123,107,191**	**13,660,296**	**-**
Operating Loss	**(1,896,147,071)**	**(23,062,741)**	**(846,845)**
Other Income	135,093,959	1,643,141	57,454
Interest expense	(260,919,607)	(3,173,552)	(3,316)
Loss before income tax	**(2,021,972,719)**	**(24,593,152)**	**(792,707)**
Current income tax	-	-	-
Deferred tax expense	-	-	-
Net Loss	**(2,021,972,719)**	**(24,593,152)**	**(792,707)**

(The accompanying notes are an integral part of these financial statements)

Statement of stockholder's equity

	Common Stock											
	Authorized			Issued & outstanding			Additional paid in capital		Accumulated Deficit		Total Stockholder's equity (deficit)	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as of January 1, 2022	100	82,217	1,000	10	8,222	100	2,137,639,400	26,000,000	(673,840,422)	(8,195,887)	1,463,807,200	17,804,213
Net loss during the period	-	-	-	-	-	-	-	-	(65,173,912)	(792,707)	(65,173,912)	(792,707)
Balance as of March 31, 2022	**100**	**82,217**	**1,000**	**10**	**8,222**	**100**	**2,137,639,400**	**26,000,000**	**(739,014,334)**	**(8,988,594)**	**1,398,633,288**	**17,011,506**
											-	
Balance as of April 1, 2022	100	82,217	1,000	10	8,222	100	2,137,639,400	26,000,000	(739,014,334)	(8,988,594)	1,398,633,288	17,011,506
Additional paid in capital	-	-	-	-	-	-	822,169,000	10,000,000	-	-	822,169,000	10,000,000
Loan and interest conversion to equity	-	-	-	-	-	-	1,880,780,074	22,875,833			1,880,780,074	22,875,833
Net loss during the year	-	-	-	-	-	-	-	-	(2,021,972,719)	(24,593,152)	(2,021,972,719)	(24,593,152)
Balance as at March 31, 2023	100	82,217	1,000	10	8,222	100	4,840,588,474	58,875,833	(2,760,987,053)	(33,581,746)	2,079,609,643	25,294,187

(The accompanying notes are an integral part of these financial statements)

Statement of Cash Flow for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	**USD**	**USD**
Cash flow from operating activities			
Net loss	(2,021,972,719)	(24,593,152)	(792,707)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities			
Depreciation and amortization expenses	513,586,694	6,246,729	-
Interest on finance leases	744,803	9,059	-
Allowance for doubtful accounts receivable	22,420,384	272,698	-
Provision on inventory obsolescence	12,959,192	157,622	-
Write-off of property, plant, and equipment.	23,052,797	280,390	-
Inventory written-off	1,539,758	18,728	-
Changes in net operating assets and liabilities			
Accounts receivables	(541,675,851)	(6,588,376)	(1,013,740)
Inventories	(669,344,226)	(8,141,200)	(863,955)
Other receivables, related party	(18,805,718)	(228,733)	-
Other current assets	(4,364,155)	(53,081)	60,113
Other payables, related party	(470,351,539)	(5,720,862)	2,179,622
Accounts payable	(6,600,537)	(80,282)	5,769,033
Other current liabilities	863,134,064	10,498,256	782,595
Other non-current assets	1,847,496	22,471	-
Net cash provided by operating activities	**(2,293,829,557)**	**(27,899,733)**	**6,120,961**
Cash flow from investing activities			
Purchase of property, plant, and equipment (including capital work-in-progress, capital creditors, and capital advances)	(3,217,278,351)	(39,131,594)	(14,505,595)
Payments toward finance leases	(27,036,863)	(328,848)	-
Net Cash user in investing activities	**(3,244,315,214)**	**(39,460,442)**	**(14,505,595)**
Cash flow from financing activities			
Proceeds from short-term borrowing	4,193,061,900	51,000,000	8,000,000
Proceeds from loans from related parties	1,521,012,650	18,500,000	-
Repayment of loans from related parties	(1,068,819,700)	(13,000,000)	-
Issuance of shares	822,169,000	10,000,000	-
Net cash provided by operating activities	**5,467,423,850**	**66,500,000**	**8,000,000**
Net increase in cash and cash equivalents	(70,720,921)	(860,175)	**(384,634)**
Cash and cash equivalents at the beginning of the year/period	105,008,493	**1,277,213**	**1,661,847**
Cash and cash equivalents at the end of the year/period	**34,287,572**	**417,038**	**1,277,213**

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A : NATURE OF OPERATIONS

Bharat Forge Aluminum USA, Inc. (hereinafter referred to as "BFALU" or the "Company") was incorporated in the State of North Carolina on September 27, 2019, and is a wholly-owned subsidiary of Bharat Forge America Inc ("BFA" or "the Parent company"). Bharat Forge Limited (ultimate Parent Company or "BFL") a publicly listed company in India owns 100% of the common stock of Bharat Forge America, Inc.

The Company has set up a new greenfield facility in Sanford, North Carolina, to cater to the aluminum forgings requirements for global marquee OEMs. The Company designs, produces and supplies aluminum and steel automotive components for the auto industry. The new facility will play a key role in enhancing the BFL's presence in the Electric Vehicle ("EV") transition globally. The Company completed the capital expenditure for Phase I and commenced commercial production. Phase I involved the strategic establishment of a forging line, which reached completion in September 2021. Currently, the Company is in the process of commencing the capex for Sanford Phase 2 expansion which is estimated to be completed by end of the year 2024.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the presentation of accompanying financial statements is as follows:

1. Basis of preparation

a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operations, stockholder's equity, and cash flows.

b. All amounts are stated in United States Dollars except as otherwise specified.

c. The financial statements are for the year ended March 31, 2023, and three-months period ended March 31, 2022.

d. Certain reclassifications, regroupings, and reworking have been made in the financial statements of the prior year to conform to the classifications used in the current year. This has no impact on previously reported net loss or stockholder's equity.

e. During the previous year, the Company changed its financial year end to March from the earlier year end of December, to align it with the broader reporting objectives of the ultimate Parent Company. Accordingly, the current financial statements are for the 12 months period beginning from April 1, 2022, through March 31, 2023. The numbers reported in the financial statements are not comparable with the previous period, which are for the three months period from January 1, 2022, through March 31, 2022.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the statements of loss and the reported amounts of revenues and expenses during the reporting period. The Company's most significant estimates relate to the useful life of property plant and equipment, allowance for doubtful accounts receivable, and other intangible assets. The management's estimates use historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $250,000 per depositor at each financial institution.

4. Revenue recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. The Company's payment terms are typically 30-90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing contracts, noncash consideration, and consideration payable to the customer, if any.

The Company's revenue represents sales of finished goods with incoterms ex-factory/ex-works wherein the goods are made available at Company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers.

5. Accounts receivable and provision for doubtful debts

Accounts receivable consist of uncollateralized customer obligations, which generally require payment within 90 days from the invoice date. Accounts receivables are stated at net invoice amounts. The Company follows the specific identification method for recognizing provision for doubtful debts. Management analyzes the composition of the accounts receivable aging, historical bad debts, current economic trends, and customer creditworthiness of each account receivable when evaluating the adequacy of the provision for doubtful accounts. All amounts deemed to be uncollectible are charged against the provision for doubtful debt in the period that determination is made and is included in 'Selling, general and administrative expenses' in the statements of loss.

6. Inventories

Inventories are stated at a lower of cost or market value, with the cost determined using the weighted average method. Raw materials and packing materials are valued at cost. Cost includes all the appropriate allocable overheads. The cost in the case of work-in-progress and finished goods comprises direct labor, material, cost, and production overheads. Work-in-progress and finished goods are valued at lower of cost or market value after providing for obsolescence and other losses. The Company is required to make assumptions regarding the level of reserves required to value potentially obsolete or overvalued items at a lower of cost or market value. These assumptions require the Company to analyze the aging of and forecasted demand for its inventory, forecast future product sales prices, pricing trends, and margins, and to make judgments and estimates regarding obsolete or excess inventory. Future product sales prices, pricing trends, and margins are based on the best available information at that time, including actual orders received, negotiations with the Company's customers for future orders, including their plans for expenditures, and market trends for similar products. The Company's judgments and estimates for excess or obsolete inventory are based on an analysis of actual and forecasted usage. The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves.

7. Property, plant, and equipment and depreciation

Property, plant, and equipment are stated at cost less accumulated depreciation. The cost of items of property, plant, and equipment comprise the cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

Major maintenance projects that extend the life of the related equipment are capitalized. The cost of maintenance and repairs are charged to expense when incurred.

The Company depreciates property, plant, and equipment over the estimated useful life using the straight-line method, including finance lease assets which are depreciated over the terms of their respective leases. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts, and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Building	30 – 50 years
Machinery and equipment	1 – 20 years
Tooling	10 years
Equipment under finance lease	5 years
Office equipment	5 years

Deposits paid towards the acquisition of property, plant, and equipment outstanding as of each balance sheet date and the cost of property, plant, and equipment not ready for use before such date are disclosed under capital work-in-progress.

8. Intangible assets

Intangible assets are stated at cost less accumulated amortization. The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Software	3 years

9. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

10. Income taxes

In accordance with the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority are recognized on the financial statements of the Parent company, which is the taxpayer for income tax purposes. The Company approximates the amounts that would be reported if it were separately filing its tax return.

11. Leases

Accounting Standard Update (“ASU”) 2016-02, Leases. On April 1, 2022, the Company early adopted Accounting Standards Codification 842 and all the related amendments (“new lease standard”) using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The new lease standard requires all leases to be reported on the balance sheet as lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

The Company's leases are classified as finance and operating leases, which are included in lease right-of-use assets and lease liabilities in the Company's balance sheet. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company's estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings. Lease expense is recognized on a straight-line basis over the lease term and is included in the cost of revenue or general and administrative expenses. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term. The Company notes that adopting the new standard resulted in recording a finance lease liability and right-of- use asset associated with the Company's lease agreement totalling $970,172 as of April 01, 2022. The operating lease liability and right-of-use asset associated with the Company's facility lease agreement totalling $576,810, as of April 01, 2022.

12. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in notes. Contingent assets are neither recognized nor disclosed in the financial statements.

13. Fair value measurement

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little if any market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts payable, and accrued liabilities. The estimated fair value of cash accounts payable and accrued liabilities approximates their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

14. Recently issued accounting standards not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," or ASU No. 2016-13. The amendments in ASU No. 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new standard requires financial assets measured at amortized cost be presented at the net amount expected to be collected through an allowance for credit losses that is deducted from the amortized cost basis. The standard will be effective for the Company on April 1, 2023, with early application permitted. The Company is evaluating the impact of adopting this new accounting guidance on its financial statements.

NOTE C : FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and trade receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents and trade receivables involve risk including the credit risk of non-performance by counter parties.

In management's opinion, as of March 31, 2023, there was no significant risk of loss in the event of nonperformance of the counter parties to these cash equivalents and trade receivables.

As at March 31, 2023, two customers accounted for approximately 80% of the total accounts receivable and contributed for around 81% of the Company's revenue during the year ended March 31, 2023.

NOTE D : CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at March 31, 2023	As at March 31, 2022
Balance with banks	417,038	1,277,213
Total	**417,038**	**1,277,213**

Balances on deposits with the banks are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

NOTE E : ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable as of March 31, 2023, and March 31, 2022, represent due from customers of $7,923,216 and $1,334,840, respectively. Accounts receivable, net, are stated net of provision for doubtful receivables and other allowances.

Accounts receivable includes following:

	As at March 31, 2023	As at March 31, 2022
Accounts receivable	7,923,216	1,334,840
Less: allowance for doubtful accounts receivables	(272,698)	-
Accounts receivable, net of allowances	**7,650,518**	**1,334,840**

The following table provides the details of doubtful accounts receivables:

	As at March 31, 2023	As at March 31, 2022
Balance at beginning of the year /period	-	-
Provision for doubtful receivables and other allowances	272,698	-
Balance at the end of the year /period	**272,698**	**-**

NOTE F : INVENTORIES, NET

Inventories includes following:

	As at March 31, 2023	As at March 31, 2022
Raw material	5,405,614	1,221,975
Work in progress	817,957	-
Finished goods [includes items lying with third parties]	993,749	818,324
Stores, spares, and loose tools	2,964,541	362
Less: inventory reserve	(176,350)	-
Total	**10,005,511**	**2,040,661**

The activity in inventory reserve is as follows:

	As at March 31, 2023	As at March 31, 2022
Balance at beginning of the year/period	-	-
Provision during the period	176,350	-
Balance at the end of the year/period	**176,350**	**-**

During the current year ended March 31, 2023, inventory worth $18,728 (March 31, 2022 : NIL) was written off on account of its net realizable value being less than cost. This inventory's net realized value reduced on account of discontinuance of contract with the customer.

NOTE G : OTHER CURRENT ASSETS

Other current assets include:

	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	65,617	13,597
Advance taxes	1,061	-
Total	**66,678**	**13,597**

NOTE H : PROPERTY, PLANT, AND EQUIPMENTS, NET

Property, plant, and equipment includes the following:

	As at March 31, 2023	As at March 31, 2022
Land	105,672	-
Building	24,224,242	-
Machinery and equipment	73,047,361	-
Tooling	6,099,068	-
Furniture and fixtures	235,543	-
Office equipment	155,323	-
	103,867,209	**-**
Less: accumulated depreciation	(5,491,113)	-
Property, plant, and equipment, net	**98,376,096**	**-**

Depreciation for the year ended March 31, 2023, was $5,491,113 (March 31, 2022: Nil). During the year ended March 31, 2023, certain assets amounting to $280,390 were write-off (March 31, 2022: Nil), as their recoverable value was determined to be zero as of the balance sheet date.

NOTE I : INTANGIBLE ASSETS, NET

Intangible assets include the following:

	As at March 31, 2023	As at March 31, 2022
Software	560,407	-
Less: accumulated amortization	(168,231)	-
Intangible assets, net	**392,176**	**-**

Amortization for the year ended March 31, 2023, was $168,231 (March 31, 2022: Nil).

NOTE J : OTHER NON-CURRENT ASSETS

Other non-current assets include:

	As at March 31, 2023	As at March 31, 2022
Advance payments to capital vendors	9,537,303	-
Other receivables	2,200	24,672
Total	**9,539,503**	**24,672**

NOTE K : SHORT-TERM BORROWINGS

Short term borrowings include the following:

	As at March 31, 2023	As at March 31, 2022
Line of credits	85,000,000	34,000,000
Total	**85,000,000**	**34,000,000**

Under multiple line of credit agreements (the "agreement") with three banks, the Company has available borrowings of $85,000,000 (March 31, 2022: $34,000,000). The entire amount is withdrawn as of March 31, 2023, and March 31, 2022, respectively. The entire outstanding balance is repayable within twelve months from balance sheet dates.

The interest rate as per the agreement was stipulated at 1% plus the applicable LIBOR resulting in interest rate of 6.13% for the year ended March 31, 2023 (for the three months period ended March 31, 2022: 2.40%)

The interest expense for the year ended March 31, 2023, was $4,297,651 (for the three months ended March 31, 2022: $242,139). Out of the interest expenses, $1,467,897 is capitalized as capital work-in-progress (for the three months ended March 31, 2022: $239,724). Net interest expense towards borrowings amounts to $2,829,754 (for the three months ended March 31, 2022: $2,415). Interest outstanding is $1,329,686 and $ 230,249 as of March 31, 2023, and March 31, 2022, respectively.

NOTE L : LOANS FROM RELATED PARTIES

Loans from related parties include the following:

	As at March 31, 2023	As at March 31, 2022
Loan from Parent company **(Refer note Q)**	5,000,000	19,500,000
Loan from related parties **(Refer note Q)**	9,500,000	11,500,000
Total	**14,500,000**	**31,000,000**

The Company has received line of credits from related parties. to facilitate working capital requirements. The line of credit has a maximum aggregate permissible limit of $14,500,000 (March 31, 2022: $31,000,000). The entire loan is repayable with twelve months from balance sheet date. As at March 31, 2023 the Company has made withdrawals to the tune of $14,500,000 (March 31, 2022: $31,000,000).

As of March 31, 2023, the applicable rate of interest on the outstanding loan was 5.45% per annum (March 31, 2022: 2.28%).

The interest expense for the year ended March 31, 2023, was $522,139 (for the three months ended March 31, 2022: $90,350). Out of the interest expenses, $178,341 is capitalized. as capital work-in-progress (for the three months ended March 31, 2022: $89,449). Net interest expense towards loans from related parties amounts to $343,798 (for the three months ended March 31, 2022: $901). Interest outstanding is $287,513 and $27,699 as of March 31, 2023 and 2022, respectively.

NOTE M : OTHER CURRENT LIABILTIES

Other current liabilities include:

	As at March 31, 2023	As at March 31, 2022
Capital advances	6,533,590	-
Accrued interest on short term borrowings	1,329,686	230,249
Accrued interest on loans from related parties **(refer note Q)**	287,513	27,699
Provision for property taxes	307,620	57,416
Employee related liabilities	337,967	525,848
Accrued expenses	22,309	1,288
Total	**8,818,685**	**842,500**

NOTE N : LEASE RIGHT-OF-USE ASSETS

Prior to the adoption of ASC 842, rent expense on finance and operating leases was recognized on a straight-line basis over the term of the lease.

General description of the lease: The Company facilities and vehicles under finance and operating leases which have non-cancellable terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase office equipment. The depreciable life of

assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

Components of finance and operating leases is shown below:

	As at March 31, 2023
Operating lease cost:	
Operating lease cost	269,937
Total operating lease cost	**269,937**
Finance lease cost:	
Amortization of right-of-use assets	587,384
Interest on lease liabilities	9,059
Total finance lease cost	**587,384**

Maturities of operating lease liabilities as of March 31, 2023, were as follows:	
Weighted average remaining lease term	2.00 years
Weighted average discount rate	1.34%
Maturities of finance lease liabilities as of March 31, 2023, were as follows:	
Weighted average remaining lease term	2.79 years
Weighted average discount rate	1.58%

Supplemental cash flow information related to leases for the year ended March 31, 2023, was as follows:

	As at March 31, 2023
Cash flows from operating leases	269,937
Right-of-use assets obtained in exchange for operating lease obligations	576,810
Cash flows from finance leases	328,848
Right-of-use assets obtained in exchange for finance lease obligations	970,172
Operating lease right-of-use assets	312,314
Finance lease right-of-use assets	647,284
Operating lease liabilities:	
Current lease liabilities	267,398
Non-current lease liabilities	44,915
Total operating lease liabilities	**312,313**
Finance lease liabilities:	
Current lease liabilities	362,065
Non-current lease liabilities	288,318
Total finance lease liabilities	**650,383**

Maturities of operating lease liabilities as of March 31, were as follows:	As at March 31, 2023
2023-24	269,937
2024-25	44,990
Total future minimum rental commitments	**314,927**
Less: imputed interest	(2,614)
Total lease liability	**312,313**

Maturities of finance lease liabilities as of March 31, were as follows:	As at March 31, 2023
2023-24	370,256
2024-25	242,427
2025-26	49,268
Total future minimum rental commitments	**661,951**
Less: imputed interest	(11,567)
Total lease liability	**650,384**

NOTE O : REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

	For the year April 01, 2022 to March 31, 2023	For the period January 01, 2022 to March 31, 2022
Type of goods or services		
Sale of manufactured products	19,975,812	-
Sale of scrap	2,109,301	-
Total	**22,085,113**	**-**
Timing of revenue recognition		
Goods transferred at a point of time	22,085,113	-
Total	**22,085,113**	**-**

NOTE P : INCOME TAXES

The Company will file a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the entity's net deferred income taxes are as follows:

	As at March 31, 2023	As at March 31, 2022
Non-current deferred tax liabilities		
Property, plant, and equipment	(1,327,875)	-
Total deferred tax liabilities	**(1,327,875)**	**-**
Non-current deferred tax assets		
Inventory obsolescence provision	504,727	17,307
Unpaid related party provision disallowed u/s 267	77,555	10,960
Start-up costs	984,375	840,001
State tax - net operating loss carryforward	7,175,185	1,339,661
Total deferred tax assets	**8,741,842**	**2,348,939**
Net deferred taxes	7,413,967	2,348,939
Less: deferred tax assets valuation allowance	(7,413,967)	(2,348,939)
Net deferred taxes	**-**	**-**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Management believes that negative evidence outweighs the positive evidence and thus it is more likely than not that the benefit from deferred tax asset may not be realized in foreseeable future. In recognition of this risk, a valuation allowance of $7,413,967 and $2,348,939 has been created as at March 31, 2023 and March 31, 2022, respectively.

As at March 31, 2023, the Company has federal net operating loss (NOL's) carry forwards of approximately $34,167,549, as per Tax Cuts and Jobs Act it will be carried forward indefinitely for utilization.

The Company has state NOL's carry forward in North Carolina State of approximately $34,900,908 as at March 31, 2023, which if unutilized will expire in the years 2034 through 2035.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2023 and March 31, 2022.

The tax years of 2019 through 2021 remain subject to examination by the taxing authorities.

NOTE Q : RELATED PARTY TRANSACTIONS

A. Ultimate parent company

Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc.) (BFL)

B. Parent company

Bharat Forge America Inc. (owning 100% of common stock) ("BFA" or "the Parent company")

C. Other related parties where common control exists

1. Bharat Forge PMT Technologie, LLC (PMT)
2. Bharat Forge Global Holding GmbH (GmbH)
3. Bharat Forge AluminiumTechnik GmbH (BFAT)
4. Bharat Forge CDP GmbH (CDP)
5. Kalyani Mobility, Inc (KMI)
6. Bharat Forge International Limited (BFIL)

The summary of balances due to and from related parties:

	As at March 31, 2023	As at March 31, 2022
Other receivables due from related parties		
Kalyani Mobility Inc.	10,597	-
Bharat Forge AluminiumTechnik GmbH	218,136	-
Other payable due from related parties		
Bharat Forge PMT Technologie, LLC	1,250,012	708,964
Bharat Forge America, Inc.	400,000	73,094
Kalyani Mobility Inc.	-	378,462
Bharat Forge CDP GmbH	1,000	257,029
Bharat Forge Global Holding GmbH	320,540	657,940
Bharat Forge AluminiumTechnik GmbH	-	5,285,608
Bharat Forge Limited	-	331,317

	As at March 31, 2023	As at March 31, 2022
Loans from related parties:		
Bharat Forge International Limited	9,000,000	1,000,000
Kalyani Mobility Inc.	500,000	500,000
Bharat Forge America, Inc.	5,000,000	19,500,000
Bharat Forge Limited	-	10,000,000
Accrued interest expense:		
Bharat Forge International Limited	105,174	-
Kalyani Mobility Inc.	17,743	1,069
Bharat Forge America, Inc.	164,596	26,630

The summary of transactions with related parties:

	For the year April 01, 2022 to March 31, 2023	For the period January 01, 2022 to March 31, 2022
Purchases:		
Bharat Forge AluminiumTechnik GmbH	2,296,647	-
Reimbursement of expenses repaid by related party:		
Kalyani Mobility, Inc.	-	139,344
Reimbursement of expenses:		
Bharat Forge PMT Technologie, LLC	541,048	232,376
Bharat Forge America, Inc.	400,000	39,217
Bharat Forge Limited	103,623	271,375
Bharat Forge CDP GmbH	1,000	266,129
Bharat Forge Global Holding GmbH	135,450	-
Loan received from related parties:		
Bharat Forge International Limited	9,000,000	-
Bharat Forge America, Inc.	16,000,000	-
Kalyani Mobility, Inc.	1,000,000	-
Investments from parent company:		
Bharat Forge America, Inc.	10,000,000	-
Loan repaid to related parties:		
Bharat Forge International Limited	1,000,000	-
Bharat Forge America, Inc.	8,500,000	-
Bharat Forge Limited	10,000,000	-
Kalyani Mobility, Inc.	1,000,000	-

	For the year April 01, 2022 to March 31, 2023	For the period January 01, 2022 to March 31, 2022
Loan converted into equity:		
Bharat Forge America, Inc.*	22,875,833	-
Interest expenses:		
Bharat Forge International Limited	305,410	-
Kalyani Mobility Inc.	52,132	1,069
Bharat Forge America, Inc.	164,597	89,281
Capital expenditure:		
Bharat Forge Global Holding GmbH	-	657,611
Bharat Forge AluminiumTechnik GmbH	-	6,783,191

*During the year ended March 31, 2023, Loan from parent of for an amount $22,000,000 and the corresponding accrued interest of $875,833 were converted into equity.

NOTE R : EMPLOYEE BENEFIT PLANS

The Company has an employee savings plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the Internal Revenue Code.

The Company has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2023, was $116,506 (for the three months period ended March 31, 2022: $35,146.).

NOTE S : COMMON STOCK

Common stock authorized, issued and outstanding.

The authorized common stock is 100 shares with a par value of $10 per share as at March 31, 2023 and March 31, 2022 of which 10 shares were issued as of that date.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE T : SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2023, through the date the financial statements are available to be issued. Based on the evaluation, the Company is not aware of any subsequent events or transactions, which would require recognition or disclosure in the financial statements.

THIS PAGE IS INTENTIONALLY LEFT BLANK

Bharat Forge Aluminiumtechnik GmbH

Managing Director

Mr. Jens Ludmann

Mr. Sebastian Ochs

Advisory Board

Mr. S. E. Tandale

Mr. Kishore Saletore

Auditors

WuP Treuhand GmbH

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Berthelsodorfer StraBe 8

09618 Brand-Erbisdorf

Germany

INDEPENDENT AUDITOR'S REPORT

To Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf

Audit Opinions

We have audited the annual financial statements of Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf, which comprise the balance sheet as at December 31st, 2022 and the income statement for the fiscal year from January 1st, 2022 to December 31st, 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf, for the financial year from January 1st, 2022 to December 31st, 2022.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31st, 2022 and of its financial performance for the financial year from January 1st, 2022 to December 31st, 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the

management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Hagen, 2023

WUP Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

(Weischede)	(Börstinghaus)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Balance Sheet as at December 31, 2022

ASSETS	Rs.		EUR		As at 12/31/2021 EUR
A. Fixed Assets					
I. Intangible assets					
1. Concessions, trade mark rights and similar rights values, licenses	76,309,467.37		865,681.38		381,759.00
2. Prepayments on intangible assets	370,090.81		4,198.44		4,198.44
		76,679,558.18		869,879.82	
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	2,541,658,622.33		28,833,467.45		28,924,948.48
2. Technical equipment and machinery	3,595,284,971.23		40,786,174.54		46,384,349.00
3. Other plant, factory and office equipment	429,362,231.84		4,870,835.85		4,947,671.00
4. Prepayments on tangible assets and construction in progress	1,258,659,617.60		14,278,676.45		8,026,062.57
		7,824,965,443.00		88,769,154.29	88,283,031.05
		7,901,645,001.18		89,639,034.11	88,668,988.49
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	669,338,102.47		7,593,206.35		7,307,991.20
2. Work in progress	1,575,011,985.44		17,867,488.74		20,621,482.23
3. Finished goods and merchandise	151,822,734.06		1,722,330.38		2,852,671.70
4. Prepayments	-		-		232,795.24
		2,396,172,821.97		27,183,025.47	31,014,940.37
II. Accounts receivable and other assets					
1 Trade receivables	1,311,367,440.35		14,876,612.49		5,569,831.04
- of which due after one year EUR 0.00 (2021: EUR 0.00)					
2. Receivables from affiliated companies	157,375,210.38		1,785,319.62		4,859,470.48
- of which due after one year EUR 0.00 (2021: EUR 0.00)					
3. Receivables from shareholders	3,675,501,608.80		41,696,180.23		1,514,811.80
- of which due after one year: EUR 0.00 (2021 EUR 0.00)					
4. Other assets	98,340,662.52		1,115,610.99		2,581,742.59
- of which due after one year: EUR 0.00 (2021: EUR 0.00)					
		5,242,584,922.05		59,473,723.33	14,525,855.91
III. Cash on hands, bank balances		27,787,329.65		315,229.22	1,409,259.93
C. Prepaid expenses		34,588,940.45		392,389.08	411,124.98
D. Asset-Side difference from offsetting of plan asset		-		-	1,363.00
Total		**15,602,779,015.30**		**177,003,401.21**	**136,031,532.68**

Balance Sheet as at December 31, 2022

EQUITY AND LIABILITIES	Rs.		EUR		As at 12/31/2021 EUR
A. Equity					
I. Share capital	731,641,680.00		8,300,000.00		8,300,000.00
II. Capital reserve	840,869,903.25		9,539,123.30		9,539,123.30
III. Retained income	595,125,681.46		6,751,314.60		6,751,314.60
IV. Net income for the year	-		-		-
		2,167,637,264.71		24,590,437.90	24,590,437.90
B Special item for investment grants		575,012,514.07		6,523,143.77	7,498,600.51
C Provisions & Accruals					
1 Provision for pensions and similar obligations	860,604.54		9,763.00		-
2 Other Provisions and accruals	395,358,019.43		4,485,080.13		2,168,744.44
		396,218,623.97		4,494,843.13	2,168,744.44
D Liabilities					
1. Liabilities to banks	5,916,957,273.74		67,124,039.97		53,498,761.96
- of which up to one year: Rs. 2,453,588,843.56 EUR 27,834,372.97 (2021: EUR 9,398,761.96)					
- of which more than one year Rs. 3,463,368,430.18 EUR 39,289,667.00 (2021: EUR 44,100,000.00)					
2. Trade payables	1,360,743,943.39		15,436,756.87		8,477,086.33
- of which up to one year: Rs. 1,360,743,943.39 EUR 15,436,756.87 (2021: EUR 8,477,086.33)					
- of which more than one year EUR 0.00 (2021: EUR 0.00)					
3. Payables to affiliated companies	3,189,955,944.18		36,187,979.80		19,173,394.18
- of which up to one year: Rs. 2,572,908,744.18 EUR 29,187,979.80 (2021: EUR 19,173,394.18)					
- of which more than one year: Rs. 617,047,200.00 EUR 7,000,000.00 (2021: EUR 0.00)					
- of which trade payable: Rs. 2,299,644,984.18 EUR 26,087,979.80 (2021: EUR 16,073,394.18)					
4 Advanced payments received for orders	69,458,975.86		787,967.00		-
- of which up to one year: Rs. 69,458,975.86 EUR 787,967.00 (2021: EUR 0.00)					
- of which more than one year EUR 0.00 (2021: EUR 0.00)					
5 Other liabilities	1,926,794,475.38		21,858,232.77		20,624,507.36
- of which taxes: Rs. 20,772,583.70 EUR 235,651.48 (2021: EUR 160,870.81)					
- of which relating to social security : Rs. 5,034,615.04 EUR 57,114.44 (2021: EUR 76,185.27)					
- of which up to one year: Rs. 306,777,735.47 EUR 3,480,194.30 (2021: EUR 2,076,851.61)					
- of which more than one year: Rs. 1,620,016,739.92 EUR 18,378,038.47 (2021: EUR 18,547,655.75)		12,463,910,612.55		141,394,976.41	101,773,749.83
Total		**15,602,779,015.30**		**177,003,401.21**	**136,031,532.68**

Profit and Loss Account for the period from January 1, 2022 to December 31, 2022

						Previous Year
		Rs.	Rs.	EUR	EUR	EUR
1.	Sales		9,773,640,594.57		110,875,609.13	78,728,814.70
2.	Increase or decrease in finished goods and work-in-progress		(342,402,559.77)		(3,884,334.81)	7,318,402.20
			9,431,238,034.80		106,991,274.32	86,047,216.90
3.	Production for own plant and equipment capitalised		38,933,561.85		441,675.99	2,266,900.00
4.	Other operating income of which currency translation Rs. 18,336,400.26 EUR 208,014.56 (2021: EUR 160,279.23)		324,650,983.62		3,682,954.70	6,601,590.30
			9,794,822,580.27		111,115,905.01	94,915,707.20
5.	Cost of materials					
	a) Cost of raw materials, consumables, supplies and purchased merchandise	8,037,963,761.46		91,185,481.97		48,541,663.20
	b) Cost of purchased services	522,189,754.82		5,923,903.85		5,554,599.09
			8,560,153,516.28		97,109,385.82	54,096,262.29
6.	Personal expenses					
	a) Wages and salaries	1,630,837,189.70		18,500,789.45		13,294,630.12
	b) Social security contributions and pension expenses thereof Rs. 10,019,275.70 EUR 113,662.18 (2021: EUR 55,909.54) for pension expenses	337,592,550.79		3,829,768.38		2,700,896.91
7.	Depreciation and amortization on intangible fixed assets and tangible assets	928,759,434.60		10,536,172.99		8,475,900.35
8.	Other operating expenses of which Currency Translation Rs. 105,467.47 EUR 1,196.46 (2021: EUR 113.662,18)	1,576,020,429.20		17,878,928.88		9,197,580.47
			4,473,209,604.29		50,745,659.70	33,669,007.85
			(3,238,540,540.30)		(36,739,140.51)	7,150,437.06
9.	Other Interest and similar Income	-		-		-
10.	Interest and similar expenses of which from compounding of accruals: Rs.768,223.76 EUR 8,715.00 (2021: EUR 10,956.00)	298,517,910.80		3,386,491.95		1,968,478.50
			(298,517,910.80)		(3,386,491.95)	(1,968,478.50)
			(3,537,058,451.10)		(40,125,632.46)	5,181,958.56
11.	Taxes on income and profits		-		-	-
12.	Result after taxes on income and profits		(3,537,058,451.10)		(40,125,632.46)	5,181,958.56
13.	Other taxes		4,913,103.46		55,735.97	54,653.52
			(3,541,971,554.56)		(40,181,368.43)	5,127,305.04
14.	Income from loss transfer		3,541,971,554.56		40,181,368.43	(5,127,305.04)
15.	Expenses out of profit pooling		-		-	
16.	**Net income**		**-**		**-**	**-**

A. GENERAL NOTES ON THE FINANCIAL STATEMENT AND ON THE CLASSIFICATION

Bharat Forge Aluminiumtechnik GmbH is a large corporation within the meaning of section 267 para. 3 of the German Commercial Code (HGB).

The classification of the balance sheet and the profit and loss account principally conform with HGB sections 266 and 275. The total expenditure format has been applied to the profit and loss account.

B. ACCOUNTING AND VALUATION PRINCIPLES

The annual financial statements for the financial year from 01/01 to 31/12 2022 were prepared in accordance with the regulations of the German Commercial Code (HGB sections 242-256a and 264-288). Supplementary provisions of the German Act on Limited Liability Companies (GmbH-Gesetz) for annual financial statements were observed.

The accounting and valuation methods have remained unchanged from the previous year. Given the support of group companies, the balance sheet is based on the assumption of a going concern despite the tense economic situation that can essentially lead to a developmental impairment.

Transactions in foreign currencies were posted at the respective day's exchange rate. Receivables and liabilities with a remaining term of no more than one year were valued at the average spot exchange rate on the balance sheet date in accordance with HGB section 256a.

Purchased intangible assets were valued at acquisition cost minus scheduled straight-line amortization.

Tangible assets are recognised at acquisition cost. Depreciable moveable assets are subjected to scheduled straight-line depreciation. Depreciation on additions are determined pro rata temporis.

Low-value fixed assets with acquisition costs of up to EUR 250 within the meaning of section 6 para. 2 of the German Income Tax Act (EStG) are written off fully within the financial year. Low-value fixed assets with acquisition costs of over EUR 250 but no more than EUR 1,000 within the meaning of EStG section 6 para. 2a are compounded annually and depreciated with a useful life of 5 years.

Impairments are only carried out for intangible assets and fixed assets if this represents a permanent reduction in value.

Received or claimable investment grants are entered as liabilities in a special reserve for investment grants and written back in line with the subsidised assets' depreciation.

Inventories are assessed at acquisition and/or manufacturing costs by applying permissible simplified assessment methods and/or at their lower market value. The manufacturing costs include directly attributable costs as well as production and material overheads. Administrative costs are only included in the assessment of manufacturing costs insofar as caused by the manufacturing. General administration costs, selling costs and interest are not included in the manufacturing costs. Storage and marketability risks are accounted for by appropriate reductions.

Receivables and other assets are assessed at acquisition cost minus necessary value adjustments.

Prepaid expenses include general expenditure before the reporting date, provided they represent expenditure for a specific time after this date.

The equity capital (share capital, capital and revenue reserves) is carried at the nominal amount.

A pension promise has been made in form of a contribution-based direct pledge. This pension promise is funded via a reinsurance policy not fully in line with the payments. Which is why the pension provisions have been determined as of the balance sheet date of 31/12/2022 in consideration of the reference tables 2018 G by Dr. Klaus Heubeck. The calculation accorded with the requirements of HGB section 249 in conjunction with HGB sections 252 to 255. HGB section 253 para 1, sentence 2 requires pension provisions to equal the settlement amount necessary according to reasonable business judgment. The valuation is based on the projected unit credit method.

The calculation is based on the contractual retirement age and following valuation assumptions:

- an actuarial interest rate of 1.78 % p.a. as per HGB section 253 para. 2 and the German Regulation on the Discounting of Provisions (RückAbzinsV) for a blanket remaining term of 15 years

- a pension dynamic of 1.00 % p.a.
- fluctuation probabilities of 0.00 % p.a.

Given the bailment of the reinsurance, this is not available to all the other creditors, so that the pension provisions are set off against the asset value of the reinsurance in keeping with HGB section 246 para. 2, sentence 2. The asset value of the reinsurance was valued at the amortised acquisition costs. These acquisition costs equal the coverage capital including irrevocable profit participations.

The provisions cover all recognisable obligations and risks, valued at the prospective settlement amount according to reasonable commercial appraisal. Anniversary payment provisions were valued by the entry age normal method (projected unit credit method) in consideration of the guideline tables 2018 G by Dr. Klaus Heubeck and an interest rate of 1.44 %. This took a fluctuation probability of 3% into account for the first 10 years of employment, and a blanket social insurance share of 20%. Other provisions with a residual term of up to one year have not been discounted.

Liabilities are assessed at their repayment amounts.

C. NOTES ON THE BALANCE SHEET

The structure and development of the fixed assets are shown in the following assets analysis:

Assets analysis as at December 31, 2022

		Historical acquisition or manufacturing costs					Accumulated depreciations					Book value	Book value
		01-01-2022	Additions	Disposals	Reclassification	31-12-2022	01-01-2022	Additions	Disposals	Write-up	31-12-2022	31-12-2022	31-12-2021
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**												
1.	Concessions, trade mark rights and similar rights and values, licenses	2,537,372.68	647,959.87		0.00	3,185,332.55	2,155,613.68	164,037.49		0.00	2,319,651.17	865,681.38	381,759.00
2.	Prepayments on intangible assets	4,198.44	0.00		0.00	4,198.44	0.00	0.00		0.00	0.00	4,198.44	4,198.44
		2,541,571.12	647,959.87	0.00	0.00	3,189,530.99	2,155,613.68	164,037.49	0.00	0.00	2,319,651.17	869,879.82	385,957.44
II.	**Tangible assets**												
1.	Land, land rights and buildings including buildings on third party land	35,750,293.28	1,280,835.21		0.00	37,031,128.49	6,825,344.80	1,372,316.25		0.00	8,197,661.05	28,833,467.44	28,924,948.48
2.	Technical equipment and machinery	96,761,476.29	1,549,731.26		463,744.52	98,774,952.07	50,377,127.29	7,611,650.19 *		0.00	57,988,777.48	40,786,174.59	46,384,349.00
3.	Other plant, factory and office equipment	11,834,712.44	1,311,333.95		0.00	13,146,046.39	6,887,041.44	1,388,169.14		0.00	8,275,210.58	4,870,835.81	4,947,671.00
4.	Prepayments on tangible assets and construction in progress	8,026,062.57	6,716,358.40		-463,744.52	14,278,676.45	0.00	0.00		0.00	0.00	14,278,676.45	8,026,062.57
		152,372,544.58	10,858,258.82	0.00	0.00	163,230,803.40	64,089,513.53	10,372,135.58	0.00	0.00	74,461,649.11	88,769,154.29	88,283,031.05
III.	**Financial Assets**												
	Shares in affiliated companies	0.00				0.00	0.00				0.00	0.00	0.00
		154,914,115.70	11,506,218.69	0.00	0.00	166,420,334.39	66,245,127.21	10,536,173.07	0.00	0.00	76,781,300.28	89,639,034.11	88,668,988.49

* thereof impairment EUR

No impariments were applied to the assets in the reporting year.

The "other assets" show claims to electricity and energy tax refunds of TEUR 647 as contingent items that only arise legally after the reporting date.

The interest and currency risks for foreign currency loans are covered by micro-hedges. This concerns two tranches amounting to USD 5,800,500 and USD 11,601,000 vis-a-vis one bank. They are covered via swaps in EUR 5,000,000 and EUR 10,000,000 liabilities. The market value of the hedging transaction as of 31/12/2022 amounts to EUR 433,215 and EUR 866,429, respectively.

The pension provisions of TEUR 82 have been set off against the TEUR 72 actuarial reserve of the reinsurance, arriving at provisions of TEUR 10 after asset offsetting.

The discounting of pension provisions at the average market interest rate of the past ten years compared to discounting at the average market interest rate of the past seven years results in a difference of TEUR 4. This amount is blocked from dividend distribution.

The material other provisions and accruals include provisions for contingent liabilities (TEUR 100), outstanding invoices (TEUR 2,599), guarantees (TEUR 83), anniversary payments (TEUR 496), and holiday and flexitime claims (TEUR 669).

Reconciliation with the balance sheet shows the following maturity structure of the liabilities:

			with a remaining term of		
		up to 1 year	**1-5 years**	**over 5 years**	**Total**
		EUR	**EUR**	**EUR**	**EUR**
1.	Liabilities to banks	27,834,372.97	30,579,667.00	8,710,000.00	67,124,039.97
2.	Advanced payments received for orders	787,967.00	0.00	0.00	787,967.00
3.	Trade liabilities	15,436,756.87	0.00	0.00	15,436,756.87
4.	Liabilities to affiliated companies	29,187,979.80	7,000,000.00	0.00	36,187,979.80
5.	Other liabilities	3,480,194.30	18,378,038.47	0.00	21,858,232.77
		76,727,270.94	55,957,705.47	8,710,000.00	141,394,976.41

The trade liabilities are secured by reservations of title customary in the industry, the liabilities to banks by transfers of ownership as security, and mortgages. The other liabilities and liabilities to banks are partly hedged by the cumulative assumption of debt on the part of Bharat Forge Global Holding GmbH and Bharat Forge CDP GmbH. In addition to which there is a subordination and non-call agreement with the banks concerning the shareholder loan. A pooled collateral agreement with several banks includes a blanket assignment of trade receivables and a storage assignment of inventories.

Besides this, there is also a subordination agreement with Bharat Forge Global Holding GmbH for receivables from the profit transfer agreement.

The "other liabilities" item does not include contingent items only arising legally after the reporting date.

Insofar as not shown in the balance sheet as liabilities, lease obligations of TEUR 1,044 apply until the end of the respective term, TEUR 427 of which are apportionable to the following financial year, and TEUR 6 to a remaining term of more than five years. The annual value of the rental obligation amounts to TEUR 447. Future licence payments will become due for the use of various production licences. The cost depends on the volume produced. The expenditure correspondingly posted for the 2022 financial year amounted to TEUR 900.

There are obligations of EUR 7.2 million from orders for investments.

D. NOTES ON THE PROFIT AND LOSS ACCOUNT

Product sales before sales deduction are divided into domestic and foreign as follows:

	2022	2021	Change	
	TEUR	**TEUR**	**TEUR**	**in %**
At home	59.236	40.819	+18.441	+45
Abroad	44.274	32.690	+32.690	+35

The other operating income includes revenues of TEUR 29 that are unrelated to the accounting period.

The TEUR 2 income from the reinsurance policy is offset against the expenses for the pension scheme within the interest expenditure.

E. OTHER NOTES

The company employed 392 staff on average in the 2022 financial year, including 318 industrial employees, 74 clerical staff, and 9 trainees.

The CEOs in the 2022 financial year were:

Michael Weis, Schönaich, engineer (until 14/10/2022)

Martin Kübelbäck, Meerbusch, businessman (until 14/10/2022)

Dr. Jens Ludmann, Engelskirchen, egineer (from 12/09/2022)

Herr Sebastian Ochs, Nürnberg, businessman (from 14/10/2022).

The managing directors do not receive any remuneration from the company. The costs for the management are passed on by Bharat Forge Global Holding GmbH as part of a cost allocation.

Bharat Forge Global Holding GmbH, Ennepetal, is the parent company that draws up the consolidated financial statements for the smallest group of companies. If disclosed, the consolidated financial statements are available at the E-Federal Gazette.

Bharat Forge Ltd., Mundhwa/Pune, India is the parent company that draws up the consolidated financial statement for the largest group of published, the consolidated financial statements are available at the "Registrar of Companies" in Maharashtra, Pune, India.

The company's advisory board is comprised of the following members:

S. Tandale

K. Saletore

Brand-Erbisdorf, 2023

Bharat Forge Aluminiumtechnik GmbH

Dr. Jens Ludmann
Managing Director

Sebastian Ochs
Managing Director

Bharat Forge America, Inc.

Directors

Mr. B. N. Kalyani

Mr. Amit Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Auditors

KNAV P. A

One Lakeside

Commons, Suite 850

990 Hammond Drive NE,

Atlanta, GA 30328

Registered Office

2150, Schmiede St,

Surgoinville,

TN 37873

U.S.A.

Independent Auditor's Report

To the Board of Directors and Stockholder
Bharat Forge America, Inc.

Qualified Opinion

We have audited the separate parent company financial statements of Bharat Forge America, Inc. ('the Company'), which comprise the balance sheets as at March 31, 2023 and March 31, 2022 and the related statements of loss for the period from April 1, 2022 to March 31, 2023 and January 1, 2022 to March 2022, changes in stockholder's equity, and cash flows for the year and period then ended respectively and the related notes to the separate parent company financial statements.

In our opinion, except for the effects of non-consolidating all wholly owned subsidiaries, as discussed in the Basis for qualified opinion section of our report, the accompanying separate parent company financial statements present fairly, in all material respects, the financial position of Bharat Forge America, Inc. as at March 31, 2023 and March 31, 2022, the results of its operations and its cash flows for the year and period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for qualified opinion

As discussed in Note B.1(f) to the separate parent company financial statements, the Company reports its investments in its wholly owned subsidiaries applying equity method of accounting. Accounting principles generally accepted in the United States of America require all majority-owned subsidiaries be accounted for as consolidated subsidiaries. Information regarding the subsidiaries is disclosed in Note F.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in Auditor's responsibilities for the audit of the separate parent company financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the separate parent company financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate parent company financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the separate parent company financial statements are available to be issued.

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the separate parent company financial statements 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the separate parent company financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the separate parent company financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the separate parent company financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the separate parent company financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Atlanta, Georgia

June 30, 2023

Balance Sheet as on March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		As at March 31, 2022
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	2,015,876	24,519	471,676
Accounts receivables, related parties (refer note J)	51,405,870	625,247	366,681
Loan to subsidiaries (refer note J)	1,192,145,050	14,500,000	25,500,000
Inventories, net	24,545,033	298,540	-
Other current assets	33,844,505	411,649	216,227
Total current assets	**1,303,956,334**	**15,859,955**	**26,554,584**
Investments in non-consolidated subsidiaries and affiliate	2,319,375,171	28,210,443	17,582,233
Other non-current assets	-	-	2,912
Total assets	**3,623,331,505**	**44,070,398**	**44,139,729**
Liabilities and Stockholder's Equity			
Current Liabilities			
Accounts payable	29,812,423	362,607	92,410
Other payable, related parties (refer note J)	328,867,600	4,000,000	1,721,526
Short term borrowings	1,192,145,050	14,500,000	28,000,000
Other current liabilities	34,689,366	421,925	261,710
Total current liabilities	**1,585,514,439**	**19,284,532**	**30,075,646**
Non-current Liabilities			
Other liabilities	795,284	9,673	27,632
Total Liabilities	**1,586,309,723**	**19,294,205**	**30,103,278**
Stockholder's Equity			
Common stock - $ 0.01 par value, 3,000 shares authorized as of March 31, 2023, and March 31, 2022; 60 shares issued and outstanding as of March 31, 2023, and March 31, 2022	82	1	1
Additional paid up capital	7,020,095,104	85,385,062	50,462,145
Accumulated deficit	(4,983,073,404)	(60,608,870)	(36,425,695)
Total stockholder's equity	**2,037,021,782**	**24,776,193**	**14,036,451**
Total liabilities and stockholder's equity	**3,623,331,505**	**44,070,398**	**44,139,729**

(The accompanying notes are an integral part of these separate parent company financial statements).

Statements of income (loss) for the year ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year April 1, 2022 to March 31, 2023		For the period January 1, 2022 to March 31, 2022
Operating revenues	103,368,184	1,257,262	293,588
Less : cost of revenues	(54,891,867)	(667,647)	(268,547)
Gross profit	**48,476,317**	**589,615**	**25,041**
Cost and Expenses			
Selling, General and administrative Expenses	39,306,502	478,083	30,205
Total cost and expense	**39,306,502**	**478,083**	**30,205**
Operating profit	**9,169,815**	**111,532**	**(5,164)**
Other (expenses) income			
Deficit in earnings of non-consolidated subsidiaries and Affiliate	(1,997,435,496)	(24,294,707)	(771,937)
Interest expenses	(40,159,667)	(488,460)	(144,470)
Interest income (refer note J)	40,159,667	488,460	136,230
Other income	-	-	17,727
Loss before income tax	**(1,988,265,681)**	**(24,183,175)**	**(767,614)**
Current tax (expense) benefit	-	-	-
Net loss	**(1,988,265,681)**	**(24,183,175)**	**(767,614)**

(The accompanying notes are an integral part of these separate parent company financial statements)

Statement of stockholder's equity

	Common Stock											
	Authorized			Issued & Outstanding			Additional Paid in Capital		Accumulated Deficit		Total Stockholder's equity	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as of January 1, 2022	**3,000**	**2,467**	**30**	**60**	**82**	**1**	**4,148,841,129**	**50,462,145**	**(2,931,696,880)**	**(35,658,081)**	**1,217,144,331**	**14,804,065**
Net loss	-	-	-	-	-	-	-	-	(63,110,842)	(767,614)	(63,110,842)	(767,614)
Balance as of March 31, 2022	**3,000**	**2,467**	**30**	**60**	**82**	**1**	**4,148,841,129**	**50,462,145**	**(2,994,807,722)**	**(36,425,695)**	**1,154,033,489**	**14,036,451**
Balance as of April 1, 2022	**3,000**	**2,467**	**30**	**60**	**82**	**1**	**4,148,841,129**	**50,462,145**	**(2,994,807,722)**	**(36,425,695)**	**1,154,033,489**	**14,036,451**
Conversion of loan to equity							2,049,084,975	24,922,917			2,049,084,975	24,922,917
Additional paid-in-capital	-	-	-	-	-	-	822,169,000	10,000,000	-	-	822,169,000	10,000,000
Net loss for the year	-	-	-	-	-	-	-	-	(1,988,265,681)	(24,183,175)	(1,988,265,681)	(24,183,175)
Balance as of March 31, 2023	**3,000**	**2,467**	**30**	**60**	**82**	**1**	**7,020,095,104**	**85,385,062**	**(4,983,073,403)**	**(60,608,870)**	**2,037,021,783.22**	**24,776,193.00**

(The accompanying notes are an integral part of these separate parent company financial statements)

Statement of Cash Flow for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year April 1, 2022 to March 31, 2023		For the period January 1, 2022 to March 31, 2022
Cash flows from operating activities			
Net loss	**(1,988,265,681)**	**(24,183,175)**	**(767,614)**
Adjustments to reconcile net (loss) income to net cash used in operating activities			
Deficit in earnings of unconsolidated investees	1,997,435,496	24,294,707	771,937
Gain on forgiveness of PPP	-		
Changes in net operating assets and liabilities	-		
Accounts receivables, related parties	(21,258,495)	(258,566)	(4,811,413)
Inventories	(24,545,033)	(298,540)	-
Other current and non-current assets	(58,102,025)	(706,692)	14,821
Accounts payable	22,214,760	270,197	35
Other payables, related parties	187,329,069	2,278,474	(2,597,713)
Other current and non-current liabilities	53,970,297	656,438	(180,490)
Net cash used in operating activities	**168,778,388**	**2,052,843**	**(7,570,437)**
Cash flows from investing activities			
Investment in non-consolidated subsidiaries	(822,169,000)	(10,000,000)	-
Loans repaid by subsidiaries	1,027,711,250	12,500,000	-
Loans provided to subsidiaries	(2,096,530,950)	(25,500,000)	-
Net cash used in investing activities	**(1,890,988,700)**	**(23,000,000)**	**-**
Cash flows from financing activities			
Proceeds from the issuance of shares	822,169,000	10,000,000	-
Proceeds from short-term borrowings	1,192,145,050	14,500,000	8,000,000
Repayment of short-term borrowings	(328,867,600)	(4,000,000)	-
Net cash provided by financing activities	**1,685,446,450**	**20,500,000**	**8,000,000**
Net (decrease) increase in cash and cash equivalents	**(36,763,862)**	**(447,157)**	**429,563**
Cash and cash equivalents at the beginning of the year	38,779,739	471,676	42,113
Cash and cash equivalents at the end of the year	**2,015,876**	**24,519**	**471,676**
Supplemental disclosure of cash flow information			
Conversion of loan to equity by parent company	2,049,084,975	24,922,917	-
Interest paid	22,874,797	278,225	-
Interest received	22,874,797	278,225	-

(The accompanying notes are an integral part of these separate parent company financial statements)

Notes to Separate Parent Company Financial Statements

NOTE A : NATURE OF OPERATIONS

Bharat Forge America, Inc. ("BFA" or the "Company"), incorporated on March 22, 2005, in the State of Delaware, is an international holding company and a wholly owned subsidiary of Bharat Forge Limited ("the Parent Company"), a public company, listed on stock exchanges in India.

On November 30, 2016, the Company acquired 100 percent of the shares of Bharat Forge Tennessee Inc. ("BFT") (formerly known as PMT Holdings, Inc.) and 82.10 percent of the membership interest of Bharat Forge PMT Technologie, LLC ("PMT") (formerly known as Walker Forge Tennessee, LLC).

The Company also has two wholly owned subsidiaries, namely Bharat Forge Aluminum USA, Inc. ("BFALU") and Kalyani Mobility, Inc. ("KMI") (until September 30, 2021). Both the subsidiaries were incorporated on September 27, 2019.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying separate parent company financial statements is as follows:

1. Basis of preparation

a. The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operations, stockholders' equity, and cash flows.

b. All amounts are stated in United States Dollars, except as otherwise specified.

c. The separate parent company financial statements are for the year ended March 31, 2023, and the three months period ended March 31, 2022.

d. Certain reclassifications, regroupings, and reworking have been made in the prior period's financial statements to conform to the classifications used in the current year. This has no impact on previously reported net loss or stockholder's equity.

e. During the previous year, the Company changed its financial year end to March end from the earlier year end of December to align it with the broader reporting objectives of the parent company. Accordingly, the current financial statements are for the twelve months, April 1, 2022, through March 31, 2023. The numbers reported in the financial statements are not comparable with the previous year, which are for the three months period from January 1, 2022, through March 31, 2022.

f. The Company reported its investments in Bharat Forge Tennessee, Inc., Bharat Forge PMT Technologie LLC, Bharat Forge Aluminum USA, Inc., and Kalyani Mobility, Inc. applying the equity method of accounting, which is a departure from accounting principles generally accepted in the United States of America.

2. Use of estimates

The preparation of separate parent company financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate parent company financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for determination of the provision for doubtful debts, valuation allowance for deferred tax assets and inventory valuation. Management believes that the estimates used in the preparation of the separate parent company financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimate. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with a initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000 per depositor at each financial institution.

4. Revenue recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. The Company's payment terms are typically 30-90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing contracts, noncash consideration, and consideration payable to the customer, if any.

The Company's revenue represents sales of finished goods with incoterms ex-factory/ex-works wherein the goods are made available at the Company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers.

5. Accounts receivable and provision for doubtful debts

Receivables relate to amounts receivable from affiliates and the Parent on account of market development and other support services provided by the Company. Based on the management's review of outstanding receivable balances and historical collection information, management's best estimate is that all balances will be collected. Accordingly, the Company has not established an allowance for doubtful accounts.

6. Investments in subsidiaries

The Company's investments in BFT, PMT, BFALU, and KMI (till September 30, 2021) are accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for the Company's proportionate share of undistributed earnings or losses. The Company has determined to account for its investments in subsidiaries, over which it can exercise significant influence, and has an interest in excess of 50 percent, using the equity method, which is a departure from US GAAP as the subsidiaries should be consolidated. Impairment losses due to a decline in the value of investment other than temporary are recognized when incurred.

7. Inventories

Inventories are stated at the lower of cost or market value, with the cost determined using the weighted average method. Raw materials and packing materials are valued at cost. Cost includes all the appropriate allocable overheads. The cost in the case of work-in-progress and finished goods comprises direct labor, material, cost, and production overheads. Work-in-progress and finished goods are valued at lower of cost or market value after providing for obsolescence and other losses. The Company is required to make assumptions regarding the level of reserves required to value potentially obsolete or overvalued items at a lower of cost or market value. These assumptions require the Company to analyze the aging of and forecasted demand for its inventory, forecast future product sales prices, pricing trends, and margins, and to make judgments and estimates regarding obsolete or excess inventory. Future product sales prices, pricing trends, and margins are based on the best available information at that time, including actual orders received, negotiations with the Company's customers for future orders, including their plans for expenditures, and market trends for similar products. The Company's judgments and estimates for excess or obsolete inventory are based on an analysis of actual and forecasted usage. The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves.

8. Income taxes

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

9. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the separate parent company financial statements.

10. Government grant

Government grant is recognized only when there is a reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic period.

11. Fair values measurement

The Company applies fair value measurements to certain assets, liabilities, and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the separate parent company financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data when available and to minimize the use of unobservable inputs when determining fair value.

12. Recently issued accounting standards not yet adopted.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," or ASU No. 2016-13. The amendments in ASU No. 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new standard requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses deducted from the amortized cost basis. The standard will be effective for the Company on April 1, 2023, with early application permitted. The Company is currently evaluating the impact of adopting this new accounting guidance on its separate parent company financial statements.]

NOTE C : CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at March 31, 2023	As at March 31, 2022
Balance with banks	24,519	471,676
Total	**24,519**	**471,676**

Balances on deposits with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

NOTE D : LOANS TO RELATED PARTIES

Loans from related parties include the following:

	As at March 31, 2023	As at March 31, 2022
Loan to subsidiaries **(refer note J)**	14,500,000	25,500,000
Total	**14,500,000**	**25,500,000**

The Company has provided line of credits to related parties. to facilitate working capital requirements. The line of credit has a maximum aggregate permissible limit of $14,500,000 (March 31, 2022: $25,500,000). The entire loan is repayable within twelve months from balance sheet date. As at March 31, 2023 the Company has made withdrawals to the tune of $14,500,000 (March 31, 2022: $25,500,000).

As of March 31, 2023, the applicable rate of interest on the outstanding loan was 5.45% per annum (March 31, 2022: 2.28%).

The interest expense for the year ended March 31, 2023, was $488,460 (for the three months ended March 31, 2022: $144,470). Interest outstanding is $408,735 and $198,500 as of March 31, 2023 and 2022, respectively.

NOTE E : OTHER CURRENT ASSETS

Other current liabilities include the following:

	As at March 31, 2023	As at March 31, 2022
Accrued interest on loans to subsidiaries **(refer note J)**	408,735	198,500
Other assets	2,914	17,727
Total	**411,649**	**216,227**

NOTE F : INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATE

Investments include the following:

	As at March 31, 2023	As at March 31, 2022
Investment in Bharat Forge Tennessee, Inc.	6,410,591	6,158,192
Investment in Bharat Forge PMT Technologie, LLC	11,506,980	9,412,835
Investment in Bharat Forge Aluminum USA Inc	10,293,172	2,011,506
Investment in Kalyani Mobility, Inc.	(300)	(300)
Total	**28,210,443**	**17,582,233**

On November 30, 2016, the Company acquired 100 percent of shares of Bharat Forge Tennessee Inc. ("BFT") and 82.10% of the membership interest of Bharat Forge Technologie, LLC ("PMT"), both of which are accounted for using the equity method.

Following is a summary of the financial position of PMT as of March 31, 2023, and March 31, 2022:

	As at March 31, 2023	As at March 31, 2022
Current assets	21,573,883	14,779,653
Property and equipment	11,400,313	10,910,013
Capital work-in-progress	436,952	95,850
Intangible assets, net	-	14,302
Operating lease right-of-use-assets	325,330	-
Other assets	3,117,239	81,900
Total assets	**36,853,717**	**25,881,718**
Current liabilities	(13,808,013)	(9,505,750)
Long-term borrowings	(4,865,779)	-
Operating lease liabilities excluding current portion	(190,872)	-
Other long-term liabilities	-	(117,826)
Member's equity	**17,989,053**	**16,258,142**

PMT has revenues of $37,781,343 and net loss of $316,172 for the year ended March 31, 2023 (for the three months ended March 31, 2022: revenue $7,162,319, and net loss of $256,492). The loss is adjusted for depreciation based on fair value of fixed assets.

Following is a summary of the financial position of BFT as of March 31, 2023, and March 31, 2022:

	As at March 31, 2023	As at March 31, 2022
Current assets	689,739	668,369
Land, building, and equipment	3,001,602	3,163,298
Investment in non-consolidated affiliate	3,767,916	3,712,886
Total assets	**7,459,257**	**7,544,553**
Current liabilities	(13,445)	(35,367)
Deferred tax liabilities	(549,430)	(572,181)
Stockholder's equity	**6,896,382**	**6,937,005**

BFT has income from rentals of $360,000 and net loss of $40,623 during the year ended March 31, 2023 (for the quarter ended March 31, 2022: income from rentals of $90,000 and net income of $42,763). The net loss is adjusted for depreciation based on fair value of fixed assets.

Following is a summary of the financial position of BFALU as of March 31, 2023, and March 31, 2022:

	As at March 31, 2023	As at March 31, 2022
Current assets	18,368,478	4,666,311
Property, plant and equipment, net	98,376,096	-
Capital work-in-progress	16,609,184	93,633,634
Intangible assets, net	392,176	-
Operating lease right-of-use-assets	312,314	-
Finance lease right-of-use-assets	647,284	-
Other non-current assets	9,539,503	24,672
Total assets	**144,245,035**	**98,324,617**
Current liabilities	(118,617,615)	(81,313,111)
Operating lease liabilities, excluding current portion	(44,915)	-
Finance lease liabilities, excluding current portion	(288,318)	-
Stockholder's equity	**25,294,187**	**17,011,506**

BFALU has revenue of $22,085,113 and net loss of $24,593,152 during the year ended March 31, 2023 (for the three months ended March 31, 2022: revenue was NIL and net loss was $792,707). The net loss is adjusted for depreciation based on fair value of fixed assets.

NOTE G : SHORT-TERM BORROWINGS

Short-term borrowings include the following:

	As at March 31, 2023	As at March 31, 2022
Line of credits	14,500,000	28,000,000
Total	**14,500,000**	**28,000,000**

Under multiple lines of credit agreements (the "agreements") with multiple banks, the Company has available borrowings of $14,500,000 (as on March 31, 2023: $28,000,000). The entire loan is repayable in the next 12 months. The interest rate as per the agreements was stipulated at 1% plus the applicable LIBOR. The average effective rate for all the facilities is 5.36% and 2.40% for the year ended March 31, 2023, and the three months ended March 31, 2022, respectively. The line of credits is unsecured.

The interest expense for the year ended March 31, 2023, was $488,460 ($144,470 for the three months ended March 31, 2022). The interest outstanding as of March 31, 2023, was $408,733, and March 31, 2022, was $198,500.

NOTE H : OTHER CURRENT LIABILITIES

Short-term borrowings include the following:

	As at March 31, 2023	As at March 31, 2022
Accrued interest	408,735	198,500
Provision for taxes	-	50,573
Accrued expenses	13,190	12,637
Total	**421,925**	**261,710**

NOTE I : REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

	For the year April 1, 2022 to March 31, 2023	For the period January 1, 2022 to March 31, 2022
Type of goods or services		
Scrap sales	1,257,262	293,588
Total	**1,257,262**	**293,588**
Timing of revenue recognition		
Goods transferred at a point of time	1,257,262	293,588
Total	**1,257,262**	**293,588**

NOTE J : INCOME TAXES

The Company files a consolidated federal tax return per regulations applicable to Chapter corporations in the United States.

The Company files combined state tax returns with its US subsidiaries in states where nexus is determined and combined filing is required or permitted based on the state statutes.

The provisions for income tax are NIL for state and federal for year ended March 31, 2023, and three months ended March 31, 2022.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

Significant components of the Company's net deferred income taxes are as follows:

	As at March 31, 2023	As at March 31, 2022
Non-current deferred tax assets		
Goodwill	43,313	41,844
Net operating losses	7,150,746	6,855,703
Total deferred tax assets	**7,194,059**	**6,897,547**
Non-current deferred tax liabilities		
Investment in Bharat Forge PMT Technologie, LLC	(1,365,292)	(879,372)
Total deferred tax liabilities	**(1,365,292)**	**(879,372)**
Net deferred taxes	5,828,767	6,018,175
Less: deferred tax asset valuation allowance	(5,828,767)	(6,018,175)
Net deferred taxes	**-**	**-**

Realization of net deferred tax assets is dependent upon the generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences, and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Management believes that negative evidence outweighs positive evidence. Thus, it is more likely than not that the benefit from deferred tax assets may not be realized in the foreseeable future. In recognition of this risk, a valuation allowance of $5,828,767 and $6,018,175 has been created as of March 31, 2023, and March 31, 2022, respectively.

As at March 31, 2023, the Company has federal net operating loss (NOL's) carryforwards of approximately $34,051,175. Out of total available NOL's of $34,051,175, NOL's aggregating to $28,720,579 pertaining to tax years 2006-2017 will expire through tax years 2026 and 2037. As per Tax Cuts and Jobs Act, NOL's aggregating to $5,330,596 generated in tax years 2018 through 2021 will be carried forward indefinitely for utilization.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the separate parent company financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as of March 31, 2023, and March 31, 2022. There are no interest and penalties related to uncertain tax positions during the year ended March 31, 2023 and three months ended March 31, 2022.

The tax years of 2019 through 2021 remain subject to examination by the taxing authorities.

NOTE K : RELATED PARTY TRANSACTIONS

The Company had transactions with -

A. Parent company

1. Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc.) (BFL)

B. Subsidiaries

2. Bharat Forge Tennessee, Inc. (owning 100% of common stock) (BFT)
3. Bharat Forge PMT Technologie, LLC (owning 82.10% of common stock) (PMT)
4. Bharat Forge Aluminum USA, Inc (owning 100% of common stock) (BFALU)

C. Affiliate

1. Kalyani Mobility, Inc. (KMI) (subsidiary till September 30, 2021).

The summary of balances due to and from related parties are as follows:

	As at March 31, 2023	As at March 31, 2022
Accounts receivables due from related parties:		
Bharat Forge PMT Technologie, LLC.	11,714	-
Bharat Forge Aluminum USA, Inc.	400,000	73,094
Bharat Forge Limited	213,533	293,587
Loan to subsidiaries:		
Bharat Forge Aluminum USA, Inc.	5,000,000	19,500,000
Bharat Forge PMT Technologie, LLC.	9,500,000	6,000,000
Other payables due to related parties:		
Bharat Forge PMT Technologie, LLC.	4,000,000	1,721,526
Accrued interest receivable from related parties:		
Bharat Forge Aluminum USA, Inc.	164,597	26,630
Bharat Forge PMT Technologie, LLC.	244,138	171,870

	As at March 31, 2023	As at March 31, 2022
Investments in subsidiaries and affiliate:		
Bharat Forge Tennessee, Inc.	6,410,591	6,158,192
Bharat Forge PMT Technologie, LLC	11,506,980	9,412,835
Bharat Forge Aluminum USA Inc	10,293,172	2,011,506
Kalyani Mobility, Inc.	(300)	(300)

The summary of transactions with related parties and transactions are as follows:

	For the year April 1, 2022 to March 31, 2023	For the period January 1, 2022 to March 31, 2023
Sales during the year/period:		
Bharat Forge Aluminum USA, Inc.	400,000	39,217
Bharat Forge PMT Technologie, LLC.	465,528	119,666
Bharat Forge Limited	-	101,082
Loans provided to subsidiaries:		
Bharat Forge Aluminum USA, Inc.	16,000,000	-
Bharat Forge PMT Technologie, LLC.	9,500,000	-
Loans repaid by subsidiaries:		
Bharat Forge Aluminum USA, Inc.	8,500,000	-
Bharat Forge PMT Technologie, LLC.	4,000,000	-
Loan from parent converted into equity:		
Bharat Forge Limited*	24,922,917	-
Loan to subsidiaries converted into equity:		
Bharat Forge Aluminum USA, Inc.	22,875,834	-
Bharat Forge PMT Technologie, LLC.	2,047,083	-
Interest income includes interest due from :		
Bharat Forge Aluminum USA, Inc.	164,597	89,281
Bharat Forge PMT Technologie, LLC.	323,863	46,949
Investments from parent company:		
Bharat Forge Limited	10,000,000	-
Investments in subsidiary:		
Bharat Forge Aluminum USA, Inc.	10,000,000	-

*During the year ended March 31, 2023, Loan from parent of $24,000,000 and corresponding accrued interest of $922,917 were converted into equity.

NOTE L : COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company is obligated under operating leases with unrelated parties primarily for equipment. As of March 31, 2023, the lease was terminated. The rental expense for the year ended March 31, 2023, is $23,296 ($9,027 for the three months ended March 31, 2022)

NOTE M : COMMON STOCK

Common stock authorized, issued, and outstanding.

The authorized common stock is 3,000 shares with a par value of $0.01 as of March 31, 2023, and March 31, 2022, of which 60 shares were issued as of that date.

Voting

Each holder of common stock is entitled to one vote in respect of each share held in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE N : SUBSEQUENT EVENTS

The Company evaluated all events and transactions after March 31, 2023, through the date the separate parent company financial statements are available to be issued. Based on the evaluation, the Company is unaware of any subsequent events or transactions that would require recognition or disclosure in the separate parent company financial statements.

THIS PAGE IS INTENTIONALLY LEFT BLANK

Bharat Forge CDP GmbH

Managing Director

Mr. Jens Ludmann

Mr. Sebastian Ochs

Advisory Board

Mr. S. E. Tandale

Mr. Kishore Saletore

Auditors

WuP Treuhand GmbH

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Mittelstrasse 64

58256 Ennepetal

Germany

Independent Auditor’s Report

To Bharat Forge CDP GmbH, Ennepetal

Audit Opinions

We have audited the annual financial statements of Bharat Forge CDP GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2022 and the income statement for the fiscal year from January 1, 2022 to December 31, 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge CDP GmbH, Ennepetal, for the financial year from January 1, 2022 to December 31, 2022. In accordance with German legal requirements, we have not audited the statement on the corporate governance statement in accordance with § (Article) 289f (4) HGB (Handelsgesetzbuch: German Commercial Code) (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its financial performance for the financial year from January 1, 2022 to December 31, 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report 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 the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Hagen, 2 May, 2023

WuP Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

(Börstinghaus)	(Lingnau)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Balance Sheet as at December 31, 2022

	As at December 31, 2022		As at December 31, 2022		As at December 31, 2021
ASSETS	**Rs.**		**EUR**		**EUR**
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets		4,937,259.10		56,010.00	70,459.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	560,154,095.95		6,354,584.66		6,966,129.66
2. Technical equipment and machinery	794,539,416.67		9,013,534.00		10,772,705.00
3. Other plant, factory and office equipment	549,478,680.46		6,233,479.00		6,864,752.00
4. Prepayments on tangible assets and construction in progress	177,448,531.51		2,013,038.42		1,384,086.15
		2,081,620,724.59		23,614,636.08	25,987,672.81
III. Financial assets					
1. Shares in affiliated companies		136,631,880.00		1,550,000.00	1,550,000.00
		2,223,189,863.69		25,220,646.08	27,608,131.81
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	1,051,497,548.40		11,928,557.23		13,414,511.57
2. Work in progress	745,860,257.20		8,461,300.53		5,280,278.04
3. Finished goods and merchandise	715,805,977.23		8,120,354.23		4,931,608.03
		2,513,163,782.83		28,510,211.99	23,626,397.64
II. Accounts receivable and other assets					
1. Trade receivables	1,680,889,005.06		19,068,594.81		18,374,459.93
- of which Rs. 0.00 EUR 0.00 (2021 EUR 0.00) due after more than one year					
2. Receivables from affiliated companies	3,948,446,541.40		44,792,563.34		42,597,795.21
- of which EUR 0,00 (2021: EUR 0,00) due after more than one year					
- of which EUR 17.056.737,71 (2021: EUR 22.139.07,72) to shareholders					
3. Other assets	236,923,125.69		2,687,739.09		4,234,241.48
- of which Rs. 0.00 EUR 0.00 (2021 : EUR 0.00) due after more than one year					
		5,866,258,672.15		66,548,897.24	65,206,496.62
III. Cash on hands, bank balances		25,087,174.30		284,597.71	394,905.55
		8,404,509,629.28		95,343,706.94	89,227,799.81
C. Prepaid expenses		18,338,577.55		208,039.26	124,888.42
Total		**10,646,038,070.53**		**120,772,392.28**	**116,960,820.04**

Balance Sheet as at December 31, 2022

	As at December 31, 2022		As at December 31, 2022		As at December 31, 2021
EQUITY AND LIABILITIES	**Rs.**		**EUR**		**EUR**
A. Equity					
I. Share Capital		44,074,800.00		500,000.00	500,000.00
II. Capital reserves		3,673,059,479.67		41,668,475.86	41,668,475.86
III. Profit brought forward		-		-	-
		3,717,134,279.67		42,168,475.86	42,168,475.86
B. Accruals					
1. Accruals for pensions and similar obligations	894,966,316.68		10,152,812.00		9,253,549.00
2. Other accruals	630,698,739.91		7,154,867.86		7,902,492.96
		1,525,665,056.59		17,307,679.86	17,156,041.96
C. Liabilities					
1. Liabilities to banks	2,258,182,315.10		25,617,612.73		23,132,093.02
- up to one year: EUR 15.942.612,73 (2021: EUR 8.732.093,02)					
- due later than one year: EUR 9.675.000,00 (2021: EUR 14.400.000,00)					
2. Advance payments received for orders	56,264,479.29		638,284.00		5,784.00
- up to one year: EUR 638.284,00 (2021: EUR 5.784,00)					
- due later than one year: EUR 0,00 (2021: EUR 0,00)					
3. Trade payables	2,200,415,160.16		24,962,281.85		20,618,594.89
- up to one year: EUR 24.962.281,85 (2021: EUR 20.618.594,89)					
- due later than one year: EUR (2021: EUR 0,00)					
4. Payables to affiliated companies	825,067,503.40		9,359,855.33		12,030,523.41
- up to one year: EUR 9.359.855,33 (2021: EUR 12.030.523,41)					
- due later than one year: EUR 0,00 (2021: EUR 0,00)					
- of which EUR 8.197.402,25 (2021: EUR 11.399.072,20) to shareholders					
- of which EUR 720.362,92 (2021: EUR 353.848,29) from supplies and services					
5. Other liabilities	63,195,060.88		716,906.95		1,847,654.20
- up to one year: EUR 716.906,95 (2020: EUR 747.654,20)					
- due later than one year: EUR 0,00 (2021: EUR 0,00)					
- of which EUR 279.119,63 (2021: EUR 253.570,07) taxes					
- of which EUR 0,00 (2021: EUR 150,13) relating to social securities					
		5,403,124,518.83		61,294,940.86	57,634,649.52
D. Deferred Income		114,215.44		1,295.70	1,652.70
Total		**10,646,038,070.53**		**120,772,392.28**	**116,960,820.04**

Profit and Loss Account for the period from January 1, 2022 to December 31, 2022

		As at December 31, 2022		As at December 31, 2022		As at December 31, 2021
		Rs.		EUR		EUR
1.	Sales		18,406,658,695.38		208,811,596.37	174,652,759.67
2.	Increase/decrease in finished goods inventories and work-in-process		515,352,326.19		5,846,337.66	(1,846,655.13)
3.	Production for own plant and equipment capitalised		35,222,621.48		399,577.78	271,621.93
			18,957,233,643.05		215,057,511.81	173,077,726.47
4.	Other operating income thereof EUR (2021: EUR 3.195,44) from currency conversion		262,611,363.02		2,979,155.47	1,891,160.92
			19,219,845,006.07		218,036,667.28	174,968,887.39
5.	Cost of materials					
	a) Cost of raw materials, consumables, supplies and purchased merchandise	10,278,165,085.80		116,599,112.03		83,788,165.19
	b) Cost of purchased services	3,530,339,774.97		40,049,413.44		31,259,899.77
			13,808,504,860.77		156,648,525.47	115,048,064.96
			5,411,340,145.30		61,388,141.81	59,920,822.43
6.	Personnel expenses					
	a) Wages and salaries	(2,355,329,437.33)		(26,719,683.78)		(26,479,690.55)
	b) Social security contributions and pension expenses thereof EUR 846.278,40 (2021: EUR 708.617,92) for pension expenses	(541,663,589.91)		(6,144,821.87)		(5,810,825.31)
			(2,896,993,027.24)		(32,864,505.65)	(32,290,515.86)
7.	Depreciation and amortization on intangible fixed assets and tangible assets		(638,564,318.14)		(7,244,097.74)	(8,457,574.03)
8.	Other operating expenses		(1,442,436,379.80)		(16,363,504.54)	(14,158,314.37)
	thereof EUR 31.460,37 (2021: EUR 18.097,61) from currency conversion		433,346,420.12		4,916,033.88	5,014,418.17
9.	Income from Profit & Loss transfer agreements	180,218,345.32		2,044,460.16		1,763,031.33
10.	Other interest and similar income	44,113,681.91		500,441.09		-
11.	Depreciation on financial assets	(312,382.79)		(3,543.78)		(4,978.41)
12.	Interest and similar expenses	(162,679,309.32)		(1,845,491.18)		(1,622,740.34)
	thereof EUR 0,00 (2021: EUR 0,00) to affiliated companies					
	thereof EUR 182.107,39 (2021: EUR 211.307,37) from discounting of provisions					
			61,340,335.12		695,866.29	135,312.58
			494,686,755.24		5,611,900.17	5,149,730.75
13.	Taxes from Income		-		-	-
14.	**Income after Taxes**		**494,686,755.24**		**5,611,900.17**	**5,149,730.75**
15.	Other taxes		(33,941,227.76)		(385,041.20)	(369,364.54)
16.	Income from Loss transfer		-			-
17.	Expenses from Profit and Loss transfer agreements		(460,745,527.48)		(5,226,858.97)	(4,780,366.21)
18.	**Net income for the year**		**-**		**-**	**-**

1. General

The company is registered as "Bharat Forge CDP GmbH" in the Commercial Register of the Local Court of Hagen under HRB 10053. The company has its registered office in Ennepetal.

Bharat Forge CDP GmbH, Ennepetal, is a large corporation in accordance with Section 267 (3) HGB (German Commercial Code).

The business year covers the period from 01.01.2022 to 31.12.2022.

2. General information about the content and structure of the annual financial statements

The presentation of the annual financial statements has not changed.

The structure of the balance sheet and income statement comply with Sections 266 and 275 HGB. The income statement has been prepared unchanged in accordance with the total cost method as defined in Section 275(2), HGB.

3. Accounting and valuation methods

The annual financial statements as at 31 December 2022 were prepared in accordance with the provisions of Sections 242 to 256a and Sections 264 to 288, HGB. Supplementary provisions of GmbH-Gesetz (German Limited Liability Companies Act) concerning the annual financial statements were observed.

The accounting and valuation methods were applied without change com-pared to the previous year.

Acquired **intangible assets** are valued at acquisition cost. In the case of fixed assets, use of which is limited in terms of time, the acquisition and manufacturing costs are reduced by way of scheduled depreciation. The useful life is generally assumed to be three years unless a different period arises from the type of asset.

Property, plant and equipment are generally stated at acquisition or production cost less scheduled depreciation based on use. In addition to directly attributable costs, the production costs of self-constructed assets also include necessary overhead costs.

Depreciation is regularly applied using the straight-line method. Low-value assets, i.e. items with acquisition or production costs up to and including € 250, are depreciated in full in the year of acquisition. A group item is formed for asset additions in a business year if the acquisition or production costs of an individual asset are more than € 250 but not more than € 1,000. The respective group item is to be liquidated in the year in which it was set up and in the following four financial years in each case at a rate of one fifth affecting net income. Depreciation is applied on a pro rata temporis basis for additions. Insofar as own work capitalised is to be recorded, it is valued at production cost, which also includes appropriate portions of the necessary material and production overheads as well as production-related depreciation.

Useful life times are determined by asset group as follows:

Asset	Useful life
Intangible assets	3 years
Buildings	25 – 33 years
Outdoor facilities	8 - 33 years
Technical equipment and machinery	5 - 10 years
Tools	3 years
Fixtures, fittings and equipment	5 - 10 years
EDP equipment	3 years

Financial assets are stated at acquisition cost.

If the value of fixed assets determined according to the above principles exceeds the value to be attributed to them on the balance sheet date, this is taken into account by means of unscheduled depreciation or value adjustments in the event of a probable permanent reduction in value.

Inventories are stated at acquisition or production cost using permissible simplified valuation methods or at lower fair values. In addition to the directly attributable costs, the manufacturing costs also include appropriate portions of the necessary production and material overheads. Interest on borrowed capital is not stated. Administrative costs are only included in the calculation of production costs to the extent that they are caused by production. Appropriate deductions are made for storage and marketability risks.

Receivables and other assets are stated at cost less appropriate allowances for identifiable individual risks. The general credit risk is taken into account by way of a general bad debt allowance.

The **deferred charges and prepaid expenses item** comprises general expenses prior to the reporting date provided they constitute expenses for a certain period after that date.

Subscribed capital is stated at nominal value.

Pension obligations are calculated at their actuarial value according to the projected unit credit method using the Dr Klaus Heubeck 2018 G mortality tables based on the following assumptions:

- Discount rate:	1.78 % p.a.
- Projected benefit trend:	2.00 % p.a.
- BBG trend:	2.00 % p.a.
- Pension trend:	2.40 % p.a.
- Fluctuation:	1.00 % p.a.

Other provisions take into account all identifiable risks, contingent liabilities and impending losses from pending transactions, insofar as these exist. They are generally valued at their necessary settlement amount according to reasonable commercial judgement.

Provisions with a residual term of more than one year are discounted at the average market interest rate of the past seven financial year's corresponding to their residual term in accordance with Section 253(2), Sentence 1, HGB (German Commercial Code). In the case of provisions for anniversary bonuses and similar long-term obligations, the interest rate in accordance with Section 253(2), Sentence 2, HGB, is applied, which results from a residual term assumed as a flat rate of 15 years. The longer term portion of the provision for personnel measures, which is already agreed on the basis of agreed terms, was discounted at 0%.

The amount of the obligation from partial retirement was netted with the fair value of the securities account for insolvency protection of the employees' partial retirement claims.

The **liabilities** correspond to their settlement amounts. Liabilities in foreign currencies were translated at the average spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

4. Notes to the balance sheet and income statement

4.1 Assets

The composition and development of fixed assets is shown in the following fixed asset movement schedule.

Fixed Assets Analysis as at December 31, 2022

	Historical acquisition or manufacturing costs					Accumulated depreciation				Book value	
	01/01/2022	Additions	Disposals	Reclassifications	31/12/2022	01/01/2022	Additions	Disposals	31/12/2022	31/12/2022	31/12/2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	1,958,565.15	29,317.48	0.00	0.00	1,987,882.63	1,888,106.15	43,766.48	0.00	1,931,872.63	56,010.00	70,459.00
	1,958,565.15	29,317.48	0.00	0.00	1,987,882.63	1,888,106.15	43,766.48	0.00	1,931,872.63	56,010.00	70,459.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	16,008,639.22	55,869.06	0.00	33,427.56	16,097,935.84	9,042,509.56	700,841.62	0.00	9,743,351.18	6,354,584.66	6,966,129.66
2. Technical equipment and machinery	50,461,090.99	723,312.20	459,414.52	741,553.88	51,466,542.55	39,688,385.99	3,224,037.08	459,414.52	42,453,008.55	9,013,534.00	10,772,705.00
3. Other plant, factory and office equipment	39,882,643.17	2,543,827.83	2,759,731.79	135,013.73	39,801,752.94	33,017,891.17	3,275,452.56	2,725,069.79	33,568,273.94	6,233,479.00	6,864,752.00
4. Prepayments on tangible assets and construction in progress	1,384,086.15	1,552,226.12	13,278.68	-909,995.17	2,013,038.42	0.00	0.00	0.00	0.00	2,013,038.42	1,384,086.15
	107,736,459.53	4,875,235.21	3,232,424.99	0.00	109,379,269.75	81,748,786.72	7,200,331.26	3,184,484.31	85,764,633.67	23,614,636.08	25,987,672.81
III. Financial Assets											
Shares in affiliated companies	1,550,000.00	0.00	0.00	0.00	1,550,000.00	0.00	0.00	0.00	0.00	1,550,000.00	1,550,000.00
	1,550,000.00	0.00	0.00	0.00	1,550,000.00	0.00	0.00	0.00	0.00	1,550,000.00	1,550,000.00
	111,245,024.68	4,904,552.69	3,232,424.99	0.00	112,917,152.38	83,636,892.87	7,244,097.74	3,184,484.31	87,696,506.30	25,220,646.08	27,608,131.81

4.2 Receivables and other assets

Other assets include claims for electricity and energy tax refunds in the sum of € 401k because accrued items that do not legally arise until after the balance sheet date. In addition, an agreement was entered into with one of the house banks in December 2021 for the securitisation of selected receivables, resulting in receivables of € 1,829k.

4.3 Provision for pensions

The portion of provisions for pensions not yet recognised as a liability due to the application of Article 67 (1) EC-HGB (distribution of the adjustment amount resulting from the valuation according to BilMoG), originally € 1,181k, still totals € 157k as at 31 December 2022.

The resulting effect in accordance with Section 253(6), HGB, is € 628k as at 31.12.2022. There is a distribution block in this amount.

The pension provision is € 10,153k as at the balance sheet date.

4.4 Other reserves

Provisions for partial retirement obligations were offset against the corresponding value of the securities deposit for insolvency protection in the amount of € 534k (previous year: € 537k).

Other provisions include the following significant items:

	€k
Personnel	4,039
Customers	1,712
Obligations from interest	677
Suppliers	543

4.5 Liabilities

Of the liabilities to banks, € 15,943k have a remaining term of up to one year, € 9,675k have a remaining term of 1 - 5 years.

Long term liabilities to a bank in the sum of € 14,400k (as of 31.12.2022) arise from two loan agreements and are secured by land charges in the sum of € 18,900k.

Furthermore, current account liabilities of € 11,218k to two banks are secured by way of an agreement in favour of these banks, by which all inventories and trade receivables are deemed assigned as collateral.

4.6 Breakdown of sales revenue

Revenues are broken down by domestic and foreign markets as follows:

	2022	PY	Change
	€k	**€k**	**€k**
Germany	83,762	70,711	13,051
Abroad	125,050	103,942	21,108
	208,812	174,653	31,159

4.7 Income and expenses unrelated to the accounting period and of extraordinary significance

Other operating income includes € 2,507k in income attributable to previous financial years. This includes income from the reversal of provisions in the sum of € 2,480k (previous year: € 789k).

Other operating expenses include € 168k in expenses attributable to previous financial years.

4.8 Offsetting expenses and income

Expenses and income in the sum of € 2k have been offset in the financial result.

5. Other disclosures

5.1 Contingent liabilities and other financial obligations

Other financial obligations exist for rental and leasing contracts totalling € 2,319k, of which € 933k are due within 2023.

There were no **contingent liabilities**.

The loan agreements provide for covenants on the part of BF CDP, which were honoured as at 31 December 2022.

5.2 Number of employees

On average, the company employed

	2022	PY
Commercial employees	330	360
Salaried employees	104	109
Apprentices	17	28
	451	497

5.3 Members of the Board of Management

The following persons were appointed as managing directors:

- Michael Weis, Dipl.-Ing., development and strategy, Schönaich (until Oct. 12, 2022)
- Martin Kübelbäck, Dipl.-Kfm., Commercial Area, Meerbusch (until Dec. 19, 2022)
- Dr. Jens Ludmann, Dipl. Ing. / Dipl. Wirtsch.-Ing., Sales and Technology, Engelskirchen (from Sept. 8, 2022)
- Sebastian Ochs, MBA, Commercial Area, Nuremberg (from Dec. 1, 2022)

The managing Directors received no compensation in 2022.

5.4 Members of the Advisory Board

Members of the Advisory Board were:

- Kishore M. Saletore
- Subodh E. Tandale

5.5 Balance sheet auditor's fee

The total fee charged by the balance sheet auditor for the 2022 financial year in accordance with Section 285, No. 17, HGB, is included in the corresponding note to the consolidated financial statements as at 31 December 2022 of Bharat Forge Global Holding GmbH.

5.6 Holdings

	Equity	Share	Result 2021
	€k	%	€k
Bharat Forge Daun GmbH	4,643	100	1,763*

* before profit transfer to Bharat Forge CDP GmbH

5.7 Incorporation in the consolidated financial statement

Bharat Forge Ltd, Mundhwa, Pune, India, is the parent company that prepares the consolidated financial statements for the largest group of companies. In case of disclosure, this is done with the Registrar of Companies in Maharashtra, Pune, India. Bharat Forge Global Holding GmbH, Ennepetal, is the parent company that prepares the consolidated financial statements for the smallest group of companies. In the event of disclosure, this is made in the company register.

5.8 Proposal for the appropriation of profits

The net profit for the financial year shall be transferred to the parent company in accordance with the profit and loss transfer agreement.

Ennepetal, March 31, 2023

Bharat Forge CDP GmbH

Dr. Jens Ludmann

Sebastian Ochs

THIS PAGE IS INTENTIONALLY LEFT BLANK

Bharat Forge Daun GmbH

Managing Director

Mr. Jens Ludmann

Mr. Sebastian Ochs

Advisory Board

Mr. S. E. Tandale

Mr. Kishore Saletore

Auditors

WuP Treuhand GmbH

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Junius-Saxler-StarB 4

D 54550 Daun

Germany

Independent Auditor's Report

To Bharat Forge Daun GmbH, Daun

Audit Opinions

We have audited the annual financial statements of Bharat Forge Daun GmbH, Daun, which comprise the balance sheet as at December 31, 2022 and the income statement for the fiscal year from January 1, 2022 to December 31, 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge Daun GmbH, Daun, for the financial year from January 1, 2022 to December 31, 2022.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its financial performance for the financial year from January 1, 2022 to December 31, 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company’s position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the

management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Hagen, 2 May, 2023

WuP Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

(Börstinghaus)
Wirtschaftsprüfer
(German Public Auditor)

(Lingnau)
Wirtschaftsprüfer
(German Public Auditor)

Balance Sheet as at December 31, 2022

	As at Dec. 31, 2022		As at Dec. 31, 2022		As at Dec. 31, 2021
ASSETS	**Rs.**		**EUR**		**EUR**
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and license in such rights and assets		868,802.46		9,856.00	16,254.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	72,887,201.96		826,858.00		898,410.00
2. Technical equipment and machinery	103,624,879.33		1,175,557.00		1,646,736.00
3. Other plant, factory and office equipment Prepayments and assets under construction	45,751,052.79		519,016.00		764,103.00
	93,236,375.80		1,057,706.17		358,508.00
		315,499,509.88		3,579,137.17	3,667,757.00
		316,368,312.34		3,588,993.17	3,684,011.00
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	116,910,497.03		1,326,273.71		946,100.24
2. Work in progress	80,542,590.99		913,703.42		1,033,321.40
3. Finished goods and merchandise	16,683,446.29		189,262.87		177,941.73
		214,136,534.31		2,429,240.00	2,157,363.37
II. Accounts receivable and other assets					
1. Trade receivables	3,480,239.65		39,481.06		59,808.79
of which EUR 0,00 (2021: EUR 0,00) is due after one year					
2. Receivables from affiliated companies	1,518,507,493.30		17,226,481.95		9,683,414.73
- of which EUR 0.00 (2021: EUR 0.00) due after one year					
- of which EUR 0.00 (2021: EUR 0.00) to shareholders					
- of which EUR 8.677.349,68 (2021: EUR 3.073.080,46)					
trade receivables					
Other assets	16,370,074.46		185,707.87		108,780.45
- of which EUR 0.00 (2021: EUR 0.00) is due after one year					
		1,538,357,807.41		17,451,670.88	9,852,003.97
		2,068,862,654.06		23,469,904.05	15,693,378.34
III. Cash on hands, bank balances		50,376.61		571.49	533.59
C. Prepaid Expenses		2,779,672.46		31,533.58	20,473.31
D. Active difference resulting from asset offsetting		1,554,809.97		17,638.31	17,755.46
Total		**2,073,247,513.08**		**23,519,647.43**	**15,732,140.70**

Balance Sheet as at December 31, 2022

	As at Dec. 31, 2022		As at Dec. 31, 2022		As at Dec. 31, 2021
EQUITY AND LIABILITIES	Rs.		EUR		EUR
A. Equity					
I. Share Capital		4,407,480.00		50,000.00	50,000.00
II. Capital reserves		132,224,400.00		1,500,000.00	1,500,000.00
III. Profit/(loss) brought forward		179,583,753.71		2,037,261.13	2,037,261.13
IV. Net income for the year		0.00		0.00	0.00
		316,215,633.71		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	99,605,433.87		1,129,959.00		1,009,727.00
2. Other accruals	52,495,121.29		595,523.08		614,197.11
		152,100,555.16		1,725,482.08	1,623,924.11
C. Liabilities					
1. Liabilities to banks					
- up to one year: EUR 0,00 (2021: EUR 84.899,03)	0.00		0.00		84,899.03
due later than one year: EUR 0,00 (2021: EUR 0,00)					
2. Trade payables	58,736,011.60		666,321.93		576,965.56
- up to one year: EUR 666.321,93 (2021: EUR 576.965,56)					
- due later than one year: EUR 0,00 (2021: EUR 0,00)					
3. Payables to affiliated companies	1,540,947,912.39		17,481,053.94		9,565,231.99
- up to one year: EUR 17.481.053,94 (2021: EUR 9.565.231,99)					
due later than one year: EUR 0,00 (2021: EUR 0,00)					
of which EUR 17.288.000,38 (2021: EUR 8.974.080,19)					
4. Other liabilities	5,247,400.24		59,528.35		293,858.88
- up to one year: EUR 59.528,35 (2021: EUR 293.858,88)					
- due later than one year: EUR 0,00 (2021: EUR 0,00)					
- of which EUR 59.468,39 (2021: EUR 43.992,78) relating to taxes					
- of which EUR 0,00 (2021: EUR 0,00) relating to social security					
		1,604,931,324.23		18,206,904.22	10,520,955.46
Total		**2,073,247,513.10**		**23,519,647.43**	**15,732,140.70**

Profit and Loss Account for the period from January 1, 2022 to December 31, 2022

	As at Dec. 31, 2022		As at Dec. 31, 2022		As at Dec. 31, 2021
	Rs.		EUR		EUR
1. Sales		1,715,343,044.89		19,459,453.53	17,308,484.47
2. Increase or Decrease in finished good inventories and work-in-process		(9,546,323.13)		(108,296.84)	219,011.70
3. Production for own plant and equipment capitalised		2,829,479.63		32,098.61	18,851.73
		1,708,626,201.39		19,383,255.30	17,546,347.90
4. Other operating income		5,915,319.46		67,105.46	86,966.23
		1,714,541,520.85		**19,450,360.76**	**17,633,314.13**
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	485,863,287.91		5,511,803.66		3,987,216.52
b) Cost of purchased services	165,442,325.04		1,876,835.80		1,784,489.09
		(651,305,612.95)		(7,388,639.46)	(5,771,705.61)
		1,063,235,907.90		**12,061,721.30**	**11,861,608.52**
6. Personnel expenses					
a) Wages and salaries	499,676,188.31		5,668,502.05		5,414,642.47
b) Social security contributions and pension expenses	106,788,224.69		1,211,443.10		1,137,094.70
thereof EUR 99.832,74 (2021: EUR 109.632,53) for pension expenses					
		(606,464,413.00)		(6,879,945.15)	(6,551,737.17)
		456,771,494.90		**5,181,776.15**	**5,309,871.35**
7. Depreciation and amortization on intangible fixed assets and tangible assets		(93,592,256.89)		(1,061,743.41)	(1,616,408.54)
8. Other operating expenses		(179,640,611.96)		(2,037,906.15)	(1,887,006.16)
		183,538,626.05		2,082,126.59	1,806,456.65
9. Income from other investments & long term loans		4,537.94		51.48	67.06
of which EUR 0,00 (2021: EUR 0,00) relating to affiliated companies					
10. Depreciation on financial assets	10,326.73		117.15		326.09
11. Interest and similar expenses	1,813,325.42		20,571.00		25,886.49
of which EUR 0,00 (2021: EUR 0,00) relating to affiliated companies from discounting of provisions					
		(1,823,652.15)		(20,688.15)	(26,212.58)
		181,719,511.84		**2,061,489.92**	**1,780,311.13**
12. Taxes from Income		-		-	-
13. Income after Tax		181,719,511.85		2,061,489.92	1,780,311.13
14. Other taxes		(1,501,166.53)		(17,029.76)	(17,279.80)
15. Expenses out of profit & loss transfer agreements		180,218,345.32		(2,044,460.16)	1,763,031.33
16. Net Income for the year		**0.00**		**0.00**	**0.00**

1. **General**

The company is registered as "Bharat Forge Daun GmbH" in the Commercial Register of the Local Court of Wittlich under HRB 40331. The company has its registered office in Daun.

Bharat Forge Daun GmbH, Daun, is a large corporation in accordance with Section 267(2), HGB (German Commercial Code).

The company makes use of the size-dependent relief in accordance with Section 288(2), HGB.

The business year covers the period from 01.01.2022 to 31.12.2022.

2. **General information about the content and structure of the annual financial statement**

The presentation of the annual financial statements has not changed.

The structure of the balance sheet and income statement comply with Sections 266 and 275 HGB. The income statement has been prepared unchanged in accordance with the total cost method as defined in Section 275(2), HGB.

3. **Accounting and valuation methods**

The annual financial statements as at 31 December 2022 were prepared in accordance with the provisions of Sections 242 to 256a and Sections 264 to 288, HGB. Supplementary provisions of GmbH-Gesetz (German Limited Liability Companies Act) concerning the annual financial statements were observed.

The accounting and valuation methods were applied without change compared to the previous year.

Acquired **intangible assets** are valued at acquisition cost. In the case of fixed assets, the use of which is limited in terms of time, the acquisition and manufacturing costs are reduced by way of scheduled depreciation. The useful life is generally assumed to be three years unless a different period arises from the type of asset.

Property, plant and equipment are generally stated at acquisition or production cost less scheduled depreciation based on use.-

Depreciation is regularly applied using the straight-line method. Low-value assets, i.e. items with acquisition or production costs up to and including € 250, are depreciated in full in the year of acquisition. A collective item is formed for asset additions in a business year if the acquisition or production costs of an individual asset are more than € 250 but not more than € 1,000. The respective group item is to be liquidated in the year in which it was set up and in the following four financial years in each case at a rate of one fifth affecting net income. Depreciation is applied on a pro rata temporis basis for additions.

Insofar as own work capitalised is to be recorded, it is valued at production cost, which also includes appropriate portions of the necessary material and production overheads as well as production-related depreciation.

Useful life times are determined by asset group as follows:

Asset	**Useful life**
Intangible assets	3 years
Buildings	25 – 33 years
Outdoor facilities	8 - 33 years
Technical equipment and machinery	5 - 10 years
Tools	3 years
Fixtures, fittings and equipment	5 - 10 years
EDP equipment	3 years

If the value of fixed assets determined according to the above principles exceeds the value to be attributed to them on the balance sheet date, this is taken into account by means of unscheduled depreciation or value adjustments in the event of a probable permanent reduction in value.

Inventories are stated at acquisition or production cost using permissible simplified valuation methods or at lower fair values. Inventories are stated at acquisition or production cost using permissible simplified valuation methods or at lower fair values. Interest on borrowed capital is not stated. Administrative costs are only included in the calculation of production costs to the extent that they are caused by production. Appropriate deductions are made for storage and marketability risks.

Receivables and other assets are stated at cost less appropriate allowances for identifiable individual risks. The general credit risk is taken into account by way of a general bad debt allowance.

The **deferred charges and prepaid expenses** item comprises exclusively expenses prior to the reporting date, provided they constitute expenses for a certain period after that date.

Subscribed capital is stated at nominal value.

Pension obligations are calculated at their actuarial value according to the projected unit credit method using the Dr Klaus Heubeck 2018 G mortality tables based on the following assumptions:

- Discount rate:	1.78 % p.a. (10-Years-Average)
- BBG trend:	0.00 % p.a.
- Pension trend:	2.40 % p.a.
- Fluctuation:	1.00 % p.a.

Other provisions take into account all identifiable risks, contingent liabilities and impending losses from pending transactions, insofar as these exist. They are generally valued at their necessary settlement amount according to reasonable commercial judgement.

Provisions with a residual term of more than one year are discounted at the average market interest rate of the past seven financial year's corresponding to their residual term in accordance with Section 253(2), Sentence 1, HGB (German Commercial Code). In the case of provisions for anniversary bonuses and similar long-term obligations, the interest rate in accordance with Section 253(2), Sentence 2, HGB, is applied, which results from a residual term assumed as a flat rate of 15 years.

The amount of the obligation from partial retirement was netted with the fair value of the securities account for insolvency protection of the employees' partial retirement claims. The fair value is measured according to the price determined on a regulated market on the balance sheet date. No obligations existed on the balance sheet date.

The **liabilities** correspond to their settlement amounts. Liabilities in foreign currencies were translated at the average spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

4. Notes to the balance sheet and income statement

4.1 Assets

The composition and development of fixed assets is shown in the following fixed asset movement schedule.

Fixed Assets Analysis as at December 31, 2022

	Historical acquisition or manufacturing costs					Depreciations				Book value	Book value
	01/01/2022	Additions	Disposals	Reclassifications	31/12/2022	01/01/2022	Additions	Disposals	31/12/2022	31/12/2022	31/12/2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	149,968.75	3,669.37	0.00	0.00	153,638.12	133,714.75	10,067.37	0.00	143,782.12	9,856.00	16,254.00
	149,968.75	3,669.37	0.00	0.00	153,638.12	133,714.75	10,067.37	0.00	143,782.12	9,856.00	16,254.00
II. Tangible assets											
1. Land, land rights and buildings, including buildings on third party land	2,029,160.36	0.00	0.00	0.00	2,029,160.36	1,130,750.36	71,552.00	0.00	1,202,302.36	826,858.00	898,410.00
2. Technical equipment and machinery	12,026,857.79	194,635.66	45,653.60	18,750.00	12,194,589.85	10,380,121.79	684,564.66	45,653.60	11,019,032.85	1,175,557.00	1,646,736.00
3. Other plant, factory and office equipment	4,500,524.62	60,513.38	44,757.72	500.00	4,516,780.28	3,736,421.62	295,559.38	34,216.72	3,997,764.28	519,016.00	764,103.00
4. Payments in Advance and construction in progress	358,508.00	1,057,706.17	339,258.00	-19,250.00	1,057,706.17	0.00	0.00	0.00	0.00	1,057,706.17	358,508.00
	18,915,050.77	1,312,855.21	429,669.32	0.00	19,798,236.66	15,247,293.77	1,051,676.04	79,870.32	16,219,099.49	3,579,137.17	3,667,757.00
	19,065,019.52	1,316,524.58	429,669.32	0.00	19,951,874.78	15,381,008.52	1,061,743.41	79,870.32	16,362,881.61	3,588,993.17	3,684,011.00

4.2 Receivables and other assets

Other assets include claims for electricity and energy tax refunds in the amount of € 46k as accrued items that do not legally arise until after the reporting date.

4.3 Provision for pensions

The portion of provisions for pensions not yet recognised as a liability due to application of Article 67(1), EGHGB (distribution of the adjustment amount resulting from the valuation according to BilMoG), originally € 81k, still totals € 11k as at 31 December 2022. The resulting effect in accordance with Section 253(6), HGB, is € 90k as at 31.12.2022. There is a distribution block in this amount.

4.4 Other reserves

Other provisions include the following significant items:

	€k
Personnel	492
Suppliers	48
Total	**540**

A difference on the assets side results from the hedging of partial retirement obligations via associated hedging assets. The acquisition costs of the assets offset in accordance with Section 246(2) HGB, are € 20k, the fair values are €18k and the settlement amount of the offset liabilities is € 0k.

4.5 Liabilities

All liabilities have a residual term of up to one year.

5. Other disclosures

5.1 Contingent liabilities and other financial obligations

Contingent liabilities in favour of affiliated companies consisted of the assumption of debt to secure a KfW entrepreneurial loan in the sum of € 9,900k.

The parent company's financial position remains solid in view of its high equity ratio, medium-term bank loans and sufficient credit lines. Utilization is not currently expected, as the Company has insight into the parent company's planning. If required, there is also support from the Group and therefore no provision is required at the current time.

Other financial obligations exist for rental and leasing contracts totalling € 108k, of which € 73k shall fall due within 2023.

5.2 Number of employees

On average, the company employed

	2022	**PY**
Commercial employees	79	75
Salaried employees	18	16
Apprentices	10	11
	107	102

5.3 Members of the Managing Directors

The following persons were appointed as managing directors:

- Michael Weis, Dipl.-Ing., development and strategy, Schönaich (until Oct. 12, 2022)
- Martin Kübelbäck, Dipl.-Kfm., Commercial Area, Meerbusch (until Dec. 19, 2022)

- Dr. Jens Ludmann, Dipl. Ing. / Dipl. Wirtsch.-Ing., Sales and Technology, Engelskirchen (from Sept. 8, 2022)
- Sebastian Ochs, MBA, Commercial Area, Nuremberg (from Dec. 1, 2022)

The managing Directors received no compensation in 2022.

5.4 Members of the Advisory Board

Members of the Advisory Board were:

- Kishore M. Saletore
- Subodh E. Tandale

5.5 Incorporation in the consolidated financial statement

Bharat Forge Ltd, Mundhwa, Pune, India, is the parent company that prepares the consolidated financial statements for the largest group of companies. In case of disclosure, this is done with the Registrar of Companies in Maharashtra, Pune, India. Bharat Forge Global Holding GmbH, Ennepetal, is the parent company that prepares the consolidated financial statements for the smallest group of companies. In the event of disclosure, this is made in the company register.

5.6 Proposal for the appropriation of profits

The net profit for the financial year shall be transferred to the parent company in accordance with the profit and loss transfer agreement. No allocation to reserves is planned.

Daun, March 31, 2023

Bharat Forge Daun GmbH

Dr. Jens Ludmann Sebastian Ochs

Bharat Forge Global Holding GmbH

Managing Directors

Mr. Jens Ludmann

Mr. Sebastian Ochs

Advisory Board

Mr. Kishore Saletore

Mr. Dipak Mane

Mr. Vikram Munje

Mr. Arun Kakatkar

Mr. S. E. Tandale

Auditors

Dr. Wehberg Und Partner HbR

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Mittelstrasse 64

58256 Ennepetal

Germany

INDEPENDENT AUDITOR'S REPORT

To Bharat Forge Global Holding GmbH, Ennepetal.

Audit Opinion

We have audited the annual financial statements of Bharat Forge Global Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2022 and the income statement for the fiscal year from January 1, 2022 to December 31, 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its financial performance for the financial year from January 1, 2022 to December 31, 2022 in compliance with German Legally Required Accounting Principles.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual 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 audit 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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.

Hagen, 2023

(Weischede) Wirtschaftsprüfer (German Public Auditor)	(Börstinghaus) Wirtschaftsprüfer (German Public Auditor)

Balance Sheet as at December 31st, 2022

ASSETS	Rs.		EUR		As at 12/31/2021 EUR
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	6,598,350.16		74,854.00		38,728.00
II. Tangible assets					
1. Other plant, factory and office equipment	2,192,721.30		24,875.00		42,282.00
2. Prepayments on tangible assets and construction in progress	4,747,737.46		53,860.00		44,025.00
		13,538,808.92		153,589.00	125,035.00
III. Financial assets					
1. Shares in affiliated companies	6,761,030,213.47		76,699,499.64		76,699,499.64
2. Loans to affiliated companies	568,124,172.00		6,445,000.00		3,345,000.00
3. Investments	88.15		1.00		1.00
4. Loans to associated companies	88.15		1.00		1.00
		7,329,154,561.77		83,144,501.64	80,044,501.64
		7,342,693,370.69		83,298,090.64	80,169,536.64
B. Current assets					
I. Accounts receivable and other assets					
1 Receivables from affiliated companies	1,397,564,736.50		15,854,464.87		19,547,336.34
- of which EUR 0.00 (2021: EUR 0.00) due after one year					
- of which Rs. 20,097,108.30 EUR 227,988.65 (2021: EUR 670,895.51) to shareholders					
2 Receivables from associated companies of which EUR 0.00 (2021: EUR 0.00) due after one year	-		-		42,000.00
3 Other assets	132,950,149.76		1,508,233.16		745,292.11
of which EUR 0.00 (2021: EUR 0.00) due after one year					
		1,530,514,886.26		17,362,698.03	20,292,628.45
II. Cash on hands, bank balances		4,475,014.93		50,766.14	69,447.72
C. Prepaid expenses		1,774,299.83		20,128.28	5,387.47
D. Asset side difference from offsetting of plan assets		-		-	-
Total		**8,879,457,571.71**		**100,731,683.09**	**100,579,000.28**

Balance Sheet as at December 31st, 2022

EQUITY AND LIABILITIES	Rs.		EUR		As at 12/31/2021 EUR
A. Equity					
I. Share Capital		440,748,000.00		5,000,000.00	5,000,000.00
II. Capital reserves		7,357,355,942.43		83,464,428.00	83,464,428.00
III. Loss/profit brought forward		(4,339,609,873.08)		(49,230,057.46)	(56,540,044.62)
IV. Net loss for the year		(3,206,648,793.38)		(36,377,349.34)	7,309,987.16
		251,845,275.97		2,857,021.20	39,234,370.54
B. Accruals					
1. Accruals for pensions and similar obligations	178,020,849.84		2,019,531.00		1,884,475.00
2. Tax accruals	81,450,230.40		924,000.00		1,103,000.00
3. Other accruals	69,082,488.92		783,696.00		1,002,206.21
		328,553,569.16		3,727,227.00	3,989,681.21
C. Liabilities					
1 Trade payables	4,766,959.36		54,078.06		265,587.69
- up to one year: Rs. 4,766,959.36 EUR 54,078.06 (2021: EURO 265,587.69)					
- Due later than one year EUR 0.00 (2021: EUR 0.00)					
2 Payables to affiliated companies	7,342,180,705.83		83,292,274.79		45,908,379.42
- up to one year: Rs. 7,342,180,705.83 EUR 83,292,274.79 (2021: EUR 45,908,379.42)					
- due later than one year EUR 0.00 (2021 : EUR 0.00)					
- of which EUR 0.00 (2021: EUR 1,071,499.88) to shareholders					
3. Other liabilities	952,111,061.39		10,801,082.04		11,180,981.42
- up to one year: Rs. 339,471,341.39 EUR 3,851,082.04 (2021: EUR 480,981.42)					
- due later than one year: Rs. 612,639,720.00 EUR 6,950,000.00 (2020 EUR 10,700,000.00)					
- of which Rs. 6,884,618.63 EUR 78,101.53 (2021: EUR 78,944.47) relating to taxes					
- of which EUR 0.00 (2021: EUR 0.00) relating to social security					
		8,299,058,726.58		94,147,434.89	57,354,948.53
Total		**8,879,457,571.71**		**100,731,683.09**	**100,579,000.28**

Profit and Loss Account for the period from January 1, 2022 to December 31, 2022

		Rs.		EUR	Previous Year EUR
1. Sales		553,852,645.98		6,283,098.80	5,230,772.34
2. Other operating income		10,892,735.10		123,571.01	165,191.43
		564,745,381.08		6,406,669.81	5,395,963.77
3. Personnel expenses					
a) Wages and salaries	(376,161,774.47)		(4,267,311.19)		(3,123,742.99)
b) Social security contributions and pension expenses	(51,940,622.40)		(589,232.65)		(489,770.95)
- thereof Rs. 11,777,533.19 EUR 133,608.47 (2021 : EUR 102,449.59) for pension expenses					
		(428,102,396.87)		(4,856,543.84)	(3,613,513.94)
4. Depreciation and amortization on intangible fixed assets and tangible assets		(5,686,645.29)		(64,511.30)	(85,950.10)
5. Other operating expenses		(261,410,226.87)		(2,965,529.36)	(2,764,774.40)
		(130,453,887.95)		(1,479,914.69)	(1,068,274.67)
6. Income from profit & loss transfer agreements	460,745,492.20		5,226,858.57		9,865,367.05
Investment income	-		-		-
7. Other interest and similar income	3,203,356.46		36,340.00		42,293.67
- thereof Rs. 3,203,356.46 EUR 36,340 (2021 : EUR 35,805.67) from affiliated companies					
8. Depreciation on financial assets	0.00		0.00		0.00
9. Expenses out of profit and loss transfer agreement	3,545,815,420.12		40,224,974.59		0.00
10. Interest and similar expenses	41,161,176.29		466,946.83		458,751.00
- thereof Rs. 38,081,420.55 EUR 432,009.00 (2021 : EUR 417,024) to affiliated companies					
- thereof Rs. 3,076,685.49 EUR 34,903.00 (2021: EUR 41,727.00) from discounting of provisions					
		(3,123,027,747.75)		(35,428,722.85)	9,448,909.72
		(3,253,481,635.70)		**(36,908,637.54)**	**8,380,635.05**
11. Taxes on income		48,644,395.05		551,839.09	(1,068,328.89)
12. Income after Tax		**(3,204,837,240.65)**		**(36,356,798.45)**	**7,312,306.16**
13. Other taxes		(1,811,552.73)		(20,550.89)	(2,319.00)
14. Net loss/income for the year		**(3,206,648,793.38)**		**(36,377,349.34)**	**7,309,987.16**

Fixed Assets Analysis as at 31st December, 2022

	Historical acquisition or manufacturing costs					Accumulated depreciation					Book value	
	01/01/2022	Additions	Disposals	Reclassifications	31/12/2022	01/01/2022	Additions	Disposals	Reclassifications	31/12/2022	31/12/2022	31/12/2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	218,231.50	80,953.30	0.00	0.00	299,184.80	179,503.50	44,827.30	0.00	0.00	224,330.80	74,854.00	38,728.00
	218,231.50	80,953.30	0.00	0.00	299,184.80	179,503.50	44,827.30	0.00	0.00	224,330.80	74,854.00	38,728.00
II. Tangible assets												
1. Other plant, factory and office equipment	156,073.14	2,277.00	22,772.88	0.00	135,577.26	113,791.14	19,684.00	22,772.88	0.00	110,702.26	24,875.00	42,282.00
2. Prepayments on tangible assets and	44,025.00	9,835.00	0.00	0.00	53,860.00	0.00	0.00	0.00	0.00	0.00	53,860.00	44,025.00
construction in progress	200,098.14	12,112.00	22,772.88	0.00	189,437.26	113,791.14	19,684.00	22,772.88	0.00	110,702.26	78,735.00	86,307.00
III. Financial Assets												
1. Shares in affiliated companies	107,499,499.64	0.00	0.00	0.00	107,499,499.64	30,800,000.00	0.00	0.00	0.00	30,800,000.00	76,699,499.64	0.00
2. Loans to affiliated companies	3,345,000.00	3,100,000.00	0.00	0.00	6,445,000.00	0.00	0.00	0.00	0.00	0.00	6,445,000.00	76,699,499.64
3. Investments	4,200.00	0.00	0.00	0.00	4,200.00	4,199.00	0.00	0.00	0.00	4,199.00	1.00	3,345,000.00
4. Loans to associated companies	67,500.00	0.00	0.00	0.00	67,500.00	67,499.00	0.00	0.00	0.00	67,499.00	1.00	0.00
	110,916,199.64	3,100,000.00	0.00	0.00	114,016,199.64	30,871,698.00	0.00	0.00	0.00	30,871,698.00	83,144,501.64	80,044,501.64
	111,334,529.28	3,193,065.30	22,772.88	0.00	114,504,821.70	31,164,992.64	64,511.30	22,772.88	0.00	31,206,731.06	83,298,090.64	80,169,536.64

1. General

Bharat Forge Global Holding GmbH has its registered office in Ennepetal and is entered in the Commercial Register of the Local Court of Hagen under HRB 6669.

Bharat Forge Global Holding GmbH is a small corporation pursuant to Section 267 (1) of the German Commercial Code (HGB).

The financial year covers the period from 01.01.2022 to 31.12.2022.

2. General information on the content and structure of the annual financial statements

The presentation of the annual financial statements has not changed compared with the previous year.

The structure of the balance sheet and income statement complies with Sections 266 and 275 HGB. As in the previous year, the income statement has been prepared using the nature of expense method as defined in Section 275 (2) HGB.

In preparing the notes to the financial statements, the Company has taken advantage of size-dependent exemptions for small corporations.

3. Accounting and valuation methods

The annual financial statements for the 2022 financial year have been prepared in accordance with Sections 242 - 256a, 264 - 288 HGB. Supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz) relating to the annual financial statements have been observed.

The accounting and valuation methods have been retained unchanged compared with the previous year.

Acquired intangible assets and **property, plant and equipment** are carried at cost. Assets whose use is limited in time are depreciated on a straight-line basis over their expected useful lives. In the case of expected permanent impairment, additional impairment losses are recognized to the lower fair value at the balance sheet date. In the case of additions, depreciation is charged on a pro rata temporis basis.

Low-value assets, i.e. items with an acquisition or production cost of up to and including € 250, are fully depreciated in the year of acquisition. A collective item is formed for asset additions in a fiscal year if the acquisition or production cost for the individual asset is more than € 250 but not more than € 1,000. One fifth of the collective item is reversed to income in the year of recognition and in each of the following four fiscal years.

The useful lives of depreciable assets are determined by asset group as follows:

Asset	Useful life
Intangible assets	3-5 years
Factory and office equipment	5 -10 years
IT equipment	3 years

Financial assets are carried at cost or, in the case of an expected permanent impairment, at the lower fair value at the balance sheet date.

Receivables and other assets are stated at cost less appropriate allowances for identifiable specific risks. Receivables denominated in foreign currencies have been translated at the mean spot exchange rate at the balance sheet date in accordance with Section 256a of the German Commercial Code (HGB).

Subscribed capital is stated at nominal value.

Accruals for reinsured **pension commitments** have been offset against the cover capital of the reinsurance policy in accordance with § 246 (2) sentence 2 HGB, as these are not accessible to other creditors. In accordance with § 253 (1) sentence 4 HGB, the asset value of the reinsurance policy is to be recognized at fair value.

There is no active market for the reinsurance policies, so that a market price pursuant to § 255 (4) HGB cannot be determined. There is also insufficient information available to determine the fair value in accordance with section 255 (4) sentence 2 HGB using recognized valuation methods. Therefore, the asset values of the reinsurance policies have been measured at amortized cost in accordance with § 255 (4) sentence 3 HGB. These acquisition costs correspond to the actuarial reserve including irrevocable surplus participations.

Tax accruals and **other accruals** consider all identifiable risks, uncertain liabilities and anticipated losses from pending transactions, where these exist. They are generally valued at the amount required to settle the obligation according to prudent business judgment.

Provisions with a remaining term of less than one year are not discounted. Provisions with a remaining term of more than one year are discounted in accordance with Section 253 (2) Sentence 1 HGB using the average market interest rate of the past seven years corresponding to their remaining term. As in the case of retirement benefit obligations, the interest rate applied to comparable non-current provisions is the rate pursuant to Section 253 (2) Sentence 2 HGB, which is based on a flat-rate assumption of a remaining term of 15 years.

Liabilities are stated at the settlement amounts.

Short-term foreign currency receivables and liabilities are valued at the average spot exchange rate on the balance sheet date.

4. Disclosures on the balance sheet

4.1 Pension accruals

The portion of pension provisions not yet recognized as a liability due to the application of Article 67 (1) of the Introductory Act to the German Commercial Code (EGHGB) (distribution of the adjustment amount resulting from the change in valuation under BilMoG), which originally amounted to € 369k, still totals € 22k as of December 31, 2022.

In the case of pension obligations, assets and liabilities as well as expenses and income were offset for individual pension obligations in accordance with Section 246 (2) sentence 2 HGB. The fair values of the offset assets amount to € 198k, the acquisition costs are equal. The settlement amount of the liability items to be offset amounts to € 230k. Due to incomplete matching of the terms of the commitment and the plan assets, the pension provision is not recognized at the fair value of the plan assets.

The resulting effect pursuant to Section 253 (6) HGB amounts to € 91k as of December 31, 2022. A distribution block exists in this amount.

4.2 Liabilities

There were no liabilities with a remaining term of more than five years as of the balance sheet date. Other liabilities include a fine of € 10.7 million for infringements of competition law, which was imposed for a period in which the company was still operating. Due to the contractual agreements in connection with the spin-off of the operating business to Bharat Forge CDP GmbH, which was established as a result, the related expense was charged to Bharat Forge CDP GmbH. The liability itself is recognized in the Company, as the latter remains the debtor of the fine in its external relationship.

4.3 Contingent liabilities and other financial obligations

The other financial commitments relate to leases totalling € 144k, of which € 94k is due within 2023.

Contingent liabilities in favor of affiliated companies consisted of debt commitments to secure a KFW entrepreneurial loan in the amount of € 9.9 million and lease-purchase obligations of an affiliated company in the total amount of € 12k.

5. Disclosures on the income statement

5.1 Other operating income

Income from currency translation amounted to € 2k.

5.2 Other interest and similar expenses

In connection with the offsetting of assets and liabilities, associated expenses and income amounting to € 4k have been offset in the financial result.

6. Other disclosures

6.1 Employees

The company has an average of 23 employees.

6.2 Inclusion in consolidated financial statements

Bharat Forge Limited, Pune, India, is the parent company that prepares the consolidated financial statements for the smallest group of companies.

Ennepetal, 2023

Bharat Forge Global Holding GmbH

Dr. Jens Ludmann

Bharat Forge Holding GmbH

Managing Directors

Mr. Sebastian Ochs

Auditors

Dr. Wehberg Und Partner HbR
Wirtschaftsprufungsgesellschaft
Feithstrasse 177
58097 Hagen
Germany

Registered Office

Mittelstrasse 64
58256 Ennepetal
Germany

INDEPENDENT AUDITOR'S REPORT

To Bharat Forge Holding GmbH, Ennepetal

Audit Opinion

We have audited the annual financial statements of Bharat Forge Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2022 and the income statement for the fiscal year from January 1, 2022 to December 31, 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its financial performance for the financial year from January 1, 2022 to December 31, 2022 in compliance with German Legally Required Accounting Principles.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibilities of the Executive Directors for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual 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 audit 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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.

Hagen, 2023

(Weischede)
Wirtschaftsprüfer
(German Public Auditor)

(Börstinghaus)
Wirtschaftsprüfer
(German Public Auditor)

Balance Sheet as at December 31st, 2022

ASSETS	Rs.	EUR	As at 12/31/2021 EUR
A. Fixed Assets			
I. Financial assets			
Shares in affiliated companies	1,503,063,140.38	17,051,275.79	17,051,275.79
B. Current assets			
I. Accounts receivable and other assets			
Receivables from affiliated companies	3,670,722,488.33	41,641,964.21	1,426,989.62
of which EUR 0.00 (12/31/2021: EUR 0.00)			
due after one year			
of which against shareholders Rs. 3,656,036,066.82			
EUR 41,475,356.29 (12/31/2021: EUR 1,250,381.70)			
II. Cash on hands, bank balances	61,816.67	701.27	643.58
Total	**5,173,847,445.38**	**58,693,941.27**	**18,478,908.99**

EQUITY AND LIABILITIES	Rs.	EUR	As at 12/31/2021 EUR
A. Equity			
I. Share Capital	2,203,740.00	25,000.00	25,000.00
II. Capital reserves	954,131,270.40	10,824,000.00	10,824,000.00
III. Profit brought forward	176,414,577.25	2,001,308.88	2,001,308.88
IV. Income for the year	-	-	-
	1,132,749,587.65	12,850,308.88	12,850,308.88
B. Accruals			
Other Provisions	969,645.60	11,000.00	9,000.00
C. Liabilities			
1 Trade Payables	-	-	182.70
up to one year: Rs 0.00 EUR 0.00 (12/31/2021: EUR 182.70)			
1 Payables to affiliated companies	4,040,128,212.13	45,832,632.39	5,619,417.41
- up to one year: Rs.4,040,128,212.13 EUR 45,832,632.39 (12/31/2021: EUR 5,619,417.41)			
- Due later than one year EUR 0.00 (12/31/2021: EUR 0.00)			
- thereof to shareholders : Rs. 364,626,603.32 EUR 4,136,452.16 (12/31/2021: EUR 4,104,605.61)			
Total	**5,173,847,445.38**	**58,693,941.27**	**18,478,908.99**

Profit and Loss Account for the period from January 1, 2022 to December 31, 2022

		Rs.			EUR	Previous Year EUR
1.	Other operating Income		16,104.93		182.70	-
2.	Other operating expenses		(911,366.37)		(10,338.86)	(8,854.20)
3.	Income from Profit & Loss transfer agreements	-		-		5,127,305.04
4.	Expenses from loss transfer agreement	(3,541,971,554.56)		(40,181,368.43)		-
5.	Interest and similar expenses	(2,948,604.12)		(33,450.00)		(33,450.00)
	thereof Rs. 2,948,604.12 EUR 33,450.00 (2021 : EUR 33,450.00) to affiliated companies					
			(3,544,920,158.68)		(40,214,818.43)	5,093,855.04
			(3,545,815,420.12)		**(40,224,974.59)**	**5,085,000.84**
6.	Taxes on income		-		-	-
7.	**Results after taxes on Income**		**(3,545,815,420.12)**		**(40,224,974.59)**	**5,085,000.84**
8.	Income from transfer of losses		3,545,815,420.12		40,224,974.59	-
9.	Expenses out of profit & loss transfer agreements		-		-	(5,085,000.84)
10.	**Income for the year**		**-**		**-**	**-**

1. General

Bharat Forge Holding GmbH has its registered office in Ennepetal and is entered in the Commercial Register of the Local Court of Hagen under Register No. HRB 6968.

It is a small corporation within the meaning of the size criteria of Section 267 (1) of the German Commercial Code (HGB).

The financial year covers the period from January 1, 2022 to December 31, 2022.

2. General information on the content and structure of the annual financial statements

The presentation of the annual financial statements has not changed compared with the previous year. The structure of the balance sheet and income statement complies with Sections 266 and 275 HGB. The income statement has been prepared unchanged in accordance with the nature of expense method as defined in Section 275 (2) HGB.

In preparing the notes to the financial statements, the Company makes use of the size-related relief for small corporations pursuant to Section 288 HGB.

3. Accounting and valuation methods

The annual financial statements as of December 31, 2022 have been prepared in accordance with the provisions of Sections 242 to 256a and Sections 264 to 288 HGB. Supplementary provisions of the GmbH Act relating to the annual financial statements have been observed.

The accounting and valuation methods have been retained unchanged compared with the previous year.

Shares in affiliated companies are stated at acquisition cost or, in the event of a probable permanent impairment, at the lower fair value at the balance sheet date.

Receivables from affiliated companies are stated at cost. Any necessary value adjustments are taken into account by means of appropriate valuation allowances.

Subscribed capital is stated at nominal value.

Other provisions were recognized at the settlement amount deemed necessary in accordance with prudent business judgment. Adequate allowance has been made for all identifiable risks and all contingent liabilities.

Liabilities are stated at their settlement amounts.

4. Other disclosures

4.1 Employees

The company has no employees.

4.2 Inclusion in consolidated financial statements

Bharat Forge Global Holding GmbH, Ennepetal, is the parent company that prepares the consolidated financial statements for the smallest group of companies.

Ennepetal, 2023

Bharat Forge Holding GmbH

Dr. Jens Ludmann
Managing Director

Bharat Forge International Limited

Director

Mr. B. N. Kalyani

Mr. Amit Kalyani

Mr. P. G. Pawar

Mr. S. G. Joglekar

Mr. Kedar Dixit

Auditors

Eacotts International Limited

Grenville Court, Britwell Road,

Burnham, Buckinghamshire, SL1 8DF

United Kingdom

Registered Office

Boston House Business Centre

69-75 Boston Manor Road

Brentford Middlesex TW8 9JJ

United Kingdom

Strategic Report for the year ended 31 March 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

Over a few years, the company has established firm foundations from which it can grow and flourish.

This year, there has been a steady recovery and this is reflected in the company's turnover. Revenue for the year to 31 March 2023 was $419 million compared to $355 million in the same period in 2022.

Relaxation of Covid-19 restrictions worldwide has meant a turnaround in global economies and a successful year for the company.

Principal risks and uncertainties

The company is exposed to logistic and credit risks in accordance with group policies

Other risks include;

- Vulnerability to exchange markets or mechanisms
- Inflation risk

All companies within this market are exposed to these risks. These risks have been managed appropriately during the year and we will continue to manage them as they evolve.

In any event the company has the continued support of its parent Bharat Forge Limited to ensure that the company will have every opportunity to benefit from any improvement in the economic conditions in which the company operates. We therefore look forward with some confidence to 2024 and beyond.

Key performance indicators

The directors are of the opinion that the key performance indicator for this business is this reported turnover which has seen an increase from $355 m in 2022 to $419 m in 2023. In percentage terms it has increased by 18%.

Section 172 statement

Throughout, we have kept to our task and continued to promote the success of the company by:

- Working with the short, medium and long term in mind to maintain the loyalty of our customer base with a view to building on both our new and long standing relationships.
- Encouraging our talented, skilled and loyal workforce to deliver impeccable customer service. We take this opportunity to thank them for their continued enthusiasm and attitude towards their work, as they go on to produce a world class service.
- Collaborating carefully with our suppliers, who we acknowledge as part of the team, we are able to build the support and offer real value to our customers.
- Having regard to the effect of our board decisions not only on the local community, but also on the environment globally.
- Acting ethically and with integrity at all times, such that we do not lose the trust of all
- Aiming to act fairly with every stakeholder in the company including customers, suppliers, employees, shareholders and all with whom the company interacts.

On behalf of the board

Mr Kedar Dixit
Director

28 April 2023

Directors' Report for the year ended 31 March 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of the distribution of forged and machined components for the automotive and industrial segments. The financial statements have been prepared in US Dollars.

Results and dividends

The results for the year are set out on herein.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B N Kalyani

Mr A B Kalyani

Mr S G Joglekar

Mr Kedar Dixit

Mr P G Pawar

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Auditor

In accordance with the company's articles, a resolution proposing that Eacotts International Limited be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board
Mr Kedar Dixit
Director

28 April 2023

Directors' Responsibilities Statement for the year ended 31 March 2023

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Bharat Forge International Ltd.

Opinion

We have audited the financial statements of Bharat Forge International Ltd (the 'company') for the year ended 31 March 2023 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to industry sector regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Appropriate audit procedures in response to these risks were carried out. These procedures included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Challenging assumptions and judgements made by management in their significant accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members; and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Jeffrey Smith FCA (Senior Statutory Auditor)
For and on behalf of Eacotts International Limited

2 May 2023

Accountants
ICAEW Registered Auditors

Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Statement of Financial Position as at March 31, 2023

	Notes	2023		2023		2022	
		Rs.	Rs.	USD	USD	USD	USD
Non - current Assets							
Property, plant and equipment	11		514,299,350		6,255,397		6,671,011
Investments	12		141,355,516		1,719,300		1,719,300
Other receivables	14		1,446,606		17,595		1,125,453
Deferred tax asset	22		2,826,288		34,376		222,110
			659,927,760		**8,026,668**		**9,737,874**
Current assets							
Inventories	13	13,107,569,133		159,426,701		147,549,295	
Trade and other receivables	14	10,641,037,633		129,426,403		102,832,426	
Cash and cash equivalents		117,278,626	23,865,885,392	1,426,454	290,279,558	441,256	250,822,977
			24,525,813,152		**298,306,226**		**260,560,851**
Current Liabilities							
Trade and Other payables	20	20,780,033,800		252,746,501		216,348,002	
Current tax liabilities		20,992,688		255,333		616,992	
Borrowings	16	1,498,943,085		18,231,569		21,524,780	
Lease liabilities	21	12,359,667	22,312,329,240	150,330	271,383,733	102,502	238,592,276
Net current Assets			**1,553,556,152**		**18,895,825**		**12,230,701**
Non - current liabilities							
Borrowings			-		-		-
Lease Liabilities	21		44,033,316		535,575		681,910
			44,033,316		**535,575**		**681,910**
Net assets			**2,169,450,596**		**26,386,918**		**21,286,665**
Equity							
Called up share capital	24		8,614,193		104,774		104,774
Revaluation reserve	25		84,806,486		1,031,497		1,031,497
Retained earnings			2,076,029,918		25,250,647		20,150,394
Total Equity			**2,169,450,597**		**26,386,918**		**21,286,665**

The financial statements were approved by the board of directors and authorised for issue on 28 April 2023 and are signed on its behalf by:

Mr Kedar Dixit
Director
Company Registration Bumber 07459638

Income Statement For year ended March 31, 2023

	Notes	2023		2022
		Rs.	USD	USD
Revenue	2	34,473,222,893	419,296,068	355,318,285
Cost of sales		(33,896,615,630)	(412,282,823)	(349,122,148)
Gross profit		**576,607,263**	**7,013,245**	**6,196,137**
Other operating income		1,529,152	18,599	101,028
Administrative expenses		(68,592,162)	(834,283)	(1,278,006)
Operating profit	3	**509,544,253**	**6,197,561**	**5,019,159**
Investment revenues	6	75,062,303	912,979	634,882
Finance costs	7	(42,962,688)	(522,553)	(274,697)
Other gains and losses	8	-	-	613,298
Profit before taxation		**541,643,868**	**6,587,987**	**5,992,642**
Income tax expense	9	(122,316,878)	(1,487,734)	(1,228,650)
Profit for the year		**419,326,990**	**5,100,253**	**4,763,992**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Investments held at fair value through other comprehensive income:				
- Valuation gain arising in the year		-	-	1,031,497
Total comprehensive income for the year		**419,326,990**	**5,100,253**	**5,795,489**

The income statement has been prepared on the basis that all operations are continuing operations.

Statement of changes in equity for the year ended 31 March 2023

	Notes	Share capital		Revaluation Reserve		Retained earnings		Total	
		Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance at 1 April 2021		8,614,193	104,774	-	-	1,367,793,400	16,636,402	1,376,407,593	16,741,176
Year ended 31 March 2022:									
Profit for the year		-	-	-	-	391,680,654	4,763,992	391,680,654	4,763,992
Other comprehensive income									
Adjustments to fair value of financial assets				84,806,486	1,031,497			84,806,486	1,031,497
Total comprehensive income for the year		-	-	84,806,486	1,031,497	391,680,654	4,763,992	476,487,140	5,795,489
Transactions with owners in their capacity as owners:									
Dividends	10	-	-	-	-	(102,771,125)	(1,250,000)	(102,771,125)	(1,250,000)
Balance at 31 March 2022		**8,614,193**	**104,774**	**84,806,486**	**1,031,497**	**1,656,702,929**	**20,150,394**	**1,750,123,608**	**21,286,665**
Year ended 31 March 2023:									
Profit and total comprehensive income for the year		-	-	-	-	419,326,990	5,100,253	419,326,990	5,100,253
Balance at 31 March 2023		**8,614,193**	**104,774**	**84,806,486**	**1,031,497**	**2,076,029,919**	**25,250,647**	**2,169,450,598**	**26,386,918**

Statement of Cash Flows for the year ended 31st March, 2023

	Notes	2023				2022	
		Rs.	Rs.	USD	USD	USD	USD
Cash flows from operating activities							
Cash generated from operations	**27**		465,391,722		5,660,536		1,995,683
Interest paid			(42,962,688)		(522,553)		(274,697)
Tax paid			(136,616,452)		(1,661,659)		(890,368)
Net cash (outflow)/inflow from operating activities			**285,812,582**		**3,476,324**		**830,618**
Investing activities							
Purchase of property, plant and equipment		(1,018,421)		(12,387)		-	
Movement in investments		-		-		(1,719,300)	
Net Gain / (Loss) on investment		-		-		1,644,795	
Interest received		75,062,303		912,979		634,882	
Net cash generated from/(used in) investing activities			**74,043,882**		**900,592**		**560,377**
Financing activities							
Repayment of bank loans		-		-		(625,000)	
Movements in lease liabilities		(8,098,939)		(98,507)		(108,696)	
Dividend Paid		-		-		(1,250,000)	
Net cash used in financing activities			**(8,098,939)**		**(98,507)**		**(1,983,696)**
Net increase / (decrease) in cash and cash equivalents			**351,757,525**		**4,278,409**		**(592,701)**
Cash and cash equivalents at beginning of year			(1,733,421,984)		(21,083,524)		(20,490,823)
Cash and cash equivalents at end of year			**(1,381,664,459)**		**(16,805,115)**		**(21,083,524)**
Relating to:							
Bank balance and short term deposits			117,278,626		1,426,454		441,256
Bank overdrafts			(1,498,943,085)		(18,231,569)		(21,524,780)

Notes to the Financial Statements for the year ended March 31, 2023

1 Accounting policies

Company information

Bharat Forge International Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Boston House Business Centre, 69-75 Boston Manor Road, Brentford, Middlesex, TW8 9JJ. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in US Dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest $.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors also confirm continuous support from the parent company, Bharat Forge Limited. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The company recognises revenue from the following major sources:

- Sale of goods
- Interest income

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Generally this is the date on which the goods are withdrawn from the warehouse. Where goods are shipped directly to the customer the revenue is recognised on the date which the goods reach the customer. The normal credit term is 30 - 90 days upon withdrawal or delivery.

Interest income

Interest income is recognised on receipt.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Straight line over 30 years
Fixtures, fittings & equipment	10-20% Straight line
Plant and machinery	33% Straight line
Motor vehicles	20% Straight line
Right of use asset	Straight line over expected lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets classified as receivable within one year are not amortised.

Financial assets held at amortised cost

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b. Lease receivables

c. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IAS 11 and IAS 18

d. Financial assets that are measured at fair value through the statement of other comprehensive income (FVTOCI)

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

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 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.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables 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.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

- Debt instruments measured at FVTOCI:

  Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

  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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1.10 Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.16 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.17 Foreign exchange

Transactions in currencies other than US Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Revenue

An analysis of the company's revenue is as follows:

	2023	2022
	$	$
Revenue analysed by class of business		
Forged and machined components for automotive and non-automotive industry	419,296,068	355,318,285
Other significant revenue		
Interest income	912,979	634,882
Grants received	-	16,413
Revenue analysed by geographical market		
United States of America	344,143,083	289,282,757
Europe	69,925,106	60,307,901
United Kingdom	5,227,879	5,727,627
	419,296,068	**355,318,285**

3 Operating profit

	2023	2022
	$	$
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(1,055,252)	(671,865)
Government grants	-	(16,413)
Fees payable to the company's auditor for the audit of the company's financial statements	110,732	101,167
Depreciation of property, plant and equipment	428,001	443,266
Cost of inventories recognised as an expense	361,623,010	315,582,728

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Directors	2	2
Administration	10	12
Total	12	14

Their aggregate remuneration comprised:

	2023 $	2022 $
Wages and salaries	800,932	737,810
Social security costs	64,105	49,968
Pension costs	28,733	8,614
	893,770	**796,392**

5 Directors' fees

	2023 $	2022 $
Fees for qualifying services	247,018	262,618

Fees disclosed above include the following amounts paid to the highest paid director:		
Fees for qualifying services	123,509	131,309

6 Investment income

	2023 $	2022 $
Interest income		
Financial instruments measured at amortised cost:		
Other interest income on financial assets	912,979	634,882

Income above relates to assets held at amortised cost, unless stated otherwise.

7 Finance costs

	2023 $	2022 $
Interest on bank overdrafts and loans	505,808	252,975
Other interest expense	16,745	21,722
Total interest expense	**552,553**	**274,697**

8 Other gains and losses

	2023	2022
	$	$
Changes in the fair value of investments	-	**613,298**

9 Income tax expense

	2023	2022
	$	$
Current tax		
UK corporation tax on profits for the current period	1,300,000	1,260,000
Deferred tax		
Origination and reversal of temporary differences	187,734	(31,350)
Total tax charge	1,487,734	1,228,650

The charge for the year can be reconciled to the profit per the income statement as follows:

	2023	2022
Profit before taxation	6,587,987	5,992,642
Expected tax charge based on a corporation tax rate of 19.00% (2022: 19.00%)	1,251,718	1,138,602
Effect of expenses not deductible in determining taxable profit	66,060	62,895
Permanent capital allowances in excess of depreciation	(6,839)	(4,739)
Other timing differences	187,734	31,350
Other differences	(10,939)	542
Taxation charge for the year	**1,487,734**	**1,228,650**

10 Dividends

	2023	2022	2023	2022
Amounts recognised as distributions:	per share	per share	Total	Total
	$	$	$	$
Ordinary				
Interim dividend paid	-	19.53	-	1,250,000

11 Property, plant and equipment

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Right of use asset	Total
	$	$	$	$	$	$
Cost						
At 1 April 2021 and 1 April 2022	7,366,098	89,355	564,987	106,119	1,095,290	9,221,849
Additions	-	12,387	-	-	-	12,387
At 31 March 2023	7,366,098	101,742	564,987	106,119	1,095,290	9,234,236
Accumulated depreciation and impairment						
At 1 April 2021	1,462,050	87,188	297,556	43,146	217,632	2,107,572
Charge for the year	246,027	990	62,284	21,223	112,742	443,266
At 31 March 2022	1,708,077	88,178	359,840	64,369	330,374	2,550,838
Charge for the year	246,028	991	60,124	21,224	99,634	428,001
At 31 March 2023	1,954,105	89,169	419,964	85,593	430,008	2,978,839
Carrying amount						
At 31 March 2023	**5,411,993**	**12,573**	**145,023**	**20,526**	**665,282**	**6,255,397**
At 31 March 2022	**5,658,021**	**1,177**	**205,147**	**41,750**	**764,916**	**6,671,011**

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	**2023**	**2022**
	$	$
Net values at the year end		
Property	665,282	764,916
Depreciation charge for the year		
Property	99,634	112,742

12 Investments

	Current		Non-current	
	2023	2022	2023	2022
	$	$	$	$
Investments held at fair value through other comprehensive income	-	-	1,719,300	1,719,300

The company holds an investment of 51,536 (1.76%) shares in Tevva Motors (Jersey) Limited. Tevva Motors (Jersey) Limited, incorporated in Jersey, holds an investment of 1.95m shares in Tevva Motors Limited or 27.05% of the company. The shares of Tevva Motors Ltd are currently valued at $50 based on a recent funding round. As a result the company has decided to revalue its investment in 2022. The investment value remains at $50 per share and no revaluation of the investment has taken place in 2023.

Judgements and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The above revaluation has the most significant effect on amounts recognised in the financial statements.

Unlisted Investments

At 1st April 2021	$0
Revaluation	$1,719,300
At 31st March 2022 and 31st March 2023	$1,719,300

Fair value of financial assets

The directors consider that the carrying amounts of financial assets are carried at fair value in the financial statements.

13 Inventories

	2023	2022
	$	$
Finished goods	159,426,701	147,549,295

14 Trade and other receivables

	Current		Non-current	
	2023	2022	2023	2022
	$	$	$	$
Trade receivables	89,180,449	78,478,131	-	-
Deposits recoverable	-	-	17,595	18,734
VAT recoverable	28,198	16,478	-	-
Amount owed by parent undertaking	839,629	1,045,205	-	-
Amounts owed by fellow group undertakings	36,756,851	19,667,318	-	1,106,719
Amounts owed by joint ventures	1,120,556	-	-	-
Amounts owed by related parties	12,845	14,778	-	-
Other receivables	200,000	200,000	-	-
Prepayments	1,287,875	3,410,516	-	-
	129,426,403	**102,832,426**	**17,595**	**1,125,453**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

15 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

16 Borrowings

	2023	2022
	$	$
Secured borrowings at amortised cost		
Bank overdrafts	**18,231,569**	**21,524,780**

Analysis of borrowings

The company's bankers hold security over all the company's assets (present, future, actual or contingent and whether incurred alone or jointly with another) including interest and expenses.

Current liabilities	**18,231,569**	**21,524,780**

17 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

18 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 year	1 – 5 years	Total
	$	$	$
At 31 March 2022			
Bank overdraft	21,524,780	-	21,524,780
Trade payables	13,995	-	13,995
Other payables	217,053,501	681,910	217,735,411
	238,592,276	**681,910**	**239,274,186**
At 31 March 2023			
Bank overdraft	18,231,569	-	18,231,569
Trade payables	709,723	-	709,723
Other payables	252,442,371	535,575	252,977,946
	271,383,663	**535,575**	**271,919,238**

19 Market risk

Market risk management

Foreign exchange risk

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilites	
	2023	2022	2023	2022
	$	$	$	$
Euro	41,217,896	32,778,791	42,568,863	41,757,156
Pound sterling	2,385,603	2,505,056	16,987,109	14,736,895
	43,603,499	**35,283,847**	**59,555,972**	**56,494,051**

Interest rate risk

The carrying amounts of financial liabilities which expose the company to cash flow interest rate risk are as follows:

	2023	2022
	%	%
Bankoverdrafts carried at $18.2m (2022: $21.5m)	3	2
	3	**2**

20 Trade and other payables

	2023	2022
	$	$
Trade payables	709,723	13,995
Amount owed to parent undertaking	248,623,857	203,977,092
Amounts owed to fellow group undertakings	233,722	233,722
Amounts owed to related parties	255,946	10,557,734
Accruals	1,974,402	897,256
Social security and other taxation	145,971	88,030
Other payables	802,880	580,173
	252,746,501	**216,348,002**

21 Lease liabilities

	2023	2022
	$	$
Maturity analysis		
Within one year	150,330	102,502
In two to five years	446,730	463,913
In over five years	88,845	217,997
Total undiscounted liabilities	**685,905**	**784,412**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Current liabilities	150,330	102,502
Non-current liabilities	535,575	681,910
	685,905	**784,412**

The fair value of the company's lease obligations is approximately equal to their carrying amount.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Revaluation	Provisions	Provisions
	$	$	$
Asset at 1 April 2021	-	(190,760)	(190,760)
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	-	(31,350)	(31,350)
Asset at 1 April 2022	**-**	**(222,110)**	**(222,110)**
Deferred tax movements in current year			
Charge/(credit) to profit or loss	257,874	(70,140)	187,734
Asset at 31 March 2023	**257,874**	**(292,250)**	**(34,376)**

23 Retirement benefit schemes

	2023	2022
	$	$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	28,733	8,614

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

24 Share capital

	2023	2022
	$	$
Ordinary share capital		
Issued and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774
	104,774	**104,774**

25 Revaluation reserve

	2023	2022
	$	$
At the beginning of the year	1,031,497	-
Fair value adjustment - investments	-	1,031,497
At the end of the year	**1,031,497**	**1,031,497**

The revaluation reserve has arisen as a result of the revaluation through other comprehensive income of the investment in shares in Tevva Motors (Jersey) Limited. For further details see note 12.

26 Capital risk management

The company is not subject to any externally imposed capital requirements.

27 Related party transactions

Fees for qualifying services

Two directors received directors fees totaling $247,018 (2022: $262,618), please refer to note 5.

No guarantees have been given or received.

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2023	2022	2023	2022
	$	$	$	$
Parent company	-	-	350,506,620	294,668,017
Other related parties	-	-	5,719,060	17,763,330
	-	-	356,225,680	312,431,347

The following amounts were outstanding at the reporting end date:

	2023	2022
	$	$
Amounts due to related parties		
Parent company	248,623,857	203,977,092
Other group companies	233,722	233,722
Key management personnel	369,851	190,586
Other related parties	255,946	10,557,734
	249,483,376	**214,959,134**
Amounts due from related parties		
Parent company	839,629	1,045,205
Other group companies	36,756,851	19,667,318
Other related parties	12,845	14,778
	37,609,325	**20,727,301**

28 Controlling party

The immediate and ultimate parent company is Bharat Forge Limited, a company incorporated in India.

29 Cash generated from operations

	2023	2022
	$	$
Profit for the year before tax	6,587,987	5,992,642
Adjustments for:		
Finance costs	522,553	274,697
Investment income	(912,979)	(634,882)
Fair value gain on investment properties	-	(613,298)
Depreciation and impairment of property, plant and equipment	428,001	443,266
Movements in working capital:		
Increase in inventories	(11,877,406)	(59,800,728)
Decrease in contract assets	1,139	768
Increase in trade and other receivables	(25,487,258)	(30,103,145)
Increase in trade and other payables	36,398,499	86,436,363
Cash generated from operations	**5,660,536**	**1,995,683**

Bharat Forge Kilsta AB

Managing Director
Mr. Jens Ludmann

Director
Mr. S. E. Tandale
Mr. Jens Ludmann
Mr. Kishore Saletore
Mr. Mats Pettersson

Auditors
Ernst & Young AB
Kungsgatan 18, Box 477,
651 11 Karlstad, Sweden

Registered Office
Box 428 691 27 Karlskoga
Sweden

Auditor's report

To the general meeting of the shareholders of **Bharat Forge Kilsta AB, corporate identity number 556061-2565**

Report on the annual accounts

Opinions

We have audited the annual accounts of Bharat Forge Kilsta AB for the year 2022-01-01 - 2022-12-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Bharat Forge Kilsta AB as of December 31, 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the **Auditor's Responsibilities** section. We are independent of the Bharat Forge Kilsta AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts , 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 opinions. 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 the company's internal control relevant to our audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bharat Forge Kilsta AB for the year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the **Auditor's Responsibilities** section. We are independent of the Bharat Forge Kilsta AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Criticism

The former CEO Niklas Blom has, during the year, granted himself a loan of SEK 159 644 which is in violation of 21 Chap. of the Swedish Companies Act. The loan was repaid before the end of the financial year.

Karlstad, 9th June, 2023

Ernst & Young AB

Tomas Karlsson

Authorized Public Accountant

Administration Report

General information on the Company and business

The Company is one of the leading manufactures of forged crankshafts for diesel engines in the world. Other products are front axle beams, steering- and transmission ports for the vehicle industry. The production facilities are three forging presses with a pressing capacity of 2500, 4000 and 16000 tons respectively and equipment for heat-treatment and machinery for cutting processes. The heavy press is fully automatic as well as one of the biggest in the world.

Ownership structure, see note 8.

Significant events

The world economy in 2022 was characterized by the war in Ukraine, the energy crisis, high inflation and higher interest rates.

Sales tonnage during the financial year amounted to 41590 tons, which is 4.5% higher than budgeted. The production volume during the financial year amounted to 41420 tons, which is 7.4% higher than budgeted. Demand for the Company's products has thus remained high, despite events in the outside world and an upcoming recession.

The two new machines for machining of front axle beams, which were ordered in 2021, were commissioned at the end of 2022. A third machine for machining of front axle beams has also been ordered. With the new machines, some of the machining of front axle beams that is currently available from an external machinist, will be insourced.

The Company’s electricity costs have increased sharply during the year, as a result of the higher prices in the market. Part of the electricity consumption is secured in advance through futures contracts. The Company has requested, and received, compensation from its customers to cover the cost increases on electricity.

Steel prices have continued to increase during the financial year. The main driver of the price increases is the increased energy costs of steel mills. The Company has requested, and received, compensation from its customers to cover the cost increases on steel.

The Company's interest expenses have increased as a result of the higher interest rates.

The Company's interest expenses have increased as a result of the higher interest rates.

Michael Weis was appointed CEO on June 15. Jens Ludmann was appointed CEO on September 9th.

During the year, the Company continued to use the possibilities for deferral of tax payments.

Significant events after year-end

Sales tonnage in the 2023 financial year is expected to increase by approximately 3.5% compared to 2022. The year 2023 has started with sales tonnage, which roughly follows what has been budgeted.

The Company has applied for, and been granted, a continued deferral of tax payments.

During the first quarter 2023, the Company is changing its main financing to the MUFG-bank. The change gives lower interest costs compared to previous financing, as well as an expansion of the Company's loan framework from EUR 26 million to EUR 30 million.

Expected future development, risk and uncertainties

The Company operates within a highly competitive market and the business is associated with risks. The Company is exposed to both operational and financial risks. The development of steel and energy prices and increased competition are among the main operational risks. The financial risk consists of a credit risk, i.e. that the Company is not paid for its trade receivables, and the development of EUR/SEK because the Company has its financing in EUR.

Since the Company is a subcontractor to the automotive industry, the Company cannot influence its sales in the short term. Sales volumes thus depend on the overall economic development and how sales volumes develop among the Company's customers.

How the Company's sales volumes will develop during 2023 is difficult to assess. It depends on how deep the ongoing recession will be, how long it will last, and whether the recession is also spreading to the automotive industry.

It is also uncertain whether the high inflation suffered by the world economy in 2022 will continue in 2023. The Company purchases large quantities of steel, electricity and other consumables, and it is important that the Company can pass on the cost increases to the Company's customers. The years following the Covid epidemic have also been characterized by disruptions in supply chains, and it is uncertain whether these disruptions will continue, subside or deepen.

If sales were to fall, it could lead to the need for additional liquidity. In general, the Group strives to ensure that all its companies cover their own cash needs on their own. In terms of financing costs, there is a risk that interest rates will increase further, and thus also interest costs.

In the forging industry, unplanned production downtime is generally common. In order to reduce the negative consequences of downtime, the Company has focused on preventive maintenance. The Company is working on several projects within "Industry 4.0", such as sensor technology and various forms of digitalization to identify further preventive measures.

Adequate insurance coverage is available for all relevant operational risks - including damage to property, interruptions, as well as third-party claims.

Management believes that the measures planned and implemented in the short term are appropriate to ensure earning capacity and financial strength in the current situation.

Research and development

The research and development activities of the Company amounted 0,21% (0,24%) of the total operating expenses during the financial year.

Sustainability report

The Company has issued a separate Sustainability Report, available at request from the Company.

Environmental issues

The Company is conducting manufacturing which needs environmental permission. Permission for manufacturing of 120.000 metric tonnes of forge products per year is in place. The most important environmental influences of the Company is the exploit of resources depending on the huge use of steel and energy. Influence by direct discharge into air and water is insignificant. Almost all of the Company’s production corresponds to the environmental permission.

Comparative figures covering several years

The financial development for the Company in summary. Definitions of key figures, down below.

	2022	2021	2020	2019
Net sales, TSEK	1,206,087	906,894	662,788	907,408
Profit/loss after financial items, TSEK	(21,018)	20,990	(26,667)	(34,787)
Balance sheet total, TSEK	641,877	573,425	508,402	506,737
Number of employees,	274	271	288	338
Equity/assets ratio, %	4,3	8,4	5,4	2,0
Return on total assets, %	2,4	6,3	Neg	Neg
Return on equity, %	Neg	43,5	Neg	Neg

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Return on total assets

Income before taxes plus financial income related to balance sheet total.

Return on equity

Income after financial items as a percentage of equity and untaxed reserves (less deferred tax).

Proposed treatment of gain/losses

To the disposal of the annual general meeting are the following loss (SEK)

Unappropriated loss brought forward	15,949,712
Net loss for the year	(21,018,127)
	(5,068,415)

The Board of Directors propose that the unappropriated loss be distributed as follows

Retained loss carried forward	**(5,068,415)**

Result and financial position

For further information on the Company's result of operations and financial position, refer to the following income statement, balance sheet and accompanying notes.

Balance Sheet as at December 31, 2022

	Note	31/12/2022		31/12/2021
		Rs.'000	SEK'000	SEK'000
Assets				
Tangible fixed assets				
Land and buildings	12	294,029	36,892	26,183
Plant and machinery	13	1,119,610	140,478	139,804
Equipment, tools, fixtures and fittings	14	56,276	7,061	6,412
Construction in progress	15	530,762	66,595	34,845
		2,000,677	251,027	207,244
Financial fixed assets				
Deferred tax Assets	16	-	-	-
		-	-	-
Total fixed assets		**2,000,677**	**251,027**	**207,244**
Current assets				
Inventories, etc.				
Raw materials and consumables		921,428	115,612	97,375
Products in progress		648,710	81,394	97,165
Finished goods		156,539	19,641	28,695
		1,726,677	216,647	223,234
Current receivables				
Accounts receivable - trade		665,160	83,458	70,605
Receivables from group companies		454	57	21
Income tax receivables		33,920	4,256	4,256
Other current receivables		4,774	599	99
Prepaid expenses and accrued income		263,249	33,030	23,538
		967,557	121,400	98,519
Cash and bank balances		420,840	52,803	44,428
Total current assets		3,115,074	390,850	366,181
Total assets		**5,115,751**	**641,877**	**573,425**

Balance Sheet as at December 31, 2022

	Note	31/12/2022		31/12/2021
		Rs.'000	**SEK'000**	**SEK'000**
Equity and liabilities				
Equity	18, 19			
Restricted equity				
Share capital		159,400	20,000	20,000
Revaluation Reserve		70,032	8,787	9,705
Statutory reserve		31,880	4,000	4,000
		261,312	32,787	33,705
Non-restricted equity				
Unappropriated profit brought forward		127,122	15,950	(6,483)
Net loss of the year		(167,522)	(21,018)	20,990
		(40,400)	(5,068)	14,507
Total equity		**220,912**	**27,719**	**48,212**
Provisions				
Provisions for pensions	20	23,830	2,990	4,854
Guarantee reserve		13,549	1,700	1,350
Total provisions	21	37,379	4,690	6,204
Current liabilities				
Liabilities to credit institutions	22	2,295,998	288,080	266,760
Accounts payable - trade		989,021	124,093	102,314
Liabilities to group companies		26,006	3,263	35,165
Other Current liabilities		941,353	118,112	45,220
Accrued expenses and deferred income	23	605,082	75,920	69,549
Total current liabilities		**4,857,460**	**609,468**	**519,009**
Total equity and liabilities		**5,115,751**	**641,877**	**573,425**

Income statement for the period from January 1, 2022 to December 31, 2022

	Note	2022		2021
		Rs.'000	SEK'000	SEK'000
Operating Revenue	1			
Net sales	2	9,612,513	1,206,087	906,894
Change in inventories of work in progress and finished goods		(197,855)	(24,825)	48,886
Other operating income	3	420,154	52,717	57,164
Operating Revenue		**9,834,812**	**1,233,979**	**1,012,944**
Operating expenses				
Raw materials and consumables		(6,349,715)	(796,702)	(602,640)
Other external expenses	4, 5	(1,538,098)	(192,986)	(144,617)
Personnel costs	6	(1,584,779)	(198,843)	(198,725)
Depreciation of tangible assets		(257,471)	(32,305)	(30,025)
Other operating expenses	7	-	-	(2,845)
Total Operating expenses		**(9,730,063)**	**(1,220,835)**	**(978,852)**
Operating profit/loss	8	**104,749**	**13,145**	**34,092**
Result from financial investments				
Other interest income and similar profit/loss items	9	17,239	2,163	2,437
Interest expenses and similar profit/loss items	10	(289,518)	(36,326)	(15,540)
Total profit/loss from financial investments		(272,279)	(34,163)	(13,102)
Profit/loss after financial items		(167,530)	(21,018)	20,990
Tax on profit for the year	11	-	-	-
Net profit/loss for the year		**(167,530)**	**(21,018)**	**20,990**

Statement of Cash Flow for the period ended December 31, 2022

	Note	2022		2021
		Rs.'000	SEK'000	SEK'000
Operating activities				
Profit/loss after financial items		(167,530)	(21,018)	20,990
Adjustments for items not requiring an outflow of cash, etc.:				
Depreciation		257,471	32,305	30,025
Exchange gain/loss		169,920	21,320	7,276
Provisions		2,790	350	500
Other		4,176	524	30
Released debts		-	-	-
Cash flow from operating activities before changes in working capital		**266,827**	**33,481**	**58,821**
Cash flow from changes in working capital				
Increase (-) decrease (+) in inventories		52,498	6,587	(79,578)
Increase (-) decrease (+) in current receivables		(181,907)	(22,824)	(20,401)
Increase (+) decrease (-) in current liabilities		775,457	97,297	58,815
Cash flow from operating activities		**912,875**	**114,541**	**17,657**
Investing activities				
Acquisition of tangible assets		(606,413)	(76,087)	(59,524)
Cash flow from investing activities		**(606,413)**	**(76,087)**	**(59,524)**
Financing activities				
Repayment of borrowings		(224,874)	(28,215)	(20,724)
Resolving pension provision		(14,856)	(1,864)	(1,864)
Cash flow from financing activities		**(239,730)**	**(30,079)**	**(22,588)**
Cash flow		66,732	8,375	(64,455)
Cash and cash equivalents at beginning of the year		354,091	44,428	108,883
Cash and cash equivalents at the end of the year	23	**420,823**	**52,803**	**44,428**

Change of Equity

	Share capital		Revaluation reserve		Non restricted equity		Total equity	
	Rs. '000	SEK '000	Rs. '000	SEK '000	Rs. '000	SEK '000	Rs. '000	SEK '000
Equity 01-01-2021	**159,400**	**20,000**	**117,354**	**14,725**	**(58,316)**	**(7,317)**	**218,442**	**27,408**
Change revaluation	-	-	(8,125)	(1,019)	8,125	1,019	-	-
Revaluation of defined benefit pension	-	-	-	-	(1,474)	(185)	(1,482)	(185)
Net loss for the year	-	-	-	-	172,536	20,990	172,536	20,990
Equity 31-12-2021	**159,400**	**20,000**	**109,237**	**13,706**	**120,867**	**14,507**	**389,496**	**48,213**
Change revaluation	-	-	(7,316)	(918)	7,316	918	-	-
Revaluation of defined benefit pension	-	-	-	-	4,176	524	4,176	524
Net loss for the year	-	-	-	-	(167,511)	(21,018)	(167,511)	(21,018)
Equity 31-12-2022	**159,400**	**20,000**	**101,920**	**12,788**	**(35,152)**	**(5,069)**	**226,161**	**27,719**

Note 1 : Accounting principles

Bharat Forge Kilsta ABs Annual Report is prepared in accordance with the Annual Accounts Act and the guidelines issued by the Accounting Standard Board (BFN) 2012:1 Annual Report and consolidation statement (K3). If nothing else is stated the principles are unchanged compared to last year.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the closing rate. Transactions in foreign currency are translated using the transaction date. Non-monetary assets and liabilities are not recalculated and are reported at time for acquisition.

Revenues

Sales of goods are recognized when the significant risks and rewards passes from seller to buyer under conditions of sale. Sales are reported after deduction of VAT and discounts. Interest income is recognized using the effective interest method.

Income taxes

Current taxes are valued using tax rates and tax laws applicable at the balance sheet date.

Deferred tax loss carryforwards or other future tax deductions are recognized to the extent that is it probable that the deduction can be used against future taxable profits. Receivables and liabilities are reported as net when there is a legally right to set off.

Current taxes, as well as changes in deferred tax is recognized in the income statement unless the tax belongs to an event or transaction which is recognized directly in equity. Tax effects of items recognized directly in equity is recognized in equity.

Intangible fixed assets

Research and development

The Company applies the expensing model internally generated intangible fixed assets. Expenditures are recognized when they occur.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost includes expenditure that directly belongs to the acquisition of the asset. When a component of a fixed asset is replaced, disposal is made of the remaining old component and the new component is activated. Expenditures for repair and maintenance are recognized as expenses. Capital gain or capital loss on disposal of a fixed asset is recognized as other operating income or other operating costs. Tangible fixed assets are systematically depreciated over estimated useful life. When the depreciation amount is determined also the residual value is considered. Property land has an unlimited useful life and is not depreciated.

Linear base are used for other types of tangible fixed assets. No borrowing costs are capitalized.

In this respect the following depreciation periods are applied:

	Number of years
Residential property	50
Industrial buildings	
- Structure	40-50
- Facade, windows, roof	15-30
- Interior finishes	10-15
Land improvements	20
Plant and machinery	1-30
Equipment, tools, fixtures and fittings	3-33

Plant and machinery applies individual component split and amortization are estimated at each investment.

Impairment of non-financial assets

When there is an indication that an asset is impaired, an assessment is made of impairment. Have the assets a recovery value that is lower than the reported amount, will it be written down to its recoverable amount. When assessing impairment, the recoverable amount for the whole of cash-generating unit to which the asset belongs.

Lease

All leases where the Company is the lessee are treated as operating leases, whether the contracts are financial or operational. Lease payments are recognized as an expense on a linear basis over the lease term.

Financial instruments

Financial instruments recognized in the balance sheet include account receivables and other receivables, payables and loan.

Account receivables and other receivables

Receivables are recognized as current assets. Receivables are recorded at the amount expected to be paid after deductions for individually assessed impaired receivables.

Loan and payables

Loan and payables are recognized initially at cost, less transaction costs.

Netting of financial asset and financial liability

A financial asset and a financial liability are netted and the net amount are presented in the balance sheet only if a legally enforceable right exists and then verifies with a net amount or when a disposal of the asset and adjustment of liabilities will take place.

Impairment of financial assets

At each reporting date, the company estimates whether there is any indication of impairment in any of the financial fixed assets. Impairment is recognized if the impairment is estimated to be permanent. Impairment losses are recognized in the income statement item Income from other investments held as fixed assets. The impairment is tested individually for stocks and shares and other individual financial assets that are essential.

Inventories

Inventories are valued to the lower of cost or net realizable value. Inventories are valued as acquisition cost using weighted average price. Raw material includes all costs directly attributable to the acquisition of the goods in cost. Goods and finished goods include design costs, raw material, direct labor, other direct costs, related production costs and loan costs. Individual obsolescence assessment is ongoing.

Provisions

The Company recognizes a provision when there is a legal or constructive obligation and a reliable estimate can be made. The Company calculates the present value of obligations that are expected to be settled after more than twelve months. The increase in the provision due to passage of time is recognized as interest expense.

Employee benefits

Short term benefits

Short term benefits contain salary, social security contributions, paid vacation, paid sick leave and bonuses. Short term benefits are recognized as an expense and a liability when there is a legal or constructive obligation to pay compensation.

Post-employment benefits

Plans for post-employment benefits are classified as either defined contribution plans and defined benefit pension plans.

In defined contribution plans, the Company pays fixed contributions into a different Company, usually an insurance company and has no further obligation to the employee when the fee is paid.

The size of the employee's retirement benefits depends on the contributions paid and the return on those fees. In defined benefit plans, the company has an obligation to provide the agreed benefits to current and former employees. The company should substantially all the risk that the compensation will be higher than expected (actuarial risk) and risk of return on assets from expectations (investment risk). Investment risk exists even if the assets are transferred to another company. The charges for defined contribution plans are recognized as an expense. Unpaid fees are recognized as a liability. For defined benefit plans, the Company has elected to apply the simplification rules in BFNAR 2012:1. For defined benefit plans funded in-house, the company has chosen to report these in accordance with IAS 19. Actuarial gains and losses are recognized in equity as retained earnings.

Termination benefits

Termination benefits is payable when the Company decides to terminate employment before normal retirement date or whenever an employee accepts an offer of voluntary retirement in exchange for such compensation. If the compensation not gives any future economic benefit, a liability and an expense is made when the Company has a legal or constructive obligation to provide such compensation. The compensation is valued at the best estimate of the compensation that would be required to settle the obligation at the balance sheet date.

Cash flow

The cash flow statement is prepared using the indirect method. Reported cash flow includes only transactions that involve receipts or payments.

Estimates and assessments

The preparation of financial statements and applicable accounting principles are often based on management's judgments, estimates and assumptions that are considered reasonable at the time the assessment is made. Estimates and judgments are based on historical experience and a number of other factors, which under current circumstances are considered reasonable. The results of these are used to assess the reported values of assets and liabilities, which are not otherwise clearly evident from other sources. The actual outcome may differ from these estimates and assessments. Estimates and assessments are reviewed regularly.

According to company management, significant judgments are made regarding applied accounting principles and sources of uncertainty in estimates, mainly related to tangible fixed assets, capitalized deficits reported as deferred tax assets, doubtful accounts receivable and accounting for inventories.

Fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation according to plan and any write-downs. Depreciation and write-downs are determined on the basis of an individual assessment of the financial life and value of the assets. The assessment of the useful life and value of fixed assets is material and has a major impact on the income statement and balance sheet. Company management bases its assessments on historical outcomes and physical observations of significant facilities as well as assessments of technical and economic life. If there is a need for an impairment, the asset's recoverable amount is calculated. Recoverable value is the highest of fair value less sales costs and value in use.

When calculating the value in use, the present value is calculated from the future cash flows that the asset is expected to give rise to in its current operations and when it is divested or disposed of. The discount rate used is before tax and reflects market assessments of the time value of money and the risks related to the asset. An earlier write-down is reversed only if the reasons on which the recovery value was calculated at the last write-down have changed.

Deferred tax assets

As a result of losses in recent years, corporate management has estimated that tax losses are only capitalized insofar as there are temporary differences on which deferred tax liabilities are reported, see also note 11 deferred tax.

Accounts receivables

Accounts receivable are recognized net after provision for doubtful accounts receivable. The reserve for accounts receivable is based on an individual assessment. The net worth corresponds to the expected value. Current management is deemed sufficient by management.

Inventories

Inventories are valued at the lower of cost and net realizable value. The size of the net realizable value includes calculations, among other things, based on future sales prices, when assessed price reductions are taken into account. The actual outcome of future sales prices may deviate from assessments made.

CSR/Sustainability report

According to Annual Accounts Act chapter 7 §31a the company does not establish a statutory sustainability report. Bharat Forge Kilsta AB is a wholly owned subsidiary to Bharat Forge Global Holding GmbH. Bharat Forge Global Holding GmbH, corp. id HRB6669 is registered at "Handelsregister B des Amtsgerichts Hagen", Mittelstrasse 64, 58256 Ennepetal.

Bharat Forge Global Holding GmbH is publishing a CSR/Sustainability report in accordance with EU Directive 2014/95/EU, comprising all its subsidiaries including Bharat Forge Kilsta AB for reporting year 2021-01-01 – 2021-12-31. Bharat Forge Kilsta AB does not publish a separate CSR/Sustainability report separately. Instead it is reported and published when the annual report of Bharat Forge Global Holding GmbH is being published.

Note 2 : Net sales classified according to geographical market

	2022	2021
Net sales classified according to operating area as follows:		
Chassis	599,088	421,034
Engines	585,569	474,336
Other	21,430	11,524
Total	**1,206,087**	**906,894**
Net sales classified according to geographic market as follows:		
Nordic countries	754,712	567,518
Europe, excluding the Nordic countries	382,118	288,991
North America	26,840	17,473
Other markets	42,417	32,912
Total	**1,206,087**	**906,894**

Note 3 : Other operating income

	2022	2021
Included in other income, revenues from:		
Scrap	51,147	49,644
Sales of dies	407	1,008
Other	1,035	6,405
Contributions employees	-	107
Realized/unrealized exchange gain	128	-
Total	**52,717**	**57,164**

Note 4 : Operating lease

Operating lease during the period, 4,889 (7,250) TSEK.

	2022	2021
Future minimum payable non cancellable leases:		
Payment due within one year	4,948	4,964
Payment due after one year but within 5 years	8,785	9,409
Payment due after 5 years	994	1,881
Total	**14,727**	**16,254**

Note 5 : Remuneration to auditors

	2022	2021
Ernst & Young		
Audit engagement	1,000	1,185
Audit in addition to audit assignment	760	516
Total	**1,760**	**1,701**

Note 6 : Salaries, other remuneration and social security contributions

	2022	2021
Average number of employees, with women and males as allocation basis amounts to:		
Women	20	22
Men	254	249
Total for the Company	**274**	**271**
Wages and compensations amounts to		
Board of Directors and MD	825	1,917
Bonus to Board of Directors and MD	148	1,906
Other employees	132,782	129,470
	133,755	**133,293**
Pension cost to Board of Directors and MD	378	1,368
Pension cost to other employees	14,243	14,359
Statutory and contractual social security contributions	45,469	46,050
	60,090	**61,777**
Total salaries, remuneration, social security contributions and pension costs	**193,845**	**195,070**

Managing Director is employed by the parent company during 2015-2020, 2022-06.
MD has been employed by the company 2021-2022-05.

Directors and senior executives	**2022**	**2021**
Number of board of directors on the closing date		
Women	0%	0%
Men	100%	100%
Number of Managing Directors and senior executives		
Women	29%	29%
Men	71%	71%

Note 7 : Other operating expenses

	2022	**2021**
Realized/unrealized exchange loss	-	2 845
Total	**-**	**2 845**

Note 8 : Transactions Intercompany

	2022	**2021**
Purchases and sales, Intercompany		
Below are the percentage of purchases and sales, Intercompany.		
Purchases,	0,23%	0,28%
Sales,	0,00%	0,54%

Ownership structure

The Company is a wholly subsidiary to Bharat Forge Global Holding GmbH, which indirectly is a wholly-owned subsidiary to Bharat Forge Limited. The consolidated financial statements are prepared by the parent company Bharat Forge Ltd which is situated in Mundhwa, Pune, India. The consolidated financial statements are available at "Registrar of companies" in Maharashtra, Pune, India.

Note 9 : Other interest income and similar profit/loss items

	2022	**2021**
Interest income from group company	649	64
Realized/not realized exchange profit on liquidity account	-	2,137
Realized/not realized exchange profit on loan	1,514	237
Total	**2,163**	**2,438**

Note 10 : Interest expenses and similar profit/loss items

	2022	2021
Interest expenses to group company	763	855
Interest expenses pensions	47	31
Realized/unrealized exchange loss loans	24,278	7,342
Realized/unrealized exchange loss liquidity account	1,008	-
Other interest expenses	10,230	7,312
Total	**36,326**	**15,540**

Note 11 : Tax on profit for the year

	2022	2021
Reconciliation of effective tax		
Profit/loss before tax	(21,018)	20,990
Tax calculated at applicable tax rate 20.6% (20.6%)	4,330	(4,324)
Tax effect of non-deductible expenses	1,360	801
Earned unrecognized loss carryforwards	0	0
Used unrecognized loss carryforwards	(5,690)	3,523
Recognized tax	**0**	**0**

Note 12 : Land and buildings

	31-12-2022	31-12-2021
Opening acquisition cost	45,136	44,826
Changes during the year		
- Redistribution from construction in progress	11,007	0
- Purchases	2,186	310
- Disposals	-	-
- Reclassification	-	-
Closing accumulated acquisition cost	**58,329**	**45,136**
Opening depreciation	(31,185)	(29,770)
- Disposals	-	-
- Depreciation	(1,327)	(1,415)
Closing accumulated depreciation	**(32,512)**	**(31,185)**
Opening revaluation	12,232	13,515
Changes during the year		
- Depreciation	(1,157)	(1,283)
Closing accumulated revaluation	**11,075**	**12,232**
Closing residual value according to plan	**36,892**	**26,183**

Note 13 : Plant and machinery

	31-12-2022	31-12-2021
Opening acquisition cost	471,892	441,432
Changes during the year		
- Redistribution from construction in progress	3,899	5,123
- Purchases	25,391	25,337
- Disposals	-	-
- Reclassification	-	-
Closing accumulated acquisition cost	**501,182**	**471,892**
Opening depreciation	(332,088)	(305,805)
Changes during the year		
- Disposals	-	-
- Depreciation	(28,616)	(26,283)
Closing accumulated depreciation	**(360,704)**	**(332,088)**
Closing residual value according to plan	**140,478**	**139,804**

Accumulated acquisition values at the beginning of the year are reduced by investment contributions during 1997-2000 amounting to total of 10 MSEK.

Note 14 : Equipment, tools, fixtures and fittings

	31-12-2022	31-12-2021
Opening acquisition cost	49,677	48,879
Changes during the year		
- Redistribution from construction in progress	915	-
- Purchases	938	798
- Disposals	-	-
- Reclassification	-	-
Closing accumulated acquisition cost	**51,530**	**49,677**
Opening depreciation	(43,265)	(42,221)
Changes during the year		
- Disposals	-	-
- Depreciation	(1,204)	(1,044)
Closing accumulated depreciation	**(44,469)**	**(43,265)**
Closing residual value according to plan	**7,061**	**6,412**

Note 15 : Constructions in progress

	31-12-2022	31-12-2021
Opening accrued expenses	34,845	6,889
Expenses accrued during the year	50,254	33,079
Fixed assets under construction completed this year	(15,821)	(5,123)
Closing expenses accrued	2,683	34,845
Closing residual value according to plan	**66,595**	**34,845**

Note 16 : Deferred tax

	31-12-2022	31-12-2021
Deferred tax assets on tax loss	2,288	2,527
Deferred tax liabilities related to revaluation of property	(2,288)	(2,527)
	-	-

Total tax loss amount is 255,469 TSEK (241,579 TSEK).

Note 17 : Accrued expenses and deferred income

	31-12-2022	31-12-2021
Accrued expenses	5,717	3,538
Deferred income	26,763	20,000
	33,030	**6,330**

Note 18 : Equity

	31-12-2022	31-12-2021
	No of shares	**Value**
Number of A-shares	200,000	100

The Company reports a revaluation fund of 8,787 (9,705) TSEK related to the revaluation of the building. Annually reduction in revaluation fund has been transferred to equity.

Note 19 : Equity and proposed treatment of losses

	31-12-2022
To the disposal of the annual general meeting are the following losses:	
Unappropriated profit/loss brought forward	15,950
Net gain/loss for the year	(21,018)
	(5,068)
The board of Directors propose that the unappropriated loss be distributed as follows	
retained losses carried forward	**(5,068)**

Note 20 : Contingent liabilites

	31-12-2022	2021-12-31
Contingent liability to FPG	82	107
Total contingent liabilities	**82**	**107**

Not 21 : Provisions

	31-12-2022	2021-12-31
Provisions for pensions and guarantee		
Opening balance provisions	6,204	7,352
Provisions of the year	350	500
Claims of the year	(1,864)	(1,864)
Closing balance provisions	**4,690**	**6,204**

The company reports defined benefit pension plan financed in-house (ITP 2 in-house) by the PRI. Provisions for the defined benefit pension plan are recognized under paragraph 28.14a BFNAR in 2012: 1 (K3) and amounts to 2,990 (4,854) tsek. Transition to reporting in accordance with paragraph 28.14a, assessment such as IAS 19, occurred in 2016 when the company previously reported defined benefit pension plan in-house according 28.14b (simplification rule).

The commitments that the company has in ITP2 plan in-house are mostly lifelong retirement pension. Key actuarial assumptions used as the discount rate of 3.60 (1.00) % and expected inflation of 2.00 (2.20) %. The company has reported interest expenses attributable to the provision of 47 (31) tsek over the financial result. Furthermore, the Company reported actuarial gain of 524 (-185) tsek directly in equity.

Note 22 : Pledged assets

	31-12-2022	31-12-2021
For provisions, own liabilities and receivables		
Concerning credit insurance FPG liability		
Business mortage	10,000	10,000
Total pledged assets	**10,000**	**10,000**

Bharat Forge Limited has provided guarantee for current loans.

Note 23 : Accrued expenses and deferred income

	31-12-2022	31-12-2021
Accrued salaries	8,479	8,912
Accrued holiday pay	15,560	16,139
Accured social security costs & pensions	14,694	17,405
Accured customer provisions	191	23
Accured special employer's contribution, tax on returns from pension funds and property tax	3,572	3,617
Accured financial expenses	8,076	5,396
Ongoing claims	1,120	1,806
Other items	24,228	16,251
Total	**75,920**	**69,549**

Note 24 : Cash and cash equivalents

Only placements which can be immediately converted into cash are referred to as cash and bank balances.

Income statement and balance sheet will be submitted to the annual general meeting 2023-06-09 for adoption.

Karlskoga 2023-06-09

Kishore Saletore
Chairman

Subodh Tandale

Mats Pettersson
Employee representive

Jens Ludmann
Managing Director

Our audit report was issued on 2023-06-09
Ernst & Young

Tomas Karlsson
Authorized public accountant

THIS PAGE IS INTENTIONALLY LEFT BLANK

Bharat Forge PMT Technologie, LLC

Directors

Mr. Amit Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Mr. Kedar Dixit

Auditors

KNAV P. A

One Lakeside

Commons, Suite 850

990 Hammond Drive NE,

Atlanta, GA 30328

Registered Office

2150, Schmiede St,

Surgoinville,

TN 37873,

U.S.A.

Independent Auditor's Report

To the Members
Bharat Forge PMT Technologie, LLC

Opinion

We have audited the financial statements of Bharat Forge PMT Technologie, LLC (the "Company"), which comprises the balance sheets as of March 31, 2023, and March 31, 2022, and the related statements of loss for the year ended March 31, 2023 and for the period from January 1, 2022 to March 31, 2022, changes in members' equity and cash flows for the year and period then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and March 31, 2022, and the result of its operations, and its cash flows for the year and period then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Atlanta, Georgia

June 30, 2023

Balance Sheet as on March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		As at March 31, 2022
	Rs.	USD	USD
Assets			
Current Assets			
Cash and cash equivalents	151,484,063	1,842,493	769,648
Accounts receivable, net of allowances	723,530,507	8,800,265	4,980,186
Other receivable, related parties (Refer note R)	431,639,712	5,250,012	2,430,490
Inventories, net	448,312,477	5,452,802	6,440,908
Prepaid expenses and other current assets	18,771,023	228,311	158,421
Total current assets	**1,773,737,782**	**21,573,883**	**14,779,653**
Non-current assets			
Property, plant and equipment, net	937,298,394	11,400,313	10,910,013
Capital work-in-progress	35,924,839	436,952	95,850
Intangible assets, net	-	-	14,302
Operating lease, right-of-use-assets	26,747,624	325,330	-
Other non-current assets	256,289,727	3,117,239	81,900
Total assets	**3,029,998,366**	**36,853,717**	**25,881,718**
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable	230,932,555	2,808,821	1,971,815
Other payable, related parties (Refer note R)	46,182,385	561,714	556,843
Loans from parent (Refer note R)	781,060,550	9,500,000	6,000,000
Operating lease liabilities, current portion	11,066,066	134,596	-
Other current liabilities	66,010,469	802,882	977,092
Total current liabilities	**1,135,252,025**	**13,808,013**	**9,505,750**
Non- Current Liabilities			
Long term borrowings	400,049,265	4,865,779	-
Operating lease liabilities, excluding current portion	15,692,904	190,872	-
Other non-current liabilities	-	-	117,826
Total liabilities	**1,550,994,194**	**18,864,664**	**9,623,576**
Commitments & contingencies (Refer note N)			
Members' Equity			
Member's capital	8,012,037	97,450	97,450
Additional paid in capital	3,272,744,667	39,806,228	37,759,145
Accumulated deficit	(1,801,752,532)	(21,914,625)	(21,598,453)
Total members' equity	**1,479,004,172**	**17,989,053**	**16,258,142**
Total liabilities and Member's equity	**3,029,998,366**	**36,853,717**	**25,881,718**

(The accompanying notes are an integral part of these financial statements)

Statements of income (loss) for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	**USD**	**USD**
Operating revenues	3,106,264,899	37,781,343	7,162,319
Less : Cost of revenues	(2,731,135,412)	(33,218,662)	(4,082,358)
Gross Profit	**375,129,487**	**4,562,681**	**3,079,961**
Cost and expenses			
Selling, general and administrative expenses	196,124,633	2,385,454	2,716,799
Depreciation and amortization	179,014,474	2,177,344	521,724
Total cost and expenses	**375,139,107**	**4,562,798**	**3,238,523**
Operating Loss	**(9,620)**	**(117)**	**(158,562)**
Interest expenses	(26,627,012)	(323,863)	(46,949)
Other (expense) income	641,950	7,808	(50,981)
Net loss	**(25,994,682)**	**(316,172)**	**(256,492)**

(The accompanying notes are an integral part of these financial statements)

Statement of stockholder's equity

	Member's Contribution		Additional paid in capital		Accumulated deficit		Total Member's equity	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance January 01, 2022	**8,012,037**	**97,450**	**3,104,439,849**	**37,759,145**	**(1,754,669,873)**	**(21,341,961)**	**1,357,782,013**	**16,514,634**
Net Loss during the period	-	-	-	-	(21,087,976)	(256,492)	(21,087,976)	(256,492)
Members' equity as at March 31, 2022	**8,012,037**	**97,450**	**3,104,439,849**	**37,759,145**	**(1,775,757,849)**	**(21,598,453)**	**1,336,694,037**	**16,258,142**
Members' equity as of April 1, 2022	**8,012,037**	**97,450**	**3,104,439,849**	**37,759,145**	**(1,775,757,849)**	**(21,598,453)**	**1,336,694,037**	**16,258,142**
Net loss for the year	-	-	-	-	(25,994,682)	(316,172)	(25,994,682)	(316,172)
Loan and interest conversion to members' equity	-	-	168,304,818	2,047,083	-	-	168,304,818	2,047,083
Members' equity as at March 31, 2023	**8,012,037**	**97,450**	**3,272,744,667**	**39,806,228**	**(1,801,752,531)**	**(21,914,625)**	**1,479,004,173**	**17,989,053**

Statement of Cash Flow for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net Income (Loss)	**(25,994,682)**	**(316,172)**	**(256,492)**
Adjustments to reconcile net loss to net income (loss) to net cash provided by operating activities :			
Depreciation and amortization expense	179,014,474	2,177,344	521,724
Provision on doubtful accounts receivable	23,655,118	287,716	-
Reversal of provision for doubtful accounts receivable	(28,722,145)	(349,346)	-
Reversal of provision on inventories	(51,809,637)	(630,158)	-
Amortization of loan processing costs	1,297,300	15,779	-
Property, plant and machinery written off	621,149	7,555	-
Changes in net operating assets and liabilities			
Accounts receivable	(309,008,026)	(3,758,449)	(262,641)
Other receivables, related parties	(231,812,358)	(2,819,522)	2,205,165
Inventories	133,048,649	1,618,264	(1,355,753)
Prepaid expenses and other current assets	(5,746,139)	(69,890)	(141,890)
Operating lease right-of-use-assets	11,346	138	-
Accounts payable	68,816,285	837,009	(207,611)
Other payables, related parties	400,232	4,868	4,368,474
Other current liabilities	(10,451,988)	(127,127)	(633,558)
Other non-current liabilities	(9,687,288)	(117,826)	91,283
Net cash (used in) provided by operating activities	**(266,367,710)**	**(3,239,817)**	**4,328,701**
Cash Flows from Investing Activities			
Purchase of property, plant, and equipment and capital assets	(496,371,215)	(6,037,338)	-
Proceeds from sale of property, plant, and equipment	-	-	17,014
Net cash used in investing activities	**(496,371,215)**	**(6,037,338)**	**17,014**
Cash Flows from Financing Activities			
Proceeds from a loan from parent	781,060,550	9,500,000	-
Repayment of loans to parent	(328,867,600)	(4,000,000)	(5,000,000)
Proceeds from long-term borrowings	411,084,500	5,000,000	-
Loan processing costs	(12,332,535)	(150,000)	-
Net cash provided by financing activities	**850,944,915**	**10,350,000**	**(5,000,000)**
Net Increase in Cash and Cash Equivalents	**88,205,990**	**1,072,845**	**(654,285)**
Cash and Cash Equivalents at the Beginning of the year	63,278,073	769,648	1,423,933
Cash and Cash Equivalents at the end of the year	**151,484,063**	**1,842,493**	**769,648**
Supplemental cash flow information			
Interest paid	20,685,361	251,595	-
Conversion of loan to equity by parent company	168,304,818	2,047,083	-

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A : NATURE OF OPERATIONS

Bharat Forge PMT Technologie, LLC (formerly Walker Forge Tennessee, LLC, or the "Company") is engaged in the manufacture and sale of steel forgings. The Company sells its products primarily to customers in the automotive, construction, and recreational vehicle industries.

On November 30, 2016, the Company was acquired by Bharat Forge America, Inc. (82.10%) and Bharat Forge Tennessee, Inc. (17.90%). Subsequent to this acquisition, the Company changed its name from Walker Forge Tennessee, LLC to Bharat Forge PMT Technologie, LLC. Bharat Forge Limited (ultimate Parent Company or "BFL") a publicly listed Company in India, owns 100% of the common stock of Bharat Forge America, Inc.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. Basis of preparation

a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operations, members' equity, and cash flows.

b. All amounts are stated in United States Dollars except as otherwise specified.

c. The financial statements are for the year ended March 31, 2023, and three months period ended March 31, 2022.

d. Certain reclassifications, regroupings, and reworking have been made in the financial statements of the prior year to confirm the classifications used in the current year. This has no impact on the previously reported net loss or members' equity.

e. During the previous year, the Company changed its financial year end to March from the earlier year end of December to align it with the broader reporting objectives of the ultimate Parent Company BFL. Accordingly, the current financial statements are for the twelve months period beginning from April 1, 2022, through March 31, 2023. The numbers reported in the current year's financial statements are not comparable with the previous period, which are for the three months period from January 1, 2022, through March 31, 2022.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for determination of useful lives of property, plant and equipment and intangibles, allowance for doubtful accounts receivable, valuation allowance for deferred tax assets, inventory valuation and events at the balance sheet dates represent certain of these particularly sensitive estimates. The estimates use historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $250,000 per depositor at each financial institution.

4. Revenue recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. The Company's payment terms are typically 30-90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing contracts, noncash consideration, and consideration payable to the customer, if any.

The Company's revenue represents sales of finished goods with incoterms ex-factory/ex-works wherein the goods are made available at the Company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers.

5. Accounts receivable and provision for doubtful debts

Accounts receivable consist of uncollateralized customer obligations, which generally require payment within 90 days from the invoice date. Accounts receivables are stated at net invoice amounts. The Company follows the specific identification method for recognizing provision for doubtful debts. Management analyzes the composition of the accounts receivable aging, historical bad debts, current economic trends, and customer creditworthiness of each account receivable when evaluating the adequacy of the provision for doubtful accounts. All amounts deemed to be uncollectible are charged against the provision for doubtful debt in the period that determination is made and is included in marketing and selling expenses in the statements of loss.

6. Inventories

Inventories are stated at a lower of cost or market value, with the cost determined using the weighted average method. Raw materials and packing materials are valued at cost. Cost includes all the appropriate allocable overheads. The cost in the case of work-in-progress and finished goods comprises direct labor, material, cost, and production overheads. Work-in-progress and finished goods are valued at lower of cost or market value after providing for obsolescence and other losses. The Company is required to make assumptions regarding the level of reserves required to value potentially obsolete or overvalued items at a lower of cost or market value. These assumptions require the Company to analyze the aging of and forecasted demand for its inventory, forecast future product sales prices, pricing trends, and margins, and to make judgments and estimates regarding obsolete or excess inventory. Future product sales prices, pricing trends, and margins are based on the best available information at that time, including actual orders received, negotiations with the Company's customers for future orders, including their plans for expenditures, and market trends for similar products. The Company's judgments and estimates for excess or obsolete inventory are based on an analysis of actual and forecasted usage. The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves.

7. Property, plant and equipment and depreciation

Property, plant, and equipment are stated at the cost less accumulated depreciation. The cost of items of property, plant, and equipment comprises the cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

Major maintenance projects that extend the life of the related equipment are capitalized. The cost of maintenance and repairs is charged to expense when incurred.

The Company depreciates property, plant, and equipment over the estimated useful life using the straight-line method, including finance lease assets which are depreciated over the terms of their respective leases. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Building improvements	10 years
Machinery and equipment	1-20 years
Equipment under finance lease	5 years
Production tools and dies	4-8 years
Office furniture	5-10 years
Vehicles	9 years

Deposits paid towards the acquisition of property, plant, and equipment outstanding as of each balance sheet date and the cost of property, plant, and equipment not ready for use before such date are disclosed under capital work-in-progress.

8. Intangible assets

Intangible assets are stated at cost less accumulated amortization. The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Software	3 years

9. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

10. Income taxes

In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

11. Leases

Accounting Standard Update (“ASU”) 2016-02, Leases. On April 1, 2022, the Company early adopted

Accounting Standards Codification 842 and all the related amendments ("new lease standard") using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The new lease standard requires all leases to be reported on the balance sheet as lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to the adoption of the standard.

The Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's balance sheet. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company's estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings. Lease expense is recognized on a straight-line basis over the lease term and is included in the cost of revenue or general and administrative expenses. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term. The Company notes that adopting the new standard resulted in recording a lease liability and right-of-use asset associated with the Company's facility lease agreement totalling $186,660, as of April 1, 2022.

12. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

13. Fair value measurement

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little if any market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

14. Recently issued accounting standards not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," or ASU No. 2016-13. The amendments in ASU

No. 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new standard requires financial assets measured at amortized cost to be presented at the net amount expected to be collected through an allowance for credit losses deducted from the amortized cost basis. The standard will be effective for the Company on April 1, 2023, with early application permitted. The Company is evaluating the impact of adopting this new accounting guidance on its financial statements.

NOTE C : FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and trade receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents and trade receivables involve risk, including the credit risk of non-performance by counter parties.

In management’s opinion, as of March 31, 2023, there was no significant risk of loss in the event of nonperformance of the counter parties to these cash equivalents and trade receivables.

As of March 31, 2023, and March 31, 2022, three customers accounted for approximately 74% and 57% of the total accounts receivable and contributed for around 70% and 68% of the Company’s revenue during the year ended March 31, 2023, and three months ended March 31, 2022, respectively.

NOTE D : CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at March 31, 2023	**As at March 31, 2022**
Cash in hand	-	3,126
Balance with banks	1,842,493	766,522
Total	**1,842,493**	**769,648**

Balances on deposits with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

NOTE E : ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of:

	As at March 31, 2023	**As at March 31, 2022**
Accounts receivable	8,960,888	5,202,439
Less: allowance for doubtful accounts receivables	(160,623)	(222,253)
Accounts receivable, net of allowances	**8,800,265**	**4,980,186**

The following table provides the details of doubtful accounts receivables:

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period	**222,253**	**222,253**
Provision for doubtful accounts receivables	287,716	-
Reversal of provision for doubtful accounts receivables	(349,346)	-
Balance at the end of the period	**160,623**	**222,253**

NOTE F : INVENTORIES, NET

Inventories include the following:

	As at March 31, 2023	As at March 31, 2022
Raw material	520,012	2,210,162
Work in progress	2,254,083	2,117,243
Finished goods [includes items lying with third parties]	2,244,160	2,472,267
Stores, spares, and loose tools	577,470	414,317
Inventory reserve	(142,923)	(773,081)
Total	**5,452,802**	**6,440,908**

The activity in the inventory reserve is as follows:

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period	**773,081**	**773,081**
Reversal of provision during the period	(630,158)	-
Balance at the end of the period	**142,923**	**773,081**

NOTE G : OTHER CURRENT ASSETS

Other current assets include the following:

	As at March 31, 2023	As at March 31, 2022
Prepaid and other current assets	199,572	158,421
Advance on sales taxes	28,739	-
Total	**228,311**	**158,421**

NOTE H : PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant, and equipment include the following:

	As at March 31, 2023	As at March 31, 2022
Building improvements	1,233,597	1,233,597
Machinery and equipment	42,774,830	40,043,733
Equipment under finance lease	-	135,480
Vehicles	67,728	22,179
Furniture and fixtures	73,314	75,763
	44,149,469	**41,510,752**
Less: accumulated depreciation	(32,749,156)	(30,600,739)
Property, plant and equipment, net	**11,400,313**	**10,910,013**

Depreciation expenses for the year ended March 31, 2023, was $2,163,042 (for the three months ended March 31, 2022: $513,346).

NOTE I : INTANGIBLE ASSETS, NET

Intangible assets include the following:

	As at March 31, 2023	As at March 31, 2022
Software	467,939	467,939
Less: accumulated amortization	(467,939)	(453,637)
Intangible assets, net	**-**	**14,302**

Amortization for the year ended March 31, 2023, was $14,302 (for the three months ended March 31, 2022: $8,378).

NOTE J : OTHER NON-CURRENT ASSETS

Other non-current assets include the following:

	As at March 31, 2023	As at March 31, 2022
Advance payments to capital vendors	3,035,339	-
Security deposits	81,900	81,900
Total	**3,117,239**	**81,900**

NOTE K : LOANS FROM RELATED PARTY

Loan from related party include the following:

	As at March 31, 2023	As at March 31, 2022
Loan from related party	9,500,000	6,000,000
Total	**9,500,000**	**6,000,000**

In June 2022, the Company has received line of credit from its parent company, Bharat Forge America, Inc. to facilitate working capital requirements. The line of credit has a maximum aggregate permissible limit of $9,500,000 (March 31, 2022: $6,000,000). The entire outstanding balance is repayable within twelve months from the balance sheet date. As of March 31, 2023, the Company has made withdrawals in the amount of $9,500,000 (March 31, 2022: $6,000,000) under this line of credit. During the year ended March 31, 2023, a total of $2,000,000 from the outstanding loan balance, along with its accompanying outstanding interest in the amount of $47,083, were converted into equity by the parent company. **(Refer note R)**

Interest on the line of credit is stipulated at 1% plus applicable LIBOR. As of March 31, 2023, the applicable rate of interest on the outstanding line of credit was 5.45% per annum (March 31, 2022: 2.28%).

The interest expense for the year ended March 31, 2023, was $323,863. (For the three months ended March 31, 2022: $46,949). The interest outstanding as of March 31, 2023, was $244,138 (March 31, 2022: $171,870).

NOTE L : OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at March 31, 2023	**As at March 31, 2022**
Accrued interest expense **(Refer note R)**	244,138	171,870
Accrued expenses	171,376	70,454
Capital advances	179,252	298,672
Employee related liabilities	179,953	350,355
Finance lease liabilities, current portion	-	85,741
Accrual of property taxes	28,163	-
Total	**802,882**	**977,092**

NOTE M : LONG-TERM BORROWINGS

Long-term borrowings include the following:

	As at March 31, 2023	**As at March 31, 2022**
Loan from bank	5,000,000	-
Less: unamortized debt issuance cost	(134,221)	-
Total	**4,865,779**	**-**

In December 2022, the Company obtained a long-term loan from a bank in the amount of $5,000,000 for funding the acquisition of capital assets. The total amount of loan outstanding as of March 31, 2023, was $4,865,779. (March 31, 2022, $ Nil)

The effective interest rate ("EIR") on the loans is around 9.87% for the year ended March 31, 2023. The interest expense recorded for the year ended March 31, 2023, is $107,151 (March 31, 2022 $ Nil) which is entirely capitalized. Accrued interest as of March 31, 2023 is $15,779 (March 31, 2022 $ Nil). The loan is secured by the property, plant, and equipment of the Company.

Total processing costs incurred on the facility is $150,000, out of which $15,779 is expensed in the year ended March 31, 2023 (March 31, 2022 $ Nil).

The future maturities of the Company's borrowing arrangements are as follows:

For the year ending	Amount
March 31, 2024	-
March 31, 2025	312,500
March 31, 2026	1,250,000
March 31, 2027	1,250,000
Thereafter	2,187,500
Total	**5,000,000**

NOTE N : OPERATING LEASE RIGHT-OF-USE ASSETS

Prior to the adoption of ASC 842, "Leases" rent expense on operating leases was recognized on a straight-line basis over the term of the lease. In addition, certain of the Company's operating lease agreements for office space also include rent holidays and scheduled rent escalations during the initial lease term. The Company recorded the rental holidays as a deferred rent within other liabilities on the balance sheets. The Company expects to record deferred rent liability and scheduled rent increase on a straight-line basis into rent expense over the lease term commencing on the date the Company took possession of the leased space.

General description of the lease

The Company facilities and office space under operating leases which have non-cancellable terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase office equipment. The depreciable life of assets are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

There are various office premises and facilities under non-cancelable operating leases that expire at various dates through February 2032. Some of the Company's leases contain one or more options to extend. The Company considers options to extend the lease in determining the lease term.

Operating lease expense for the year ended March 31, 2022, was $123,832. The Company records operating lease expense in the statements of loss within selling, general and administrative expenses.

On adoption of topic ASC 842 "Leases", balance sheet information as of March 31, 2023 related to operating leases are shown below:

Weighted average remaining lease term	2.61 Years
Weighted average discount rate	2.77%

Supplemental cash flow information related to leases for financial year ended March 31, 2023, was as follows:

	As at March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	123,832
Right-of-use assets obtained in exchange for lease obligations:	186,661
Operating lease right-of-use assets	325,330
Operating lease	
Current liability	134,596
Non-current liability	190,872
Total lease liabilities	**325,468**

Maturities of lease liabilities for the years ending were as follows:	**As at March 31, 2023**
March 31, 2024	139,777
March 31, 2025	116,878
March 31, 2026	75,229
March 31, 2027	4,399
Thereafter	1,733
Total future minimum rental commitments	**338,016**
Less imputed interest	(12,548)
Total lease liability	**325,468**

NOTE O : REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

	For the year April 1, 2022 to March 31, 2023	For the period January 1, 2022 to March 31, 2022
Type of goods		
Sale of manufactured products	36,416,311	6,850,550
Die design and preparation charges	947,243	256,769
Sale of scraps	417,789	55,000
Total	**37,781,343**	**7,162,319**
Timing of revenue recognition		
Goods transferred at a point of time	37,781,343	7,162,319
Total	**37,781,343**	**7,162,319**

NOTE P : INCOME TAXES

The limited liability company files a federal tax return as per applicable regulations in the United States of America. Generally, the income of a partnership is not subject to federal tax at the partnership level, but rather the partners are required to include a pro-rata share of the partnership's taxable income or loss in their income tax return. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the entity's net deferred income taxes are as follows:

	As at March 31, 2023	As at March 31, 2022
Non-current deferred tax liabilities		
Property, plant, and equipment	(773,744)	(617,961)
Total deferred tax liabilities	**(773,744)**	**(617,961)**
Non-current deferred tax assets		
Inventories	11,870	12,733
Inventory obsolescence provision	8,526	45,793
Interest disallowed u/s 163(j)	19,320	-
State tax credit carryforward	174,367	203,388
State tax - net operating loss carryforward	1,909,902	2,087,025
Total deferred tax assets	**2,123,985**	**2,348,939**
Net deferred taxes	1,350,241	1,730,978
Less: deferred tax assets valuation allowance	(1,350,241)	(1,730,978)
Net deferred taxes	**-**	**-**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Management believes that negative evidence outweighs the positive evidence and thus it is more likely than not that the benefit from deferred tax asset may not be realized in foreseeable future. In recognition of this risk, a valuation allowance of $1,350,241 and $1,730,978 has been created as at March 31, 2023 and March 31, 2022, respectively.

The Company has net operating loss (NOL's) carryforward in the State of Tennessee of approximately $32,016,447 as at March 31, 2023, which, if unutilized will expire during the years 2027 through 2035.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2023 and March 31, 2022.

The tax years of 2019 through 2021 remain subject to examination by the taxing authorities.

NOTE Q : EMPLOYEE BENEFIT PLANS

The Company has an employee savings plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the Internal Revenue Code.

The Company has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2023, was $110,753 (for the period from January 1, 2022 to March 31, 2022, was $25,633.).

NOTE R : RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company

1. Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc.) (BFL)

B. Parent company

1. Bharat Forge America, Inc. (owning approximately 82% of the membership interest) (BFA)

C. Other related parties where common control exists

1. Bharat Forge Tennessee, Inc. (owning approximately 18% of the membership interest) (BFT)
2. Bharat Forge Aluminum USA, Inc. (BFALU)
3. Bharat Forge Infrastructure Limited

The summary of balances due to and from related parties are as follows:

	As at March 31, 2023	As at March 31, 2022
Other receivable due from related parties:		
Bharat Forge America, Inc.	4,000,000	1,721,526
Bharat Forge Aluminum USA, Inc.	1,250,012	708,964
Other payable due to related parties:		
Bharat Forge Tennessee, Inc.	550,000	540,000
Bharat Forge America, Inc.	11,714	-
Bharat Forge Limited	-	16,843
Loans from related party:		
Bharat Forge America, Inc.	9,500,000	6,000,000
Accrual interest expenses:		
Bharat Forge America, Inc.	244,138	171,870

The summary of transactions with related parties and transactions are as follows:

	For the year April 1, 2022 to March 31, 2023	For the period January 1, 2022 to March 31, 2022
Rental expenses:		
Bharat Forge Tennessee, Inc.	360,000	90,000
Income during the period:		
Bharat Forge Aluminum USA, Inc.	541,048	-
Purchases during the period:		
Bharat Forge Limited	16,301	16,843
Reimbursement of expenses by the Company:		
Bharat Forge America, Inc.	465,528	119,666
Bharat Forge Aluminum USA, Inc.	-	232,377
Loans from related parties:		
Bharat Forge America, Inc.	9,500,000	-
Loans repaid to related parties:		
Bharat Forge America, Inc.	4,000,000	-
Loan converted into equity:		
Bharat Forge America, Inc.*	2,047,083	-
Interest expenses:		
Bharat Forge America, Inc.	323,863	46,949

*During the year ended March 31, 2023, Loan from related party of $2,000,000 and corresponding accrued interest of $47,083 were converted into equity.

NOTE S : SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2023, through the date the financial statements are available to be issued. Based on the evaluation, the Company is not aware of any subsequent events or transactions, which would require recognition or disclosure in the financial statements.

Bharat Forge Tennessee, Inc.

Directors

Mr. Amit Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Mr. Kedar Dixit

Auditors

KNAV P. A

One Lakeside

Commons, Suite 850

990 Hammond Drive NE,

Atlanta, GA 30328

Registered Office

2150, Schmiede St,

Surgoinville,

TN 37873,

U.S.A.

Independent Auditor's Report

To The Board of Directors and Stockholder
Bharat Forge Tennessee, Inc.

Opinion

We have audited the financial statements of Bharat Forge Tennessee, Inc. (the "Company"), which comprises the balance sheets as of March 31, 2023, and March 31, 2022, and the related statements of (loss) income for the year ended March 31, 2023 and for the period from January 01, 2022 to March 31, 2022, changes in stockholder's equity and cash flows for the year and period then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and March 31, 2022, and the result of its operations, and its cash flows for the year ended and period then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Atlanta, Georgia

June 30, 2023

Balance Sheet as on March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		As at March 31, 2022
	Rs.	USD	USD
Assets			
Current Assets			
Cash and Cash equivalents	11,488,907	139,739	128,369
Trade Receivables (refer note H)	45,219,295	550,000	540,000
Other Current Assets	-	-	-
Total current assets	**56,708,202**	**689,739**	**668,369**
Property and plant, net	246,782,412	3,001,602	3,163,298
Investment in non-consolidated affiliate	309,786,373	3,767,916	3,712,886
Total assets	**613,276,987**	**7,459,257**	**7,544,553**
Liabilities and Stockholder's Equity			
Current Liabilities			
Trade accounts payable (refer note H)	-	-	2,937
Other accrued liabilities	1,105,407	13,445	32,430
Total current liabilities	**1,105,407**	**13,445**	**35,367**
Non Current - Deffered Tax Liability	45,172,431	549,430	572,181
Total liabilities	**46,277,838**	**562,875**	**607,548**
Stockholder's Equity			
Common stock ($ 0.01 par value, authorized, issued and outstanding 100 shares)	82	1	1
Additional paid - in -capital	384,536,416	4,677,097	4,677,097
Accumulated Surplus	182,462,651	2,219,284	2,259,907
Total stockholder's equity	**566,999,149**	**6,896,382**	**6,937,005**
Total liabilities and stockholder's equity	**613,276,987**	**7,459,257**	**7,544,553**

(The accompanying notes are an integral part of these financial statements)

Statements of income (loss) for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year April 01, 2022 to March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	**USD**	**USD**
Lease Income	29,598,084	360,000	90,000
Less : Cost of revenues (depreciation)	(13,294,144)	(161,696)	(39,870)
Gross Profit	**16,303,940**	**198,304**	**50,130**
Cost and expenses			
General and administrative expenses	26,038,750	316,708	77,497
Operating Loss	**(9,734,810)**	**(118,404)**	**(27,367)**
Surplus in earning of non-consolidated affiliate	4,524,396	55,030	2,498
(Loss) / Profit before income taxes	(5,210,414)	(63,374)	(24,869)
Current tax expenses	-	-	-
Deferred tax (expenses)	(1,870,517)	(22,751)	(67,632)
Net (loss) /Profit	**(3,339,897)**	**(40,623)**	**42,763**

(The accompanying notes are an integral part of these financial statements)

Statement of Stockholder's Equity

	Common Stock											
	Authorized			Issued & outstanding			Additional paid in capital		Accumulated Surplus		Total Stockholder's equity	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as at January 1,2022	10,000	8,222	100	100	82	1	384,536,416	4,677,097	182,286,707	2,217,144	566,823,205	6,894,242
Net income for the period	-	-	-	-	-	-	-	-	3,515,841	42,763	3,515,841	42,763
Balance as at March 31, 2022	10,000	8,222	100	100	82	1	384,536,416	4,677,097	185,802,548	2,259,907	570,339,046	6,937,005
Balance as at April 1, 2022	10,000	8,222	100	100	82	1	384,536,416	4,677,097	185,802,548	2,259,907	570,339,046	6,937,005
Net loss	-	-	-	-	-	-	-	-	(3,339,897)	(40,623)	(3,339,897)	(40,623)
Balance March 31, 2023	**10,000**	**8,222**	**100**	**100**	**82**	**1**	**384,536,416**	**4,677,097**	**182,462,651**	**2,219,284**	**566,999,149**	**6,896,382**

Statement of Cash Flow for the period ended March 31, 2023

	For the year April 01, 2022 to March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net loss	(3,339,897)	(40,623)	42,763
Adjustments to reconcile net profit to net cash fom Operating Activities :			
Depreciation	13,294,144	161,696	39,870
Equity in loss (earnings) of unconsolidated investees	(4,524,396)	(55,030)	(2,498)
Deferred tax benefit	(1,870,517)	(22,751)	(67,632)
Changes in net operating assets and liabilities			
Receivables from a related party	(822,169)	(10,000)	75,045
Prepaid expenses and other current assets	-	-	3,204
Payables, related party	(241,471)	(2,937)	2,937
Other current liabilities	(1,560,888)	(18,985)	32,430
Net cash provided by operating acitivties	**934,806**	**11,370**	**126,119**
Net Increase in Cash and Cash Equivalents	**934,806**	**11,370**	**126,119**
Cash and Cash Equivalents - Beginning of Year	**10,554,102**	**128,369**	**2,250**
Cash and Cash Equivalents - End of Year	**11,488,908**	**139,739**	**128,369**

The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A : NATURE OF OPERATIONS

The Company is a wholly-owned subsidiary of Bharat Forge America, Inc. (“BFA” or “the Parent”). Subsequent to its acquisition, by the Parent on November 30, 2016, the Company changed its name from PMT Holdings, Inc. to Bharat Forge Tennessee, Inc. The effects of the acquisition have not been pushed down to these financial statements. Bharat Forge Limited (ultimate Parent Company or “BFL”) a publicly listed Company in India owns 100% of the common stock of Bharat Forge America, Inc.

Bharat Forge Tennessee, Inc. (“BFT” or the “Company”) leases land and a forging facility to Bharat Forge PMT Technologies, LLC, (“PMT’), in which the Company has a minority interest of 17.90%.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. Basis of preparation

a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operations, stockholder’s equity, and cash flows.

b. All amounts are stated in United States Dollars, except as otherwise specified.

c. The financial statements are for the year ended March 31, 2023, and for the three months period ended March 31, 2022.

d. Certain reclassifications, regroupings, and reworking have been made in the financial statements of the prior year to conform to the classifications used in the current year. This has no impact on previously reported net income or stockholder’s equity.

e. During the previous year, the Company changed its financial year end to March from the earlier year end of December, to align it with the broader reporting objectives of the ultimate Parent Company BFL. Accordingly, the current financial statements are for the 12 months period beginning from April 1, 2022, through March 31, 2023. The numbers reported in the financial statements are not comparable with the previous period, which are for the three months period from January 1, 2022, through March 31, 2022.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for determination of useful lives for property and plant, provision for doubtful debts and valuation allowance for deferred tax assets represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimate.

3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $ 250,000 per depositor at each financial institution.

4. Revenue recognition

The Company leases land and a forging facility to Bharat Forge PMT Technologies, LLC, a related party, under a month-to-month lease agreement, which is accounted for as an operating lease. Bharat Forge PMT Technologies, LLC is responsible for paying property taxes, insurance, and other property expenses.

5. Accounts receivable and provision for doubtful debts

All accounts receivables are derived from lease agreements with Bharat Forge PMT Technologies, LLC. An allowance for doubtful debts has not been recorded on March 31, 2023, and March 31, 2022, as management considers all accounts receivable collectible.

6. Property and plant and depreciation

Land, building, and equipment are stated at cost less accumulated depreciation. The cost of items of land, building, and equipment comprise the cost of purchase and other costs incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates land improvements and building over the estimated useful life using the straight-line method, including capital lease assets which are depreciated over the terms of their respective leases. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts, and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Land	-
Land improvements	30 years
Buildings	10-30 years

7. Investment in non-consolidated affiliate

The investment is accounted for using the equity method. Under this method, the investment is carried at cost and adjusted for the Company's proportionate share of undistributed earnings or losses in the investee.

8. Income taxes

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority are recognized on the financial statements of the Parent company which is the taxpayer for income tax purposes. The Company approximates the amounts that would be reported if it were separately filing its tax return.

9. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

10. Recently issued accounting standards not yet adopted.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," or ASU No. 2016-13. The amendments in ASU No. 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new standard requires financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The standard will be effective for the Company on January 1, 2023, with early application permitted. The Company is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

NOTE C : CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at March 31, 2023	As at March 31, 2022
Bank balance	139,739	128,369
Total	**139,739**	**128,369**

Cash balances on deposits with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

NOTE D : PROPERTY AND PLANT, NET

Property and equipment include the following:

	As at March 31, 2023	As at March 31, 2022
Land	282,889	282,889
Land improvements	260,049	260,049
Building	3,482,181	3,482,181
Total Property and plant	**4,025,119**	**4,025,119**
Less: Accumulated depreciation	(1,023,517)	(861,821)
Property and plant, net	**3,001,602**	**3,163,298**

Depreciation expense for the year ended March 31, 2023, and period ended March 31, 2022, was $161,696 and $39,870, respectively.

NOTE E : INVESTMENT IN NON-CONSOLIDATED AFFILIATE

Investment in non-consolidated affiliate includes the following:

	As at March 31, 2023	As at March 31, 2022
Investment in Bharat Forge PMT Technologies, LLC	3,767,916	3,712,886
Total	**3,767,916**	**3,712,886**

Following is a summary of the financial position of PMT as of March 31, 2023, and March 31, 2022:

	As at March 31, 2023	As at March 31, 2022
Current assets	21,573,883	14,779,653
Property, plant and equipment, net	11,400,313	10,910,013
Capital work in progress	436,952	95,850
Intangible assets, net	-	14,302
Operating lease right-of-use assets	325,330	-
Other non-current assets	3,117,239	81,900
Total assets	**36,853,717**	**25,881,718**
Current liabilities	(13,808,013)	(9,505,750)
Long-term borrowings	(4,865,779)	-
Operating lease liabilities excluding current portion	(190,872)	-
Other non-current liabilities	-	(117,826)
Member's equity	**17,989,053**	**16,258,142**

PMT has revenues of $37,781,343 and loss after taxes of $316,172 for the year ended March 31, 2023 (for the three months ended March 31, 2022: revenue $7,162,319, and loss of $256,492). The loss is adjusted for depreciation based on fair value of fixed assets.

NOTE F : OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at March 31, 2023	As at March 31, 2022
Provision for franchise tax	13,445	32,430
Total	**13,445**	**32,430**

NOTE G : INCOME TAXES

The Company will file a federal tax return as a member of Bharat Forge America Inc. consolidated group for the year ended March 31, 2023.

The Company files combined state tax returns in states where nexus is determined and combined filing is required or permitted based on the state statutes.

Income tax expense is as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
Current taxes		
Federal	-	-
State	-	-
Total current taxes	**-**	**-**

	Year ended March 31, 2023	Year ended March 31, 2022
Deferred taxes		
Federal	(7,506)	(58,126)
State	(15,245)	(9,506)
Total deferred tax benefit	**(22,751)**	**(67,632)**
Income taxes benefit	**(22,751)**	**(67,632)**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	As at March 31, 2023	As at March 31, 2022
Non-current deferred tax assets		
Federal & state net operating losses	264,879	240,622
Total deferred tax asset	**264,879**	**240,622**
Non-current deferred tax liabilities		
Land improvements and building	(480,360)	(576,218)
Investment in Bharat Forge PMT Technologie, LLC	(333,679)	(236,585)
Total deferred tax liabilities	**(814,309)**	**(812,803)**
Net deferred liabilities	**(549,430)**	**(572,181)**

Realization of net deferred tax assets is dependent upon the generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences, and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change. Net deferred tax liabilities of $549,430 and $572,181 are recorded as at March 31, 2023, and March 31, 2022, respectively.

The Company has federal net operating loss carryforwards (NOLs) of approximately $982,885 as at March 31, 2023 and as per the provisions of Tax Cuts and Jobs Act those will be carried forward indefinitely for utilization. The Company has state NOL's carryforward of approximately $1,138,713 in Tennessee State as at March 31, 2023, which if unutilized will expire during the years 2033 through 2034.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2023, and March 31, 2022.

The tax years of 2019 through 2021 remain subject to examination by the taxing authorities.

NOTE H : RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate Parent Company

Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc.) (BFL)

B. Parent Company

Bharat Forge America Inc. (owning 100% of common stock of Bharat Forge Tennessee, Inc.) (BFA)

C. Affiliates

- Bharat Forge PMT Technologie, LLC (Company owns 17.90% of common stock) (PMT)
- Bharat Forge AluminiumTechnik GmbH

The summary of balances due to and from related parties are as follows:

	As at March 31, 2023	As at March 31, 2022
Accounts receivable from related party:		
Bharat Forge PMT Technologie, LLC	550,000	540,000
Other payable due to related party:		
Bharat Forge AluminiumTechnik GmbH	-	2,937

Summary of transactions with related parties and transactions are as follows:

	For the year April 1, 2022 to March 31, 2023	For the period January 1, 2022 to March 31, 2022
Rental income		
Bharat Forge PMT Technologies, LLC	360,000	90,000
Expense reimbursement incurred on behalf of the company:		
Bharat Forge AluminiumTechnik GmbH	-	2,937

NOTE I : COMMON STOCK

Common stock authorized, issued, and outstanding.

The authorized common stock is 10,000 shares with a par value of $ 0.01 as of March 31, 2023, of which 100 shares were issued as of that date.

Voting

Each holder of common stock is entitled to one vote in respect of each share held in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE J : SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2023, through the date the financial statements are available to be issued. Based on the evaluation, the Company is not aware of any subsequent events or transactions, which would require recognition or disclosure in the financial statements.

THIS PAGE IS INTENTIONALLY LEFT BLANK

Kalyani Mobility, Inc.
(erstwhile Kalyani Precision Machining, Inc)

Directors
Mr. Amit Kalyani
Mr. Ravindra Nagarkar

Auditors
KNAV P. A
One Lakeside
Commons, Suite 850
990 Hammond Drive NE,
Atlanta, GA 30328

Registered Office
160, Mine lake
Court, Suite 200,
Raleigh, NC 27615
U.S.A.
TN 37873,
U.S.A.

Independent Auditor's Report

To the Board of Directors and Stockholders
Kalyani Mobility, Inc.

Opinion

We have audited the financial statements of Kalyani Mobility, Inc. (the "Company" or "KMI"), which comprises the balance sheets as of March 31, 2023, and March 31, 2022, and the related statements of loss for the year ended March 31, 2023 and for the period from January 1, 2022 to March 31, 2022, changes in stockholders' equity and cash flows for the year and period then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and March 31, 2022, and the result of its operations, and its cash flows for the year ended and period then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Atlanta, Georgia

June 19, 2023

Balance Sheet as on March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	As at March 31, 2023		As at March 31, 2022
	Rs.	USD	USD
Assets			
Current assets			
Cash and cash equivalents	1,364,965	16,602	201,020
Accounts receivable	18,664,552	227,016	-
Other receivables, related party (refer note L)	2,920,098	35,517	378,462
Loan to related party (refer note L)	41,108,450	500,000	500,000
Other current assets	135,476,432	1,647,793	1,069
Total current assets	**199,534,497**	**2,426,928**	**1,080,551**
Non-current assets			
Investment	331,543,596	4,032,548	4,032,548
Total assets	**531,078,093**	**6,459,476**	**5,113,099**
Liabilities and Stockholder's Deficit			
Current liabilities			
Accounts payable, related party (refer note L)	14,940,784	181,724	-
Other payables, related party (refer note L)	871,252	10,597	-
Other current liabilities	43,953,155	534,600	-
Total current liabilities	**59,765,191**	**726,921**	**-**
Non-current liabilities			
Long-term loan from a related party (refer note L)	435,749,570	5,300,000	2,000,000
Other non-current liabilities (refer note L)	18,799,881	228,662	14,099
Total liabilities	**454,549,451**	**5,528,662**	**2,014,099**
Stockholder's deficit			
Common stock (no par value, authorized 100 shares, issued and outstanding 10 shares)	-	-	-
Additional paid in capital	390,538,497	4,750,100	4,750,100
Accumulated deficit	(373,775,046)	(4,546,207)	(1,651,100)
Total stockholder's deficit	**16,763,451**	**203,893**	**3,099,000**
Total liabilities and stockholder's deficit	**531,078,093**	**6,459,476**	**5,113,099**

(The accompanying notes are an integral part of these financial statements)

Statements of loss for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year April 1, 2022 to March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	**USD**	**USD**
Revenue	18,664,552	227,016	-
Less: cost of revenues	(14,988,881)	(182,309)	-
Gross profit	**3,675,671**	**44,707**	**-**
Operating expenses			
Personnel costs	138,101,125	1,679,717	188,694
General and administrative expenses	90,246,696	1,097,666	173,496
Operating loss	**(224,672,150)**	**(2,732,676)**	**(362,190)**
Other income (expenses)			
Interest income	4,286,131	52,132	1,134
Interest expenses	(17,640,705)	(214,563)	(13,779)
Loss before income taxes	**(238,026,724)**	**(2,895,107)**	**(374,835)**
Current income tax	-	-	-
Net Loss	**(238,026,724)**	**(2,895,107)**	**(374,835)**

(The accompanying notes are an integral part of these financial statements)

Statement of Stockholder's Equity
For the year ended March 31, 2023, and three months period ended March 31, 2022
(All amounts are stated in United States Dollars, except the number of shares)

	Common Stock											
	Authorized			Issued and outstanding			Additional paid in capital		Accumulated deficit		Total stockholder's deficit	
Particulars	**Shares**	**Rs.**	**USD**	**Shares**	**Rs.**	**USD**	**Rs.**	**USD**	**Rs.**	**USD**	**Rs.**	**USD**
Balance as at January 1, 2022	100	-	-	10	-	-	390,538,497	4,750,100	(104,930,552)	(1,276,265)	**285,607,945**	**3,473,835**
Net Loss for the period	-	-	-	-	-	-	-	-	(30,817,772)	(374,835)	**(30,817,772)**	**(374,835)**
Balance as at March 31, 2022	100	-	-	10	-	-	390,538,497	4,750,100	(135,748,324)	(1,651,100)	**254,790,173**	**3,099,000**
Balance as at April 1, 2022	100	-	-	10	-	-	390,538,497	4,750,100	(135,748,324)	(1,651,100)	**254,790,173**	**3,099,000**
Net Loss for the year	-	-	-	-	-	-	-	-	(238,026,723)	(2,895,107)	**(238,026,723)**	**(2,895,107)**
Balance as at March 31, 2023	**100**	**-**	**-**	**10**	**-**	**-**	**390,538,497**	**4,750,100**	**(373,775,047)**	**(4,546,207)**	**16,763,450**	**203,893**

(The accompanying notes are an integral part of these financial statements)

Statement of Cash Flow for the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year April 1, 2022 to March 31, 2023		For the period January 1, 2022 to March 31, 2022
	Rs.	**USD**	**USD**
Cash Flow used in operating activities			
Net Loss	(238,026,723)	(2,895,107)	(374,835)
Adjustments to reconcile net loss to net cash used in operating activities	-	-	-
Interest Income	-	-	-
Changes in net operating assets and liabilities			
Accounts receivable	(18,664,552)	(227,016)	-
Other receivable, related party	28,195,875	342,945	(137,825)
Other current assets	(1,370,885)	(16,674)	-
Accounts payable, related party	14,940,784	181,724	-
Other payables, related party	(10,030,708)	(122,003)	(1,134)
Other current liabilities	61,593,859	749,163	13,779
Net cash (used in) provided by operating activities	**(163,362,350)**	**(1,986,968)**	**(500,015)**
Cash flow used in investing activities			
Advances for capital projects	(123,115,697)	(1,497,450)	-
Loan to related party	(82,216,900)	(1,000,000)	-
Proceeds from loans to related party	82,216,900	1,000,000	-
Shares acquired during the period	-	-	(2,000,000)
Net cash used in investing activities	(123,115,697)	**(1,497,450)**	**(2,000,000)**
Cash flow from financing activities			
Proceeds from related party loan.	271,315,770	3,300,000	2,000,000
Net cash provided by financing activities	**271,315,770**	**3,300,000**	**2,000,000**
Net decrease in cash and cash equivalents	(15,162,277)	(184,418)	(500,015)
Cash and cash equivalents at the beginning of the year/ period	16,527,241	201,020	701,035
Cash and cash equivalents at the end of the year/ period	**1,364,964**	**16,602**	**201,020**
Supplemental cash flow information			
Conversion of a promissory note to investment in shares	-	-	2,032,548
Interest received	1,915,247	35,458	-

(The accompanying notes are an integral part of these separate parent company financial statements)

Notes to Financial Statements

NOTE A : NATURE OF OPERATIONS

Kalyani Mobility, Inc. (hereinafter referred to as "KMI" or the "Company") was incorporated in the State of North Carolina on September 27, 2019, and was a wholly-owned subsidiary of Bharat Forge America Inc ("BFA") until September 30, 2021. With effect from October 1, 2021, Kalyani Powertrain Limited ("KTPL" or "parent company") holds 99% shares of the Company, the remaining 1% is held by BFA. Bharat Forge Limited ("ultimate parent company" or "BFL") a publicly listed company in India owns 100% of the common stock of Kalyani Powertrain Limited.

The Company is set up to support product development for light-weighting and E-mobility business. The ultimate parent company has set up this Company with a plan to integrate the Company and an affiliate in Germany to enhancing the development capability and the customer experience. The Company is still in its start-up phase and is in the process of setting up.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. Basis of preparation

a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operations, stockholders' equity, and cash flows.

b. All amounts are stated in United States Dollars, except as otherwise specified.

c. The financial statements are for the year ended March 31, 2023, and three months period ended March 31, 2022.

d. Certain reclassifications, regroupings, and reworking have been made in the financial statements of the prior year to conform to the classifications used in the current year. This has no impact on previously reported net loss or stockholders' equity.

e. During the previous year, the Company changed its financial year end to March from the earlier year end of December, to align it with the broader reporting objectives of the parent company. Accordingly, the current financial statements are for the 12 months period beginning from April 1, 2022, through March 31, 2023. The numbers reported in the financial statements are not comparable with the previous year, which are for the three months period from January 1, 2022, through March 31, 2022.

2. Management plans

In February 2022, KTPL provided long-term loan amounting to $2,000,000, to the Company, out of which the entire $2,000,000 amount has been utilized. The loan along with the interest outstanding is repayable within 3 years from the receipt date. The loan is provided at an interest rate of 5% to facilitate the Company's working capital needs.

In August 2022, KTPL obtained additional long-term loan amounting to $3,300,000, out of which the entire $3,300,000 amount has been utilized. The loan along with the interest outstanding is repayable within 3 years from the receipt date. The loan is provided at an interest rate of 5% to facilitate the Company's working capital needs.

KTPL will continue to provide financial support to the Company to meet its capital requirements.

3. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for the provision for doubtful debts, valuation allowance for deferred tax assets represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimate. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $250,000 per depositor at each financial institution.

5. Revenue recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. The Company's payment terms are typically 30-90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing contracts, noncash consideration, and consideration payable to the customer, if any.

The Company's revenue represents sales of finished goods with incoterms ex-factory/ex-works wherein the goods are made available at the Company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers.

6. Receivables and provision for doubtful debts

Receivables relate to amounts receivable on account of other support services provided by the Company. Based on the management's review of outstanding receivable balances and historical collection information, management's best estimate is that all balances will be collected. Accordingly, the Company has not established an allowance for doubtful accounts.

7. Income taxes

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority are recognized on the financial statements of the parent company which is the taxpayer for income tax purposes. The Company approximates the amounts that would be reported if it were separately filing its tax return.

8. Government incentives

The Company receives incentives from Community Economic Development, North Carolina in the form of business development grants. These grants will be recognized at their fair values in the statements of loss where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received. There are no government incentives received in the financial year ended March 31, 2023 and three months ended March 31, 2022.

9. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

10. Fair value measurement

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of accounts receivable and accrued liabilities. The estimated fair value of related party receivable and payable approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

11. Recently issued accounting standards not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," or ASU No. 2016-13. The amendments in ASU No. 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new standard requires financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The standard will be effective for the Company on April 1, 2023, with early application permitted. The Company is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

NOTE C : CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at March 31, 2023	As at March 31, 2022
Balance with banks	16,602	201,020
Total	**16,602**	**201,020**

Balances on deposits with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

NOTE D : ACCOUNTS RECEIVABLE

Accounts receivable include the following:

	As at March 31, 2023	As at March 31, 2022
Accounts receivable	227,016	-
Total	**227,016**	**-**

NOTE E : LOANS TO RELATED PARTY

Loans to a related party include the following:

	As at March 31, 2023	As at March 31, 2022
Loan to a related party **(refer note L)**	500,000	500,000
Total	**500,000**	**500,000**

In March 31, 2022, the Company granted a loan facility of $500,000 (the "loan") to Bharat Forge Aluminum USA, Inc. ("BFALU"). The Company granted an additional loan amounting to $1,000,000 in July 2022, to BFALU, which was later repaid by BFALU in December 2022. The entire loan of $1,500,000 carried an interest rate of 5% until January 31, 2023. The interest rate was subsequently increased to 6.5% from February 1, 2023. The loan is repayable on demand.

The loan receivable and interest receivable as of March 31, 2023, are $500,000 and $17,743, respectively (As of March 31, 2022: $500,000 and $1,069). The loan receivable and interest receivable have been presented in the balance sheets under the head "Loan to a related party" and "Other current assets", respectively. Interest income on the loan during the year ended March 31, 2023, is $52,132 (period ended March 31, 2022: $1,069), which is presented in the statements of loss under the head "Interest income".

NOTE F : OTHER CURRENT ASSETS

Other current assets include:

	As at March 31, 2023	As at March 31, 2022
Capital advances	1,630,050	-
Accrued interest income **(refer note L)**	17,743	1,069
Total	**1,647,793**	**1,069**

NOTE G : INVESTMENT

Investment comprise:

	As at March 31, 2023	As at March 31, 2022
Investment in shares of Harbinger	4,032,548	4,032,548
Total	**4,032,548**	**4,032,548**

The Company, under a convertible promissory note agreement (the "Agreement") with Harbinger Motors Inc. (erstwhile "Electron Transport Inc" and referred to as "Harbinger Motors"), had issued a note amounting to $2,000,000 on July 29, 2021. The maturity date for this note was July 28, 2023, i.e., 24 months from the date of issue. The interest rate as per the agreement was stipulated at a cumulative rate of 6% p.a. In January 2022, the note was converted into 5,202,880 Series Seed-3 Preferred Stock of Harbinger Motors, in exchange for the promissory note plus accrued interest thereon aggregating to $2,032,548.

In addition to the above, the Company acquired additional 3,288,932 Series Seed Preferred Stock of Harbinger Motors amounting to $2,000,000 in February 2022. As on March 31, 2022, and March 31, 2023, the Company holds 8,491,812 preferred stocks of ETI which comprise 5.16% of the total equity of Harbinger.

NOTE H : LONG-TERM LOAN FROM RELATED PARTY

The long-term loan includes the following:

	As at March 31, 2023	As at March 31, 2022
Loan from the parent company **(refer note L)**	5,300,000	2,000,000
Total	**5,300,000**	**2,000,000**

In February 2022, the Company obtained a loan from the parent company amounting to $2,000,000. The loan along with the interest outstanding is repayable within 3 years from the receipt date. i.e., February 9, 2025.

In August 2022, the Company obtained an additional loan from the parent company amounting to $3,300,000. The loan along with the interest outstanding is repayable within 3 years from the receipt date. i.e., August 18, 2025.

This loan received is to facilitate the Company's working capital requirements. The interest rate for the loan is 5% per annum until January 31, 2023, and 6.5% with effect from February 1, 2023.

The interest expense for the year ended March 31, 2023, was $214,563 (period ended March 31, 2022: $13,779). Entire interest payable on loan from parent company amounting to $228,662 is outstanding as of March 31, 2023, (March 31, 2022: $14,099).

NOTE I : REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the year April 1, 2022 to March 31, 2023	For the period January 1, 2022 to March 31, 2022
Type of services		
Miscellaneous income	227,016	-
Total	**227,016**	**-**

NOTE J : INCOME TAXES

The Company files a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	As at March 31, 2023	**As at March 31, 2022**
Non-current deferred tax assets:		
Unpaid related party provision disallowed u/s 267	47,935	-
Start-up costs	327,441	-
Total deferred tax asset	**375,376**	**-**
Net deferred taxes	**375,376**	**-**
Less: deferred tax asset valuation allowance	**(375,376)**	-
Net deferred taxes	**-**	**-**

Realization of net deferred tax assets is dependent upon the generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences, and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

The Company has provided a valuation allowance of $375,376 as of March 31, 2023, (NIL as of March 31, 2022) against the net deferred tax assets.

Accounting for an uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as of March 31, 2023, and March 31, 2022.

NOTE K : COMMITMENTS

Commitments:

Electron Transport Inc. (”ETI”) has entered into purchase commitments with the Company where the Company is willing to sell to ETI, and ETI is willing to purchase from KMI goods worth $500,000. Based on the agreement the Company will receive future equity in the amount of $500,000 in ETI as compensation for these sales. (the “Safe Note”).

Termination:

The termination of this Safe Note will occur automatically, without releasing the Company from any obligations resulting from a previous breach or non-compliance with this Safe Note. The termination will take effect immediately upon the earliest of the following events: (i) the issuance of Capital Stock to the Company through the automatic conversion of this Safe Note, or (ii) the payment of amounts due to the Company or the allocation of funds for such payment.

NOTE L : RELATED PARTY TRANSACTIONS

A. Ultimate parent company

1. Bharat Forge Limited (owning 100% of common stock of Kalyani Powertrain Limited.) (“BFL”)

B. Parent company

1. Bharat Forge America Inc. (“BFA”) - owning 100% of the common stock of the Company until September 30, 2021.
2. Kalyani Powertrain Limited (“KTPL”) - owning 99% of the common stock of the Company w.e.f. October 1, 2021. (BFA still owns the remaining 1%)

C. Related party where common control exists.

1. Bharat Forge Aluminum USA, Inc (“BFALU”)

The summary of balances due to and from related parties are as follows:

	As at March 31, 2023	As at March 31, 2022
Other receivables due from related parties:		
Kalyani Powertrain Limited	35,517	-
Bharat Forge Aluminum USA, Inc.	-	378,462
Loan to a related party:		
Bharat Forge Aluminum USA, Inc.	500,000	500,000
Accrued interest income due from related party:		
Bharat Forge Aluminum USA, Inc.	17,743	1,069
Accounts payables due to related parties:		
Kalyani Powertrain Limited	181,724	-
Other payables due to related party:		
Bharat Forge Aluminum USA, Inc.	10,597	-
Loan from related parties:		
Kalyani Powertrain Limited	5,300,000	2,000,000
Accrued interest expenses due to related party:		
Kalyani Powertrain Limited	228,662	14,099

Summary of transactions with related parties:

	For the year April 1, 2022 to March 31, 2023	For the period January 1, 2022 to March 31, 2022
Purchases during the period:		
Bharat Forge Aluminum USA, Inc.	-	139,344
Kalyani Powertrain Limited	181,665	-
Loan provided to related party:		
Bharat Forge Aluminum USA, Inc.	1,000,000	-
Loan repaid by related party:		
Bharat Forge Aluminum USA, Inc.	1,000,000	-
Additional loan from related party:		
Kalyani Powertrain Limited	3,300,000	2,000,000
Interest income during the period:		
Bharat Forge Aluminum USA, Inc.	52,132	1,134
Interest expense:		
Kalyani Powertrain Limited	214,563	13,779

NOTE M : EMPLOYEE BENEFIT PLANS

The Company has an employees' savings plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the Internal Revenue Code.

The Company has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2023, was $29,041 (for the three months period ended March 31, 2022: $35,146).

NOTE N : COMMON STOCK

Common stock authorized, issued, and outstanding.

The authorized common stock is 100 shares with a par value of NIL as of March 31, 2023, and March 31, 2022, of which 10 shares were issued as of that date.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE O : SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2023, through the date the financial statements are available to be issued. Based on the evaluation, the Company is not aware of any subsequent events or transactions, which would require recognition or disclosure in the financial statements.

THIS PAGE IS INTENTIONALLY LEFT BLANK

Kalyani Strategic Systems Australia Pty Ltd.

Directors
Mr. Rajinder Singh Bhatia
Mr. Neelesh Tungar
Mr. David Bell

Auditors
P V Deo & Associates LLP
Office No. 604, Level 6,
Jeevan Heights, Plot No. 53/3,
Thorat Colony, CTS 110,
Erandawana, Off Prabhat Road,
Pune 411 004

Registered Office
Level 19 181
William Street,
Melbourne VIC 3000

Independent Auditor's Report

To the Board of Directors of Kalyani Strategic Systems Australia Pty Ltd.

Report on the special purpose financial statements

Opinion

We have audited the accompanying special purpose financial statements of **Kalyani Strategic Systems Australia Pty Ltd.** ("the Company") which comprise the Balance Sheet as at 31st March, 2023 and the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'Special Purpose Financial Statements'). The Special Purpose Financial Statements have been prepared by the Management of the Company to assist Bharat Forge Limited, the Ultimate Holding Company to comply with the requirements of Section 129(3) of the Companies Act, 2013 (the 'Act') and for the purpose of submission of Annual Performance Report under FEMA regulations to Reserve Bank of India. These financial statements may not be useful for any other purposes.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of special purpose financial statements in accordance with the Standards on Auditing (SAs) 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 special purpose 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 Companies Act, 2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for the special purpose 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 special purpose financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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.

The board of directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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 special purpose 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 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 special purpose financial statements, including the disclosures, and whether the special purpose 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.

Basis of preparation

We draw attention to Note 2 to the Special Purpose Financial Statements, which describes the basis of preparation of the special purpose financial statements. Our opinion is not modified in respect of this matter.

Restriction on distribution or use

This report is intended solely for the information of the Company's and its Ultimate Holding Company's board of directors for their internal use and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's and Ultimate Holding Company's board of directors, for our audit work, for this report, or for the opinions we have formed.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPS2404

Place : Pune
Date : 2nd May, 2023

Balance sheet as at 31st March, 2023

(In ₹ Hundreds)

		Notes	As at 31st March, 2023
I.	**ASSETS**		
1	**Non-current assets**		**-**
2	**Current assets**		
	a) Financial assets		
	i) Cash and cash equivalents	4	**4,022.09**
			4,022.09
		TOTAL :	**4,022.09**
II.	**EQUITY AND LIABILITIES**		
1	**Equity**		
	a) Equity share capital	5	**-**
	b) Other equity	6	**4,022.09**
			4,022.09
2	**Current liabilities**		**-**
		TOTAL :	**4,022.09**

Summary of significant accounting policies	2 & 3	

The accompanying notes form an integral part of these special purpose financial statements

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

On behalf of the Board of Directors,

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPS2404

Rajinder Singh Bhatia
Director

Neelesh Tungar
Director

Place : Pune
Date : 2nd May, 2023

Place : Pune
Date : 2nd May, 2023

Statement of profit and loss for the period ended 31st March, 2023

(In ₹ Hundreds)

		Notes	Period ended 31st March, 2023
I.	**Income**		
	Revenue from operations		-
	Total Revenue		**-**
II.	**Expenses**		
	Other expenses	7	**380.11**
	Total expenses		**380.11**
III.	**Loss before tax**		**(380.11)**
IV.	**Tax expenses**		**-**
V.	**Loss for the year**		**(380.11)**
VI.	**Other comprehensive income**		
	Items that will be reclassified subsequently to profit/loss		
	Foreign currency translation reserve		**(0.74)**
VII.	**Total comprehensive income for the year (V+VI)**		**(380.85)**

Summary of significant accounting policies 2 & 3

The accompanying notes form an integral part of these special purpose financial statements

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

On behalf of the Board of Directors,

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPS2404

Rajinder Singh Bhatia
Director

Neelesh Tungar
Director

Place : Pune
Date : 2nd May, 2023

Place : Pune
Date : 2nd May, 2023

Statement of changes in for the period ended 31st March, 2023

a Equity share capital

	As at 31st March, 2023	
	Nos.	(In ₹ Hundreds)
Issue of equity share capital during the period	-	-
As at end of the year	-	-

b Other equity (In ₹ Hundreds)

	Share application money pending allotment	Foreign currency translation reserve (FCTR)	Retained Earnings	Total
For the year	**4,402.94**	**(0.74)**	**(380.11)**	**4,022.09**
Balance as at 31st March, 2023.	**4,402.94**	**(0.74)**	**(380.11)**	**4,022.09**

c Total equity (a+b) **4,022.09**

Summary of significant accounting policies 2 & 3

The accompanying notes form an integral part of these special purpose financial statements

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

On behalf of the Board of Directors,

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPS2404

Rajinder Singh Bhatia
Director

Neelesh Tungar
Director

Place : Pune
Date : 2nd May, 2023

Place : Pune
Date : 2nd May, 2023

Cash Flow Statement for the period ended 31st March, 2023

(In ₹ Hundreds)

			Period ended 31st March, 2023
(A)	**Cash flow from operating activities**		
	Loss before tax		**(380.11)**
	Foerign Currency Translation reserve		**(0.74)**
	Operating loss before working capital changes		**(380.85)**
	Movements in working capital :		**-**
	Cash generated from operations		**(380.85)**
	Direct taxes paid (net of refunds)		**-**
	Net cash flows from operating activities	**(A)**	**(380.85)**
(B)	**Cash flows from investing activities**		
	Net cash flows used in investing activities	**(B)**	**-**
(C)	**Cash flows from financing activities**		
	Share application money received		**4,402.94**
	Net cash flows from/(used in) financing activities	**(C)**	**4,402.94**
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**4,022.09**
(E)	**Cash and cash equivalents at the beginning of the period**		**-**
(F)	**Cash and cash equivalents at the end of the period**		**4,022.09**

Components of cash and cash equivalents as at **(In ₹ Hundreds)**

		As at 31st March, 2023
Balances with banks in current accounts		**4,022.09**
	TOTAL :	**4,022.09**

Summary of significant accounting policies 2 & 3

The accompanying notes form an integral part of these special purpose statements

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

On behalf of the Board of Directors,

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPS2404

Rajinder Singh Bhatia
Director

Neelesh Tungar
Director

Place : Pune
Date : 2nd May, 2023

Place : Pune
Date : 2nd May, 2023

Notes forming part of the special purpose financial statements for the period ended 31st March, 2023

1 Corporate information:

Kalyani Strategic Systems Australia Pty Ltd. was incorporated on 10th November, 2021, as a proprietary company under the Corporations Act, 2001 registered in Australian Capital Territory; The Company is a wholly owned subsidiary of Kalyani Strategic Systems Limited, a company registered in india as per the Companies Act 2013. The Company was engaged in setting up of the business during the current finacials year.

2 Basis of accounting and preparation of special purpose financial statements:

These 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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

These special purpose financial statements have been prepared for the period from the date of incorporation, i.e. 10th November, 2021 to 31st March, 2023. The financial information based on which these special purpose financial statements are prepared is expressed in AUD, have been translated into the Indian Rupees by applying the applicable exchange rate/s. This being the first year, the question of providing previous year's figures does not arise.

These special purpose financial statements have been prepared to assist Bharat Forge Limited, the Ultimate Holding Company to comply with the requirements of Section 129(3) of the Companies Act, 2013 and for submission of the Annual Performance report under the FEMA Regulations with the Reserve Bank of India by the Holding Company i.e. Kalyani Strategic Systems Limited.

The financial statements are presented in INR and all values are rounded to the nearest Hundred.

3 Significant accounting policies:

3.1 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

3.2 Foreign currency transactions and translations :

The functional currency of the Company is Australlian Dollar (AUD). These financial statements are presented in INR.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.3 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

3.4 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.5 Intangible assets :

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

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.

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

3.6 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or

Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.7 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

3.8 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. 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/ loss 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.

ii 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

3.9 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

3.10 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.11 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

3.12 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.13 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.14 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

4 Cash and cash equivalents :

(In ₹ Hundreds)

	As at 31st March, 2023
Balances with banks	
In current accounts	**4,022.09**
TOTAL :	**4,022.09**

5 Equity share capital :

(In ₹ Hundreds)

		As at 31st March, 2023
Authorised		
8,000	Equity shares of 1 AUD each	**4,402.94**
Issued		
-	Equity shares of 1 AUD each	**-**
Subscribed and fully paid-up		
-	Equity shares of 1 AUD each	**-**
Total issued, subscribed and fully paid-up share capital :		**-**

6 Other equity :

(In ₹ Hundreds)

	As at 31st March, 2023
Share application money pending allotment[(a)]	**4,402.94**
	4,402.94
Foreign currency translation difference	
As per last account	**-**
Other comprehensive income	**(0.74)**
	(0.74)
Retained earnings	
Loss for the year	**(380.11)**
Other comprehensive income	**-**
	(380.11)
TOTAL :	**4,022.09**

(a) The Company has been formed in Australia as a wholly owned subsidiary of Kalyani Strategic Systems Ltd. The Company has received an remitence as share application money for 8,000 ordinary shares of 1 Australian Dollar each, which was not yet alloted till 31st March, 2023.

7 Other expenses : (In ₹ Hundreds)

		Period ended 31st March, 2023
Preliminary expenses		**358.14**
Bank Charges		**21.97**
	TOTAL :	**380.11**

8 Segment reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the process of setting up of the business; In the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

9 Related party disclosures :

(i) Names of the related parties and related party relationship

Holding Company :	Kalyani Strategic Systems Limited

(ii) Related parties with whom transactions have taken place during the year

(In ₹ Hundreds)

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Period ended 31st March, 2023
1	**Share application money received**	**Holding Company**	
	(Refer Note (a) below)	Kalyani Strategic Systems Limited	**4,402.94**

(a) The Company received AUD 8000 as a share application money for the subscription of ordinary equity shares.

(iii) Balances outstanding

There is no balance outstanding with the Related Parties as on 31st March, 2023

10 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's 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.

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

a) **Current / Non-Current Classification**

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

11 Financial Instruments by category :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

(In ₹ Hundreds)

	As at 31st March, 2023	
	Carrying value	**Fair value**
I) Financial assets		
Measured at amortised costs		
Cash and cash equivalents	**4,022.09**	**4,022.09**
Total	**4,022.09**	**4,022.09**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

12 Fair value hierarchy :

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

13 Financial risk management disclosure :

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's senior management provides assurance to the board abount the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation.

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPS2404

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director

Neelesh Tungar
Director

Place : Pune
Date : 2nd May, 2023

Mécanique Générale Langroise, SAS

Chairman

Mr. Mathieu Frederic Daniel Marie Christophe

Auditors

Tour EQHO

2 Avenue Gambetta

CS 60055

92066 Paris la Défense Cedex

France

Registered Office

Rue du Stade

52200 Saints Geosmes

France

Statutory Auditors' report on the financial statements For the year ended 31st December 2022

To the single-member company of MGL SAS,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of MGL SAS for the year ended 2022, 31st December.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 2022, 31st December and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors rules applicable to us, for the period from 2022, 1st January to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you that the most important assessments made by us according to our professional judgment focused on the appropriateness of the accounting principles used in particular with regard to trade receivables.

The assessments were made in the context of our audit of the financial statements as a whole; approved in the conditions set out above, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the documents with respect to the financial position and the financial statements provided to the single-member company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Chairman.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Dijon, on the 20th June 2023

French original signed by

Samuel Brunneval
Partner

Balance Sheet as at December 31, 2022

	As at December 31, 2022		As at December 31, 2022		As at December 31, 2021
ASSETS	**Rs.**		**EUR**		**EUR**
A. Fixed Assets					
I. Other Intangible assets	-		-		-
II. Tangible assets					
1. Land	6,375,684.27		72,328.00		72,328.00
2. Buildings	61,080,003.78		692,913.00		832,154.00
3. Plant & machinery, fixtures, fitting, tools & equipments	13,282,117.28		150,677.00		180,289.00
4. Other tangible Assets	2,427,022.94		27,533.00		20,448.00
B. Investments					
III. Other Financial Assets	8,197.91		93.00		93.00
		83,173,026.18		943,544.00	1,105,312.00
C. Current assets					
I. Stocks and work in progress					
Raw materials, other supplies	48,633,897.31		551,720.00		375,014.00
Work in progress (services)	24,762,985.63		280,920.00		180,833.00
Semi-finished and finished goods	-		-		-
Advances and payments on account on orders	66,817.40		758.00		60.00
II. Debtors					
Trade receivables	102,606,134.40		1,164,000.00		569,865.00
Other debtors	2,329,265.03		26,424.00		20,964.00
III. Cash at bank and in hand	87,222,354.36		989,481.00		1,139,888.00
IV. Prepaid expenses	2,291,448.85		25,995.00		31,044.00
		267,912,902.98		3,039,296.00	**2,317,668.00**
Total Assets		**351,085,929.16**		**3,982,840.00**	**3,422,980.00**

Balance Sheet as at December 31, 2022

	As at December 31, 2022		As at December 31, 2022		As at December 31, 2021
EQUITY AND LIABILITIES	**Rs.**		**EUR**		**EUR**
A. Equity					
Share Capital (paid in: 600,000)	52,889,760.00		600,000.00		600,000.00
Legal reserves	5,288,976.00		60,000.00		60,000.00
Other Reserve	119,518,869.25		1,355,864.00		2,075,845.00
Retained Profit / Loss	-		-		(119,254.00)
Profit / Loss for the financial year	24,921,478.61		282,718.00		(600,728.00)
Grants for capital expenditures	7,679,505.00		87,119.00		102,147.00
Tax-regulated provisions	4,840,558.98		54,913.00		53,034.00
		215,139,147.84		2,440,613.00	2,171,045.00
B. Financial Debts					
Bank loans and overdrafts	59,609,668.46		676,233.00		701,664.00
Other loans & financial liabilities					
Trade payables	38,666,204.99		438,643.00		259,781.00
Tax and employee-related liabilities	37,670,819.71		427,351.00		290,489.00
Fixed assets creditors	-		-		-
Other creditors	-		-		-
		135,946,693.16		1,542,228.00	1,251,935.00
Total		**351,085,929.16**		**3,982,840.00**	**3,422,980.00**

Income statement for the period from January 1, 2022 to December 31, 2022

	2022		2021
	Rs.	Eur	Eur
Sales of processed goods	9,974,832.44	113,158.00	69,446.00
Sales of services	450,471,782.38	5,110,310.00	3,290,021.00
Change in inventory of finished goods	8,822,629.02	100,087.00	37,180.00
Operating grants	-	-	-
Reversal of depreciations, provisions and cost recharge	2,715,007.68	30,800.00	26,872.00
Other operating incomes	969.65	11.00	6.00
Total operating income	**471,985,221.17**	**5,354,366.00**	**3,423,524.00**
Operating expenses			
Purchase of raw materials and consumables	123,990,345.86	1,406,590.00	624,281.00
(including customs duties)			
Change in inventory of raw materials and consumables	(15,585,201.88)	(176,804.00)	35,268.00
Other external expenses	129,744,134.70	1,471,863.00	1,044,546.00
Taxes	10,438,940.08	118,423.00	103,889.00
Wages and salaries	128,559,051.48	1,458,419.00	1,365,145.00
Social contributions	49,020,521.46	556,106.00	529,690.00
Amortization and depreciation increase on fixed assets	21,468,218.03	243,543.00	321,314.00
Provision increase on current assets	8,638.66	98.00	17,246.00
Other operating expenses	150,030.62	1,702.00	12.00
Total operating expenses	**447,794,679.01**	**5,079,940.00**	**4,041,392.00**
***Including**			
Equipment Leasing	**24,567,293.52**	**278,700.00**	**262,951.00**
Operating income	**24,190,542.16**	**274,426.00**	**(617,868.00)**
Other interests and financial income	-	-	-
Total financial income	**-**	**-**	**-**
Interests and other financial expenses	428,230.76	4,858.00	1,129.00
Total financial expenses	**428,230.76**	**4,858.00**	**1,129.00**
Financial result	**(428,230.76)**	**(4,858.00)**	**(1,129.00)**
Income Before tax and Ordinary items	**23,762,311.40**	**269,568.00**	**(618, 997.00)**

	2022		2021
	Rs.	**Eur**	**Eur**
Non-recurring income			
Non-recurring income on operational transactions	-	-	1,817.00
Non-recurring capital gains	1,324,712.00	15,028.00	17,793.00
Reversals of provisions, depreciation and transfers of expenses	146,505.00	1,662.00	2,841.00
Total non-recurring income	**1,471,217.00**	**16,691.00**	**22,451.00**
Non-recurring expenses			
Non-recurring expense on operational transactions	-	-	60.00
Non-recurring capital losses	-	-	580.00
Non-recurring amortization, depreciation / impairment and provisions	312,138.05	3,541.00	3,541.00
Total non-recurring expenses	**312,138.05**	**3,541.00**	**4,181.00**
Non-recurring profit	**1,159,078.95**	**13,150.00**	**18,270.00**
Income tax	-	-	-
Total income	**473,456,438.17**	**5,371,056.00**	**3,445,975.00**
Total expenses	**448,535,047.82**	**5,088,339.00**	**4,046,702.00**
Net profit / (loss)	**24,921,478.50**	**282,718.00**	**(600,728.00)**

Accounting methods

Annex to the balance sheet and the income statement for the year ended 2022/12/31 whose total assets prior distribution is €3 982 84 and the income statement of the year, presented as a list and a result of 282 718€.

The exercise has a duration of 12 months, covering the period from 01/01/2022 to 31/12/2022.

Notes or tables below are an integral part of the annual accounts.

The annual accounts have been established in accordance with the provisions of the Commercial Code and the general accounting plan (CCP).

General accounting policies have been applied, in respect of the precautionary principle, in accordance with the basic assumptions:

- continuity of operations,
- permanence of accounting from one exercise to another,
- independence exercises, and in accordance with the General rules of establishment and presentation of the annual accounts.

The basic method adopted for the assessment of the elements registered in accounting is the method of historical costs.

The main methods used are the following:

Information on the transactions entered in the balance sheet and income statement

Are not mentioned in the annex that the significant information.

Depreciation

Tangible fixed assets are valued at their cost of acquisition or production, given the costs necessary for the pre-trial stage of use of these goods, and after deduction of the discount shopping, discounts, discounts obtained regulations.

The following decisions have been taken at the level of the presentation of the annual accounts:

- decomposable capital: the company has not been able to define decomposable capital or the decomposition of these does not have significant impact.
- no decomposable assets: the potential gap between periods of depreciation according to the duration of use and period of use has been recorded in derogatory depreciation.

The interest on loans specific to the production of fixed assets are not included in the production cost of these assets. Depreciation for depreciation are calculated according to the linear or degressive modes based on the expected life:

- Computer software - 1 year,
- Buildings - 10 to 20 years,
- Building layouts - 04 to 15 years,
- Machinery and industrial equipment - 01 to 10 years,
- Layouts, facilities, facilities - 03 to 10 years,
- Transport equipment - 04 to 05 years,
- Office equipment and computer - 03 to 10 years.

Participation, other long-term securities, investment securities

The gross value is constituted by the cost of buying out incidentals.

When the inventory value is less than this value, an impairment is made up of the amount of the difference.

Stocks

Inventories are valued according to the method "first in, first out".

The gross value of goods and supplies includes the purchase price and incidental expenses.

The manufactured products are valued at production cost including consumption and direct and indirect production costs, depreciation of goods directly involved in production.

The cost of the sub-activity is excluded from the value of stocks.

Interests are always excluded from the valuation of stocks.

Inventories have, where appropriate, written down to reflect their net realizable value at the date of closing of the accounts. Any more one-time two-year-old is valuated at the price of scrap.

Receivables

The receivables are valued at face value. A depreciation is performed when the inventory value is lower than the book value.

Retirement commitments

The commitments of the company in terms of severance pay to the retirement of its employees amounted to€ 0. These have not been the subject of recognition in the annual accounts.

The calculation is based on the following parameters:

- mortality table: TG05
- discount rate: 3.50% (rate iboxx to 31/12/2022)
- the staff turnover rate: 10%
- wage growth rate: 2%

Information required by article R.123 -198-9 (the commercial code)

The total amount of the fees of the auditor contained in the income statement for the year totalled € 15 600 tax-free.

Average Manpower

Employee categories	Current year staff	Prior year staff
Executives	3	4
Supervisors and technicians	3	4
Employees	3	2
Workers	25	25
Apprentice under contract current year staff	1	-
TOTAL	**35**	**35**

Breakdown of share capital

Relevant line items	Number	Nominal value	Amount in Euros
1. Share capital at the beginning of the financial year	8,000	75.00000	600,000
2. Shares issued during the financial year			
3. Shares redeemed during the financial year			
4. Share capital at the end of the financial year (1+2-3)	8,000	75.00000	600,000

Financial commitments

GIVEN COMMITMENTS :

Nature of commitments given	Amount in Euros
Notes receivable discounted	
Warranties, collaterals and guaranties	
Commitments under equipment leases	143,322
Commitments under real estate leases	
Other commitments	676,020
Pension commitments	
TOTAL	**819,342**

Financial tables for current leases

	Lands	Buildings	Plant & machinery & equipment	Other tangible assets	TOTAL
Original value:			2,002,790		2,002,790
Depreciation:					
Cumulative totals from previous financial years					
Additions during the financial year					
TOTAL					
Theoretical net value					
Rents paid:					
Cumulative totals from previous financial years			1,995,534		1,995,534
Amounts from the financial year			278,700		278,700
TOTAL			**2,274,234**		**2,274,234**
Futural rentals:					
Within one year			39,088		39,088
Between one and five years			104,234		104,234
After more than five years					
TOTAL			**143,322**		**143,322**
Residual value:					
Within one year			18,075		18,075
Between one and five years			1,953		1,953
After more than five years					
TOTAL			**20,028**		**20,028**
Charges booked during the financial year:			278,700		278,700

Changes in equity

Item	Amount
Shareholders' equity Y-1 after profit (loss) and before OGM	2,171,045
Distributions	
Shareholders' equity at the start of the financial year	**2,171,045**
Changes to share capital	
Changes to issue, merger, contribution premiums, etc.	
Change to investment subsidies and tax-regulated provisions	
Changes to other items	
Capital contributions received with retroactive effect at the start of the financial year	
Shareholders' equity at the start of the financial year after retroactive capital contributions	**2,171,045**
Changes to share capital	
Changes to the business owner account	
Changes to issue, merger, contribution premiums, etc.	
Changes to revaluation reserves	
Changes to statutory or contractual reserves, reserves required under the articles of association and other reserves	(719,981)
Changes to regulated reserves	
Changes to retained earnings	119,254
Change to investment subsidies and tax-regulated provisions	(13,150)
Appropriation of the profit (loss) for Y-1 to shareholders' equity (excluding distributions)	600,728
Changes during the financial year	**(13,150)**
Shareholders' equity at the end of the financial year before profit (loss)	**2,157,895**
Profit (loss) for the financial year	(282,718)
Shareholders' equity at the end of the financial year after profit (loss) but before the annual general meeting	**2,440,613**

3. STATUS OF THE FIXED ASSETS

	Gross amount opening balance	Increases; Revaluation during the year	Increases; Acquisition, reclassifications, Disposals	Reductions: Disposals	Reductions via transfer or decommissioning	Gross amount closing balance	Legal revaluation; Original value at the end of financial year
Set-up and research & development costs							
Other intangible assets	65,180	-	-	-	-	65,180	-
	-	-	-	-	-	-	-
Land	72,328	-	-	-	-	72,328	-
Buildings on owned land	2,377,824	-	-	-	-	2,377,824	-
Building fixtures and fittings	972,625	-	-	-	-	972,625	-
Plant, machinery and equipment	2,357,251	-	64,267	1,380	-	2,420,138	-
Other fixtures and fittings	281,181	-	11,561	-	-	292,742	-
Vehicles	15,303	-		-	-	15,303	-
Office equipment, computer hardware, furniture	77,673	-	5,946	796	-	82,823	-
Tangible assets in progress	-	-		-	-	-	-
Total	6,154,185	-	81,774	2,176	-	6,233,784	-
Investments valued using the equity method	-	-	-	-	-	-	-
Loans and other financial assets	93	-	-	-	-	93	-
Total	93	-	-	-	-	93	-
Grand Total	**6,219,459**	**-**	**81,774**	**2,176**	**-**	**6,299,057**	**-**

4. STATUS OF THE AMORTISATION

	Situations and changes within the period				Breakdown of the depreciation allowances for the period			Transactions affecting the allowance for depreciations required by tax law	
	Opening balance	Additional allowances	Reductions: Disposals / Reversals	Closing balance	Linear	Degressive	Extraordinary	Allowances	Write-offs
Preliminary & formation expenses, research & development									
Other intangible assets	65,180	-	-	65,180		-	-	-	-
Land	-	-	-	-		-	-	-	-
Buildings	1,630,353	106,757	-	1,737,110		-	-	-	-
Building fixtures and fittings	887,942	32,485	-	920,427		-	-	-	-
Plant, machinery and equipment	2,176,963	93,878	1,380	2,269,461	-	2,623	-	-	(2,623)
Other fixtures and fittings	270,165	4,018	-	274,184		-	-	-	-
Vehicles	13,156	2,147	-	15,303		-	-	-	-
Office equipment, computer hardware, furniture	70,387	4,258	796	73,849		-	-	-	-
Total	5,048,967	243,543	2,176	5,290,333	-	2,623	-	-	(2,623)
Grand Total	**5,114,147**	**243,543**	**2,176**	**5,355,513**	**-**	**2,623**	**-**	**-**	**(2,623)**

Provisions

Type of provisions	Amount at the beginning of the financial year	Increases in allowances for the financial year	Deductions taken at the end of the financial year		Amount at the end of the financial year
			Used	Unused	
Tax regulated					
Provisions for reconstitution of mines and oilfields Provisions for capital expenditures					
Price increase provisions					
Tax depreciation allowances	53,034	3,541	1,662		54,913
Tax provisions for setting-ups abroad before 01/01/92					
Tax provisions for setting-ups abroad after 01/01/92					
Provisions for set-up loans					
Other tax regulated provisions					
TOTAL I	**53,034**	**3,541**	**1,662**		**54,913**
Contingencies and liabilities					
Provisions for litigation					
Provisions for warranties given to customers					
Provisions for losses on future market					
Provisions for penalties					
Provisions for exchange losses					
Provisions for pension and similar commitments					
Provisions for taxes					
Provisions for assets renewals					
Provisions for important repairs					
Provisions for social contributions and taxes due on vacation					
Other provisions for contingencies and liabilities					
TOTAL II					
Provisions for loss in value					
On intangible assets					
On tangible assets					
On investments assessed on the equity method					
On shareholding securities					
On other investments					
On stocks and works in progress	36,861	36,959	36,861		36,959
On trade debtors	2,311	2,311	2,311		2,311
Other provisions for loss in value					
TOTAL III	**39,172**	**39,270**	**39,172**		**39,270**
GRAND TOTAL (I+II+III)	**92,206**	**42,811**	**40,834**		**94,183**
Including operating allowances and reversals		39,270			
Including financial allowances and reversals					
Including exceptional allowances and reversals		3,541	1,662		
Investments assessed on the equity method : allowances for the period					

Receivables

Receivables (a)	Gross amount	Liquidity of the asset: Payable within 1 year	Payable after 1 year
Fixed Assets			
Amount receivable from subsidiaries			
Loans (1) (2)			
Other financial assets	93		93
Current Assets			
Doubtful and in dispute trade debtors	2,773	2,773	
Other trade debtors	1,163,538	1,163,538	
Receivables representing borrowed securities			
Employees and related accounts			
Social contributions			
Corporation tax			
Value-added tax	26,424	26,424	
Other taxes			
Sundries			
Intercompany and current accounts (2)			
Other debtors (including claims on repurchase agreements)			
Prepaid expenses	25,995	25,995	
TOTAL	**1,218,823**	**1,218,730**	**93**

(1) Including loans granted within the period

(1) Including redemptions received within the period

(2) Loans and advances granted to partners

Payables

Payables		Liability's degree of payability		
	Gross amount	Payable within 1 year	Payable in 1 to 5 years	Payable after 5 years
Convertible debenture loans[1]	**Convertible debenture loans** [1]	**Convertible debenture loans** [1]		
Other debenture loans[1]				
Bank loans and overdraft[1]				
- Payable over 1 year				
- Payable over more than 1 year	676,233	173,929	502,304	
Other loans and financial liabilities [1] [2]				
Trade creditors and related accounts	438,643	438,643		
Employees and related accounts	100,032	100,032		
Social contributions	134,429	134,429		
Corporation tax				
Value-added tax	174,494	174,494		
Guaranteed bonds				
Other taxes	18,396	18,396		
Fixed assets creditors				
Intercompany and current accounts[2]				
Other creditors (including claims on repurchase agreements)				
Liabilities representing borrowed securities				
Deferred income				
TOTAL	**1,542,228**	**1,039,924**	**502,304**	
(1) Loans raised within the period				
(1) Loans redeemed within the period	25,458			
(2) Loans and liabilities raised from partners				

Sales breakdown

Sales breakdown	France	Export	Total
Finished goods			
Semi-finished goods			
Waste products	113,158		113,158
Works	1,469,126	256,864	1,725,990
Surveys			
Services	3,293,226	70,726	3,363,952
Sales of goods			
Incomes from other activities	20,368		20,368
TOTAL	**4,895,878**	**327,590**	**5,223,468**

Accrued receivables
(Article R123-189 of the French Commercial Code)

Accrued receivables included in the following balance sheet items	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Other financial assets		
Trade debtors and related accounts	166,951	
Other debtors		3,999
Marketable securities		
Cash at bank and in hand		
TOTAL	**166,951**	**3,999**

Accrued receivables details

Accrued receivables included in the following balance sheet items	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Other financial assets		
Trade debtors and related accounts	**166,951**	
41800000 CLIENTS PRDTS NON ENCORE FACTURES	166,951	
Other debtors		**3,999**
46870000 PRODUITS A RECEVOIR		3,999
Marketable securities		
Cash at bank and in hand		
TOTAL	**166,951**	**3,999**

Accrued payables
(Article R123-189 of the French Commercial Code)

Accrued payables included in the following balance sheet items	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Convertible debenture loans		
Other debenture loans		
Bank loans and overdrafts	214	186
Other loans and financial liabilities		
Trade creditors	47,167	70,153
Tax and employee-related liabilities	154,531	124,163
Fixed assets creditors		
Other creditors		
TOTAL	**201,911**	**194,502**

Accrued payables details

	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Convertible debenture loans		
Other debenture loan		
Bank loans and overdrafts	**214**	**186**
16884000 INTERETS COURUS SUR EMPRUNTS ETS CREDIT	214	186
Other loans and financial liabilities		
Trade creditors	**47,167**	**70,153**
40810000 FOURNISSEURS FACTURES NON PARVENUES	34,567	56,713
40812000 FOURNISSEUR FACTURES NON PARVENUES KPMG	12,600	13,440
Tax and employee-related liabilities	**154,531**	**124,163**
42820000 DETTES PROVISIONNEES P/CONGES A PAYER	91,058	83,612
42860000 PERSONNEL AUTRES CHARGES A PAYER	8,974	-
43820000 CHARGES SOCIALES SUR CONGES A PAYER	35,755	33,191
43860000 CHARGES A PAYER SUR ORGANISM ES SOCIAUX	4,487	-
44820000 CHARGES FISCALES SUR CONGES A PAYER	1,535	1,331
44860000 ETAT CHARGES A PAYER	12,722	6,030
Fixed assets creditors and related accounts		
Other creditors		
TOTAL	**201,911**	**194,502**

Prepayments and deferred income

Prepaid Expenses	Financial year ended 31/12/2022	Financial year ended 31/12/2021
Operating expenses	25,995	31,044
Financial expenses		
Non-recurring expenses		
TOTAL	**25,995**	**31,044**

Transfers of expenses

Type of transfers of Expenses	**Amount**
TRANSFER OF PERSONNEL EXPENSES	14,062
TRANSFER OF PERSONNEL EXPENSES - BENFITS IN KIND	16,738
TOTAL	**30,800**

BF Elbit Advanced Systems Private Limited

Directors

Mr. B. N. Kalyani

Mr. Rajinder Singh Bhatia

Mr. Shai Israel Cohen

Mr. Yehuda Vered

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

Pune Cantonment,

Mundhwa,

Pune 411 036

Independent Auditor's Report

To the Members of BF Elbit Advanced Systems Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **BF Elbit Advanced Systems Private Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of management and those charged with governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's responsibilities for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune

Date : 2nd May, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31st MARCH, 2023.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the 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 and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to us, the Property, Plant and Equipment and relevant details of right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the Property, Plant and Equipment and relevant details of right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) As explained to us, the Company was not required to hold any inventories during the period covered by this report. Hence, paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company has not made any investment, provided guarantee or security, granted any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or other parties.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly, the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) The requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was found to be generally regular in depositing undisputed statutory dues including Goods and Services Tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) The provisions of section 138 of the Companies Act, 2013 do not apply to the Company and no internal audit was carried out during the year. Hence, reporting under clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year covered by this report and also in the preceding financial year.

	Current Financial Year ₹ in Thousand	Preceding Financial Year ₹ in Thousand
Cash losses incurred	**16,564.03**	15,191.09

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us and particularly the willingness expressed by the Holding Company to continue to provide financial support to the Company as stated in the Note No. 27 forming part of the financial statements, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune

Date : 2nd May, 2023

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **BF Elbit Advanced Systems Private Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune

Date : 2nd May, 2023

Balance sheet as at 31st March, 2023

(In ₹ Thousands)

			Notes	As at 31st March, 2023	As at 31st March, 2022
I.	**ASSETS**				
1	**Non-current assets**				
	a)	Property, plant and equipment	3	**17,955.61**	20,058.01
	b)	Right of use assets	4	**-**	328.95
	c)	Intangible assets	5	**-**	133.59
	d)	Financial assets			
		i) Other financial assets	6	**20.00**	24.00
				17,975.61	20,544.55
2	**Current assets**				
	a)	Financial assets			
		i) Cash and cash equivalents	7	**28.41**	1,172.03
	b)	Other current assets	8	**8,451.15**	8,202.54
				8,479.56	9,374.57
		TOTAL :		**26,455.17**	29,919.12
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
	a)	Equity share capital	9	**19,804.08**	19,804.08
	b)	Other equity	10	**(167,917.95)**	(148,788.99)
				(148,113.87)	(128,984.91)
2	**Non Current liabilities**			**-**	-
3	**Current liabilities**				
	a)	Financial Liabilities			
		i) Borrowings	11	**173,873.32**	156,592.17
		iii) Lease liabilities	19	**-**	379.56
		iii) Trade payables	12		
		Total outstanding dues of micro enterprises and small enterprises		**-**	-
		Total outstanding dues of creditors other than micro enterprises and small enterprises		**523.77**	1,788.70
	b)	Other current liabilities	13	**171.95**	143.59
				174,569.04	158,904.03
		TOTAL :		**26,455.17**	29,919.12
	Significant accounting policies and notes forming an integral part of the financial statements		1 to 30		

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 2nd May, 2023

Statement of profit and loss for the year ended 31st March, 2023

(In ₹ Thousands)

		Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
I.	**Income**			
	a) Revenue from operations		**-**	-
	b) Other income		**-**	-
	Total Revenue		**-**	-
II.	**Expenses**			
	a) Finance costs	14	**16,290.68**	14,943.04
	b) Depreciation and amortization expenses	15	**2,564.93**	983.57
	c) Other expenses	16	**273.35**	248.05
	Total expenses		**19,128.96**	16,174.66
III.	**Loss before tax**		**(19,128.96)**	(16,174.66)
IV.	**Tax expenses**		**-**	-
V.	**Loss for the year**		**(19,128.96)**	(16,174.66)
VI.	**Other comprehensive income**		**-**	-
VII.	**Total comprehensive income for the year (V+VI)**		**(19,128.96)**	(16,174.66)
VIII.	**Earnings per equity share [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	20	**(9.66)**	(8.17)
	b) Diluted (In ₹)	20	**(9.66)**	(8.17)
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 30		

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 2nd May, 2023

Statement of changes in equity for the year ended 31st March, 2023

a Equity share capital

	As at 31st March, 2023 Nos.	(In ₹ Thousands)	As at 31st March, 2022 Nos.	(In ₹ Thousands)
As at beginning of the year	**1,980,408**	**19,804.08**	1,980,408	19,804.08
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period	**1,980,408**	**19,804.08**	1,980,408	19,804.08
Changes in equity share capital during the year	**-**	**-**	-	-
As at end of the year	**1,980,408**	**19,804.08**	1,980,408	19,804.08

b Other equity (In ₹ Thousands)

	Retained Earnings	Total
Balance as at 1st April, 2021.	(132,614.33)	(132,614.33)
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the previous reporting period	(132,614.33)	(132,614.33)
Add :		
Loss for the year	(16,174.66)	(16,174.66)
Balance as at 31st March, 2022.	(148,788.99)	(148,788.99)
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	(148,788.99)	(148,788.99)
Add :		
Loss for the year	**(19,128.96)**	**(19,128.96)**
Balance as at 31st March, 2023.	**(167,917.95)**	**(167,917.95)**
	(148,113.87)	**(148,113.87)**

c Total equity (In ₹ Thousands)

		As at 31st March, 2023	As at 31st March, 2022
Equity share capital		**19,804.08**	19,804.08
Other equity		**(148,113.87)**	(148,788.99)
	TOTAL :	**(128,309.79)**	(128,984.91)
Significant accounting policies and notes forming an integral part of the financial statements	1 to 30		

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 2nd May, 2023

Cash Flow Statement for the year ended 31st March, 2023

(In ₹ Thousands)

			Year ended 31st March, 2023	Year ended 31st March, 2022
(A)	**Cash flow from operating activities**			
	Loss before tax		**(19,128.96)**	(16,174.66)
	Add :			
	Depreciation and amortization expenses		**2,564.93**	983.57
	Interest paid on borrowings		**16,270.24**	14,878.78
	Interest paid on lease liabilties		**20.44**	64.26
	Operating loss before working capital changes		**(273.35)**	(248.05)
	Movements in working capital :			
	(Increase) / decrease in other current assets		**(248.62)**	(4,343.13)
	(Increase) / decrease in other financial assets		**4.00**	-
	(Increase) / decrease in trade receivables		**-**	-
	Increase / (decrease) in trade payables		**(1,264.93)**	549.82
	Increase / (decrease) in other current financial liabilities		**-**	-
	Increase / (decrease) in other current liabilities		**28.36**	44.33
			(1,481.19)	(3,748.98)
	Cash generated from operations		**(1,754.54)**	(3,997.03)
	Direct taxes paid (net of refunds)		**-**	-
	Net cash flows from operating activities	**(A)**	**(1,754.54)**	(3,997.03)
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**-**	(2,406.48)
	Net cash flows used in investing activities	**(B)**	**-**	(2,406.48)
(C)	**Cash flows from financing activities**			
	Proceeds from short term borrowings (net of repayment)		**17,281.16**	13,390.90
	Interest Paid		**(16,270.24)**	(14,878.78)
	Payment of principal portion of lease liabilities		**(379.56)**	(415.74)
	Payment of interest on lease liabilities		**(20.44)**	(64.26)
	Net cash flows from/(used in) financing activities	**(C)**	**610.92**	(1,967.88)
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**(1,143.62)**	(8,371.38)
(E)	**Cash and cash equivalents at the beginning of the year**		**1,172.03**	9,543.41
(F)	**Cash and cash equivalents at the end of the year**		**28.41**	1,172.03

Components of cash and cash equivalents as at (In ₹ Thousands)

		As at 31st March, 2023	As at 31st March, 2022
Balances with banks in current accounts		**28.41**	1,172.03
	TOTAL :	**28.41**	1,172.03

Significant accounting policies and notes forming an integral part of the financial statements 1 to 30

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 2nd May, 2023

Notes forming part of the financial statements for the year ended 31st March, 2023

1 Corporate information:

BF Elbit Advanced Systems Private Limited was incorporated on 2nd August, 2012, as a private limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited and thus deemed to be a public company within the meaning of Sec. 2(71) of the Companies Act, 2013. The Company is a 51:49 Joint Venture between Bharat Forge Limited and Elbit Systems Land and C4I Limited of Israel. Bharat Forge Limited is the Holding Company.

The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres. During the financial year covered by these statements, the Company was engaged in carrying out trial runs of its products.

These financial statements were authorised for issue in accordance with resolution of the Board of Directors on 2nd May, 2023.

2 Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These 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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Thousands.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 9th August, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.4 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

2.5 Revenue recognition :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services 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 no. 22.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Export incentives :

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

c) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

d) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

e) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.12.

f) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

g) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

h) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on

"Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Indirect Taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

i 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

ii 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.

2.7 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		Estimated useful life
i)	Building - Temporary structure	3 Years
ii)	Computers	3 Years
iii)	Office equipment	5 Years
iv)	Plant and Machinery	10 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets :

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

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.

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

The Company amortizes software over three years.

2.9 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

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 measurement 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:

Type of Asset		
i)	Building	Over the period of lease agreement

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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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.

2.10 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.11 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.12 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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 ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. 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/ loss 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.

ii 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.13 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.14 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.15 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.16 Earnings per share :

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.17 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.18 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Property, plant and equipment : (In ₹ Thousands)

	Building - Temporary structure	Office Equipment	Computers	Plant and Machinery	Total
Gross block, at cost :					
As at 1st April, 2021	667.81	179.84	444.59	-	1,292.24
Additions	-	-	-	20,140.74	20,140.74
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
As at 31st March, 2022.	667.81	179.84	444.59	20,140.74	21,432.98
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
As at 31st March, 2023.	**667.81**	**179.84**	**444.59**	**20,140.74**	**21,432.98**
Depreciation and amortization :					
As at 1st April, 2021.	667.81	170.99	212.35	-	1,051.15
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
For the year	-	4.58	148.20	171.06	323.83
Upto 31st March, 2022.	667.81	175.56	360.55	171.06	1,374.98
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
For the year	-	**4.28**	**84.04**	**2,014.07**	**2,102.39**
Upto 31st March, 2023.	**667.81**	**179.84**	**444.59**	**2,185.13**	**3,477.37**
Net Block :					
As at 31st March, 2022.	-	4.28	84.05	19,969.68	20,058.01
As at 31st March, 2023.	-	-	-	**17,955.61**	**17,955.61**

4 Right of use assets :

(In ₹ Thousands)

	Right of use assets	Total
Gross block, at cost :		
As at 1st April, 2021.	1,513.16	1,513.16
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022.	1,513.16	1,513.16
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2023.	**1,513.16**	**1,513.16**
Depreciation and amortization :		
As at 1st April, 2021.	789.47	789.47
Disposals	-	-
Adjustments	-	-
For the year	394.74	394.74
Upto 31st March, 2022.	1,184.21	1,184.21
Disposals	-	-
Adjustments	-	-
For the year	**328.95**	**328.95**
Upto 31st March, 2023.	**1,513.16**	**1,513.16**
Net Block :		
As at 31st March, 2022.	328.95	328.95
As at 31st March, 2023.	-	-

5 Intangible assets :

(In ₹ Thousands)

	Software	Total
Gross block, at cost :		
As at 1st April, 2021.	795.00	795.00
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022.	795.00	795.00
Additions	-	**-**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2023.	**795.00**	795.00
Depreciation and amortization :		
As at 1st April, 2021.	396.41	396.41
Disposals	-	-
Adjustments	-	-
For the year	265.00	265.00
Upto 31st March, 2022.	661.41	661.41
Disposals	**-**	**-**
Adjustments	**-**	**-**
For the year	**133.59**	**133.59**
Upto 31st March, 2023.	**795.00**	**795.00**
Net Block :		
As at 31st March, 2022.	133.59	133.59
As at 31st March, 2023.	**-**	**-**

6 Other financial assets (Non-current)

(Unsecured, Good) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Security Deposits	**20.00**	24.00
TOTAL :	**20.00**	24.00

7 Cash and cash equivalents

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Balances with banks		
In current accounts	**28.41**	1,172.03
TOTAL :	**28.41**	1,172.03

8 Other current assets

(Unsecured, Good) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Balances with government authorities	**8,451.15**	8,200.22
Prepaid expenses	**-**	2.32
TOTAL :	**8,451.15**	8,202.54

9 Equity share capital

(In ₹ Thousands)

			As at 31st March, 2023	As at 31st March, 2022
Authorised				
15,000,000	(15,000,000)	Equity shares of ₹ 10/- each	**150,000.00**	150,000.00
Issued				
1,980,408	(1,980,408)	Equity shares of ₹ 10/- each	**19,804.08**	19,804.08
Subscribed and fully paid-up				
1,980,408	(1,980,408)	Equity shares of ₹ 10/- each	**19,804.08**	19,804.08
Total issued, subscribed and fully paid-up share capital :			**19,804.08**	19,804.08

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	(In ₹ Thousands)	Nos.	(In ₹ Thousands)
At the beginning of the year	**1,980,408**	**19,804.08**	1,980,408	19,804.08
Shares issued during the year	**-**	**-**	-	-
Shares bought back during the year	**-**	**-**	-	-
Outstanding at the end of the year	**1,980,408**	**19,804.08**	1,980,408	19,804.08

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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

(c) Details of shares held by the Holding Company

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**1,010,000**	**51.00**	1,010,000	51.00
Elbit Systems Land and C4I Limited	**970,408**	**49.00**	970,408	49.00

Including shares held through Nominees

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

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**1,010,000**	**51.00**	1,010,000	51.00
Elbit Systems Land and C4I Limited	**970,408**	**49.00**	970,408	49.00
	1,980,408	**100.00**	1,980,408	100.00

Including shares held through Nominees

(e) Shares held by Promoters at the end of the year

Promoter Name	As at 31st March, 2023		31st March, 2022		% Changes during the year
	No. of Shares	**%**	No. of Shares	%	
Bharat Forge Limited#	**1,010,000**	**51.00**	1,010,000	51.00	**-**
Elbit Systems Land and C4I Limited	**970,408**	**49.00**	970,408	49.00	**-**

Including shares held through Nominees

Promoter Name	As at 31st March, 2022		31st March, 2021		% Changes during the year
	No. of Shares	%	No. of Shares	%	
Bharat Forge Limited#	1,010,000	51.00	1,010,000	51.00	-
Elbit Systems Land and C4I Limited	970,408	49.00	970,408	49.00	-

Including shares held through Nominees

10 Other equity

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Retained earnings		
As per last account	**(148,788.99)**	(132,614.33)
Add :		
Loss for the year	**(19,128.96)**	(16,174.66)
Closing balance	**(167,917.95)**	(148,788.99)

11 Borrowings (Current)

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Demand loans from companies(a)(b)	**173,873.32**	156,592.17
TOTAL :	**173,873.32**	156,592.17
(a) Includes Loan from Bharat Forge Ltd, the Holding Company which carries interest @ 10% p.a.	**156,670.97**	140,822.91
(b) Includes Loan from other related party which carries interest @ 9.70% p.a.	**17,202.35**	15,769.26

12 Trade payables :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**523.77**	1,788.70
(including related party payables)		
TOTAL :	**523.77**	1,788.70

For terms and conditions relating to related party payables, refer note no. 18

Trade payables ageing schedule

(In ₹ Thousands)

	Outsanding for following periods from due date of payment					
	Unbilled	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
As at 31st March, 2023						
Undisputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Undisputed dues to other than MSME	**-**	**198.77**	**150.00**	**10.00**	**165.00**	**523.77**
Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	-	**198.77**	**150.00**	**10.00**	**165.00**	**523.77**
As at 31st March, 2022						
Undisputed dues to MSME	-	-	-	-	-	-
Undisputed dues to other than MSME	-	668.52	535.98	394.20	190.00	1,788.70
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	668.52	535.98	394.20	190.00	1,788.70

13 Other current liabilities:

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Statutory liabilities	**171.95**	143.59
TOTAL :	**171.95**	143.59

14 Finance costs

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest on borrowings	**16,270.24**	14,878.78
Interest on lease liabilities	**20.44**	64.26
TOTAL :	**16,290.68**	14,943.04

15 Depreciation and amortization expenses

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
On property, plant and equipment	**2,102.39**	323.83
On intangible assets	**133.59**	265.00
On right of use assets	**328.95**	394.74
TOTAL :	**2,564.93**	983.57

16 Other expenses

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Legal and professional fees	**122.40**	75.10
Payment to Auditors (Refer details below)	**125.00**	150.00
Rates & taxes	**9.93**	1.17
Insurance	**-**	2.54
Miscellaneous expenses#	**16.02**	19.24
TOTAL :	**273.35**	248.05

Miscellaneous Expenses include general office expenses, printing and stationery, amounts written off etc.

Payment to auditors

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
As auditor:		
- Audit fee	**110.00**	110.00
- Transfer Pricing Audit fees	**-**	25.00
- Income Tax matters	**15.00**	15.00
TOTAL :	**125.00**	150.00

17 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit/(loss) as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit/(loss) of the sole reportable segment.

18 Related party disclosures

(i) **Names of the related parties and related party relationship**

Holding Company :	Bharat Forge Limited
Enterprises having significant influence in the Company :	Elbit Systems Land and C4I Limited, Israel
Fellow Subsidiary Company :	Kalyani Strategic Systems Limited
Other related parties :	Elbit Systems Land Limited.
(Fellow Subsidiary of enterprises having significant influence in the Company)	

(ii) **Related parties with whom transactions have taken place during the year** (In ₹ Thousands)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
1	**Reimbursement of expenses paid**	**Holding Company**		
		Bharat Forge Limited	**918.65**	6,583.07
2	**Rent paid**	**Holding Company**		
		Bharat Forge Limited	**400.00**	480.00
3	**Interest Paid**	**Holding Company**		
		Bharat Forge Limited	**14,677.91**	13,419.11
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**1,592.33**	1,459.67
4	**ICD taken**	**Holding Company**		
		Bharat Forge Limited	**2,637.94**	-
5	**Purchase of Property plant and equipment**	**Other related parties**		
		Elbit Systems Land Limited.		20,336.25

(iii) **Terms and conditions of transactions with related parties**

a) Reimbursement of costs paid to/received from related parties are at cost.

b) All other transactions including rent paid/received are in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

c) Intercorporate loan taken from the Holding Company is unsecured, repayable on demand and carries interest @ 10% p.a.

d) Intercorporate loan taken from other related party is unsecured, repayable on demand and carries interest @ 9.70% p.a.

e) The Company has imported machinary during the previous year from an fellow Subsidiary of enterprises having significant influence in the Company.

(iv) **Balances outstanding** (In ₹ Thousands)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
1	Demand Loans (including interest payable on these loans)	**Holding Company**		
		Bharat Forge Limited	**156,670.97**	140,822.91
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**17,202.35**	15,769.26
2	Trade payable	**Holding Company**		
		Bharat Forge Limited	**-**	1,304.00

19 Leases :

Company as lessee

The Company has lease contracts for building used in its operations. Lease of building have lease term of five years which is expired in the financial year. 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. This lease contracts are mentioned below:

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(In ₹ Thousands)

	Buildings	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance at the beginning of the year	**328.95**	723.69
Additions	**-**	-
Depreciation	**(328.95)**	(394.74)
Balance at the end of the year	**-**	328.95

Below are the carrying amounts of lease liabilities and the movements during the year :

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance at the beginning of the year	**379.56**	795.30
Additions	**-**	-
Accretion of interest	**20.44**	64.26
Payments	**(400.00)**	(480.00)
Balance at the end of the year	**-**	379.56
Current	**-**	379.56
Non - Current	**-**	-

The following are the amounts recognised in profit or loss: (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation expense of right-of-use assets	**328.95**	394.74
Interest expense on lease liabilities	**20.44**	64.26
Expense relating to short-term leases (included in administrative expenses)	**-**	-
Expense relating to leases of low-value assets (included in administrative expenses)	**-**	-
Variable lease payments (included in cost of sales)	**-**	-
Total amount recognised in profit or loss	**349.39**	459.00

The Company had total cash outflows for leases of ₹ 400.00/- thousands (31st March, 2022: ₹ 480.00/- thousands). The non-cash additions to right-of-use assets and lease liabilities is NIL (31st March, 2022: NIL).

20 Earnings per share (EPS) :

	Year ended 31st March, 2023	Year ended 31st March, 2022
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders (In ₹ Thousands)	**(19,128.96)**	(16,174.66)
Weighted average number of equity shares in calculating basic EPS	**1,980,408**	1,980,408
EPS - Basic (in ₹)	**(9.66)**	(8.17)
EPS - Diluted - (in ₹)	**(9.66)**	(8.17)

21 Commitments : (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
For commitments relating to lease agreements, please refer note 19	**-**	379.56

22 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

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

a) **Revenue recognition**

The Company's contracts with customers could include promises to transfer multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) **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. Refer note 23 and 24 for further disclosures.

c) **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

d) **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

e) **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

f) **Current / Non-Current Classification**

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

23 Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments :

(In ₹ Thousands)

		Carrying value		Fair value	
		As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
I)	**Financial assets**				
	Measured at amortised costs				
	Security Deposits	**20.00**	24.00	**20.00**	24.00
	Cash and cash equivalents	**28.41**	1,172.03	**28.41**	1,172.03
	Total	**48.41**	1,196.03	**48.41**	1,196.03
II)	**Financial liabilities**				
	Measured at amortised costs				
	Lease liabilities	**-**	379.56	**-**	379.56
	Borrowings	**173,873.32**	156,592.17	**173,873.32**	156,592.17
	Trade payables	**523.77**	1,788.70	**523.77**	1,788.70
	Total	**174,397.09**	158,760.43	**174,397.09**	158,760.43

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

24 Fair value hierarchy

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

25 Financial risk management disclosure

The Company's principal financial liabilities, other than derivatives, comprise borrowing, trade and other payables and Interest on borrowing. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Deposits, 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 Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2023 and 31st March, 2022 including the effect of hedge accounting (if any).

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

ii) Foreign Currency Sensitivity

The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(In ₹ Thousands)

	Less than 1 year	1 year to 5 years	> 5 years	Total
As at 31st March, 2023				
Lease liabilities	-	-	-	-
Borrowings	**173,873.32**	-	-	**173,873.32**
Trade payables	**523.77**	-	-	**523.77**
	174,397.09	-	-	**174,397.09**
As at 31st March, 2022				
Lease liabilities	379.56	-	-	379.56
Borrowings	156,592.17	-	-	156,592.17
Trade payables	1,788.70	-	-	1,788.70
	158,760.43	-	-	158,760.43

26 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

b) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The Company does not have any performance obligations that are completely or partially unsatisfied as at 31st March, 2023 and 31st March, 2022, other than those meeting the exclusion criteria mentioned above.

27 Going concern :

The Company has incurred losses of ₹ 19,128.96/- in Thousand (31st March, 2022 : ₹ 16,174.66/- in Thousand) during the year. As at 31st March, 2023, the Company's accumulated losses are ₹ 167,917.95/- in Thousand (31st March, 2022 : ₹ 148,788.99/- in Thousand) which have completely eroded the net worth of the Company. The Company also has net current liabilities of ₹ 166,089.48/- in Thousand as at 31st March, 2023 (31st March, 2022 : ₹ 149,529.45/- in Thousand). The management is confident of streamlining the operations so as to start generating profits. The Company has received funding from the Holding Company and a Fellow Subsidiary Company in the form of demand loans. In view of the majority shareholders' continued commitment and support to the Company these financial statements have been prepared on going concern basis, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

28 Income tax

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2023 and 31st March, 2022:

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Accounting loss before tax	**(19,128.96)**	(16,174.66)
At India's enacted tax rate of 26.00% (31st March, 2023: 26%)	**-**	-
Deferred tax savings on current year accounting loss	**(13,200.66)**	(7,437.79)
Tax effect of non-deductible expenses	**-**	-
Deferred tax not recognised on prudence basis	**13,200.66**	7,437.79
At the effective income tax rate of 26% (31st March, 2022: 26%)	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

b) The Company has carried foraward business loss ₹ 38,719.29/- in thousand (31st March, 2022 : ₹ 21,848.39/-in thousand) and unabsorbed depreciation of ₹ 7,554.25 in thousand/- (31st March, 2022 : ₹ 2990.62/- in thousand). Business losses will expire in 8 years and may not be used to offset taxable income. The Company neither has any material taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by ₹ 13,200.66/- (31st March, 2022 ₹ 6,243.00/-).

29 Ratio analysis :

	Numerator	Denominator	31st Mar., 2023	31st Mar., 2022	Variance %
(a) Current ratio (Refer note no. (i) below)	Current Assets	Current Liabilities	0.05	0.06	(17.66)
(b) Trade payables turnover ratio (Refer note no. (ii) below)	Purchases + Other expenses	Average trade payables	0.24	0.14	70.48

Notes :

(i) Reduction in average trade payables have resulted in improvement of ratio.

(ii) Since there is a negative net worth and lossess during the current financial year as well as for previous financial year folowing rations can not be derived.

Return on equity ratio

Net profit ratio

Net capital turnover ratio

Return on capital employeed

(iii) The Company does not hold any Inventrory form the date of incorporation till year end hence inventory Turnover Ratio can not be derived

30 Other Statutory Information :

(a) In the opinion of the Directors, all the current assets have been stated in the balance sheet at least at a value at which those are expected to be realised in the ordinary course of business. The Directors also have to state that adequate provisions have been made in the accounts, in respect of all known, quantified and ascertained liabilities and none of the liabilities or provisions are in the nature of reserve.

(b) No Proceedings have been initiated or pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988.

(c) The Company is not declared as a wilfull defaulter by any bank or any financial institution or other lender during the year

(d) The company did not have any transactions with companies struck off under section 248 or section 560 of the Companies Act, 2013.

(e) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPN4204

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 2nd May, 2023

BF Industrial Solutions Limited
(formerly Nouveau Power and India Infrastructure Private Limited)

Directors

Mr. Kishore Saletore

Mr. Vikram Munje

Mr. Kedar Dixit

Auditors

ANRK & Associates LLP

Chartered Accountants

2nd Floor, Shreeram Apartments,

1244-B, Apte Road, Deccan Gymkhana,

Pune 411 004

Registered Office

S. No. 49, Industry House,

Opp. Kalyani Steels Ltd., Mundhwa,

Pune 411 036

Independent Auditors' Report

To the Members of
BF Industrial Solutions Limited
(formerly known as BF Industrial Solutions Private Limited)
(formerly known as Nouveau Power and Infrastructure Private Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of BF Industrial Solutions Limited (formerly known as BF Industrial Solutions Private Limited) (formerly known as Nouveau Power and Infrastructure Private Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year ended, and notes to the standalone Ind AS financial statements, including a summary of the significant 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 31 March 2023, its loss including other comprehensive income, its cash flows and 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 SAs 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 opinion on the standalone Ind AS financial statements.

Other Information

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.

Management's responsibility 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 specified under Section 133 of the Act, read with 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, the management and the Board of Directors are 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.

Board of Directors is 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 auditors' 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 standalone Ind AS 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 auditors' 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 A" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

2. (A) As required by Section 143 (3) of the Act, we report 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.

   (c) The Balance Sheet, the Statement of Profit and Loss including 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 31 March 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

   (B) 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 did not have any pending litigations as at 31 March 2023 which would impact its 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. (i) The management has represented that to the best of it's knowledge and belief, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, 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;

   (ii) The management has represented that to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, 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

(iii) Based on audit procedures which we have 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 (i) and (ii) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

(C) In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration to its directors during the year.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMIK9540

Place : Pune
Date : 3 May 2023

(Referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of BF Industrial Solutions Limited (formerly known as BF Industrial Solutions Private Limited) (formerly known as Nouveau Power and Infrastructure Private Limited) on the standalone Ind AS financial statements for the year ended 31 March 2023)

(i) (a) In our opinion and according to the information and explanations given to us, the Company does not have any Property, Plant and Equipment (including Right of use assets) or intangible assets. Accordingly, paragraph 3 (i) (a), (b), (c) and (d) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) In our opinion and according to the information and explanations given to us, the Company does not hold any inventories. Accordingly, the paragraph 3 (ii) (a) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the Company does not have any borrowings from banks or financial institutions. Accordingly, paragraph 3 (ii) (b) of the Order is not applicable to the Company.

(iii) In our opinion and according to the information and explanations given to us, the Company has invested in its subsidiary during the year. The investments so made are not prejudicial to the Company's interest.

The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, paragraph 3 (iii) (a), (c), (d), (e) and (f) of the Order insofar as it relates to loans, advances in nature of loan or guarantee or security are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has invested in securities of other entity and has complied with the provisions of section 186 of the Act. The Company has not granted any loans or provided guarantee or security to which the provisions of section 185 or section 186 of the Act apply.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and rules made there under relating to the acceptance of deposits are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the activities of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Income Tax and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Employees' State Insurance and Duty of Customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and services Tax, Income Tax and other material statutory dues were in arrears as at 31 March 2023, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax and other statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transactions which were not recorded in books of accounts as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not availed any loans from banks or financial institutions. Accordingly, paragraph 3 (ix) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lenders.

(c) In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the year. Accordingly, paragraph 3 (ix) (c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, the Company has not availed any loans on short term basis during the year. Accordingly, paragraph 3 (ix) (d) of the Order is not applicable to the Company.

(e) In our opinion and according to the information and explanations given to us, the Company has not taken any funds from entities or persons to meet the obligations of its subsidiaries. The Company does not have any joint venture or associate companies.

(f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any joint ventures or associate companies.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (ix) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has made preferential allotment of shares and private placement of shares during the year. In our opinion and according to the information and explanations given to us, the requirements of section 42 and section 62 have been complied with by the Company and the funds have been used for the purposes for which the funds were raised. The Company has not made preferential allotment or private placement of optionally convertible debentures during the year.

(xi) (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all the transactions with related parties are in compliance with section 188 of the Act and the details, as required by the applicable accounting standards, have been disclosed in the financial statements. The provisions of Section 177 are not applicable to the Company.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have reviewed the reports of the internal auditors for the period under audit, however we have not placed reliance on the work done by the internal auditor.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of section 192 of the Act are not applicable to the company.

(xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to register itself under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) (a), (b) and(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, the Company does not have a CIC as a part of the Group.

(xvii) In our opinion and according to the information and explanations given to us, the Company has incurred cash losses of Rs. 27.79 million and Rs. 7.04 million during the financial year and immediately preceding financial year respectively.

(xviii) There has been no resignation of statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and the management plans presented before us, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is 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.

(xx) In our opinion and according to the information and explanations given to us, the provisions of section 135 relating to Corporate Social Responsibility are not applicable to the Company.

(xxi) The paragraph 3 (xxi) of the Order is not applicable to the standalone financial statements of the Company.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMIK9540

Place : Pune
Date : 3 May 2023

(Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of BF Industrial Solutions Limited (formerly known as Nouveau Power and Infrastructure Private Limited) on the standalone Ind AS financial statements for the year ended 31 March 2023)

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 over financial reporting of BF Industrial Solutions Limited ("the Company") (formerly known as BF Industrial Solutions Private Limited) (formerly known as Nouveau Power and Infrastructure Private Limited) as of 31 March 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting ("IFC-FR)" 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 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by ICAI 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 and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 over financial reporting with reference to standalone Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, 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.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMIK9540

Place : Pune
Date : 3 May 2023

Standalone Balance Sheet as at 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2023	31 March 2022
Assets			
Non-current assets			
Financial assets			
(i) Investments in subsidiaries	**3**	**4,361.48**	900.50
(i) Other non-current financial assets	**4**	**100.00**	-
Income tax assets	**18**	**0.09**	-
		4,461.57	900.50
Current assets			
Financial assets			
(i) Trade receivables	**5**	**1.36**	1.50
(ii) Cash and bank balances	**6**	**8.94**	19.52
Other current assets	**7**	**0.02**	-
		10.32	21.02
		4,471.89	921.52
Equity and liabilities			
Equity			
Share capital	**8**	**2,917.29**	910.00
Instruments entirely equity in nature	**8**	**1,500.00**	-
Other equity	**9**	**(35.39)**	2.82
		4,381.90	912.82
Non-current liabilities			
Financial liabilities			
(i) Other non-current financial liabilities	**10**	**89.62**	-
		89.62	-
Current liabilities			
Financial liabilities			
Trade payables	**11**		
- due to micro enterprises and small enterprises		**-**	-
- due to others		**0.34**	8.70
Other current liabilities	**12**	**0.03**	**-**
		0.37	8.70
		4,471.89	921.52
Significant accounting policies	**1-2**		
Notes to the standalone financial statements	**3-31**		

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIK9540

Place: Pune
Date : 3 May 2023

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 3 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 3 May 2023

Sunil Kulkarni
Chief Financial Officer

Place: Pune
Date : 3 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 3 May 2023

Standalone Statement of Profit and Loss for the year ended 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2023	31 March 2022
Income			
Revenue from operations	**13**	**0.86**	1.50
Other income	**14**	**-**	0.16
Total income		**0.86**	1.66
Expenses			
Employee benefit expenses	**15**	**0.78**	-
Finance costs	**16**	**3.57**	-
Other expenses	**17**	**24.30**	8.70
Total expenses		**28.65**	8.70
Loss before tax		**(27.79)**	(7.04)
Tax expenses			
Current tax		**-**	-
Deferred tax		**-**	-
Earlier year taxes		**0.42**	-
Loss for the year		**(28.21)**	(7.04)
Other comprehensive income			
Items that will not be reclassified to Statement of Profit and Loss in subsequent periods		**-**	-
Items that will be reclassified to Statement of Profit and Loss in subsequent periods		**-**	-
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(28.21)**	(7.04)
Basic and diluted loss per equity share of face value Rupees 10/- each	**19**	**(0.13)**	(5.50)
Significant accounting policies	**1-2**		
Notes to the standalone financial statements	**3-31**		

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIK9540

Place: Pune
Date : 3 May 2023

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 3 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 3 May 2023

Sunil Kulkarni
Chief Financial Officer

Place: Pune
Date : 3 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 3 May 2023

Standalone Statement of Changes in Equity for the year ended 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

(A) Equity share capital

Equity shares of face value of Rs. 10 each issued, subscribed and paid up

Notes	Amount
As at 01 April 2021	0.10
Issue of fully paid equity shares of Rs. 10 each	909.90
As at 31 March 2022	910.00
As at 01 April 2022	**910.00**
Issue of fully paid equity shares of Rs. 10 each	**2,007.29**
As at 31 March 2023	**2,917.29**

(B) Intruments entirely equity in nature

Notes	Amount
As at 01 April 2021	-
Issue of fully paid compulsorily convertible preference shares of Rs. 10 each	-
As at 31 March 2022	-
As at 01 April 2022	**-**
Issue of fully paid compulsorily convertible preference shares of Rs. 10 each	**1,500.00**
As at 31 March 2023	**1,500.00**

(C) Other equity

	Share application money pending allotment	Retained earnings	Total
As at 01 April 2021	-	(0.14)	(0.14)
Loss for the year	-	(7.04)	(7.04)
Share application money pending allotment	10.00	-	10.00
As at 31 March 2022	**10.00**	**(7.18)**	**2.82**
As at 01 April 2022	10.00	(7.18)	**2.82**
Equity shares allotted during the year	(10.00)	-	(10.00)
Loss for the year	-	(28.21)	(28.21)
As at 31 March 2023	**-**	**(35.39)**	**(35.39)**

Significant accounting policies	**1-2**
Notes to the standalone financial statements	**3-31**

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIK9540

Place: Pune
Date : 3 May 2023

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 3 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 3 May 2023

Sunil Kulkarni
Chief Financial Officer

Place: Pune
Date : 3 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 3 May 2023

Standalone Cash Flow Statement for the year ended 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

			31 March 2023	31 March 2022
A)	**Cash flow from operating activities**			
	Loss before tax		**(27.79)**	(7.04)
	Adjustment to reconcile profit before tax to net cash flows :		-	-
	Finance costs		**3.57**	-
	Operating profit before working capital changes		**(24.22)**	(7.04)
	Movements in working capital:			
	Decrease/(increase) in trade receivables		**0.14**	(1.50)
	Increase in other non-current financial assets		**(100.00)**	-
	Increase in other current assets		**(0.02)**	-
	Decrease/(increase) in trade payables		**(8.36)**	8.70
	Increase in other current liabilities		**0.03**	-
	Working capital adjustments		**(108.21)**	7.20
	Cash generated from operations		**(132.43)**	0.16
	Direct taxes paid		**(0.51)**	-
	Net cash flow from operating activities		**(132.94)**	0.16
B)	**Cash flows from investing activities**			
	Investment in subsidiary		**(3,374.60)**	(900.50)
	Net cash flows used in investing activities		**(3,374.60)**	(900.50)
C)	**Cash flows from financing activities**			
	Repayment of borrowings		**-**	(0.16)
	Proceeds from issue of equity shares		**1,997.29**	9.90
	Proceeds from issue of preference shares		**1,500.00**	-
	Proceeds from share application money pending allotment		**-**	10.00
	Proceeds from inter-corporate deposits accepted		**100.00**	-
	Repayment of inter-corporate deposits		**(100.00)**	-
	Proceeds from issue of optionally convertible debentures		**-**	900.00
	Interest on inter-corporate deposits and other finance liabilities		**(0.33)**	-
	Net cash flows from financing activities		**3,496.96**	919.74
	Net decrease in cash and cash equivalents		**(10.58)**	19.40
	Cash and cash equivalents at beginning of the year		**19.52**	0.12
	Cash and cash equivalents at end of the year		**8.94**	19.52
D)	**Components of cash and cash equivalents**			
	Cash in hand		-	-
	Cheques in hand		-	10.00
	Balances with banks:			
	In current accounts		**8.94**	9.52
	Total cash and cash equivalents		**8.94**	19.52
Significant accounting policies		**1-2**		
Notes to the standalone financial statements		**3-31**		

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIK9540

Place: Pune
Date : 3 May 2023

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 3 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 3 May 2023

Sunil Kulkarni
Chief Financial Officer

Place: Pune
Date : 3 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 3 May 2023

Notes to the standalone financial statements for the year ended 31 March 2023

1. Corporate Information

BF Industrial Solutions Limited (formerly known as Nouveau Power and Infrastructure Private Limited) ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The name of the Company was changed to BF Industrial Solutions Private Limited during the year and subsequently to BF Industrial Solutions Limited. The Company also provides management and marketing services to its group Companies. Bharat Forge Limited ('BFL') is the Holding Company. The registered office of the Company is located at Mundhwa, Pune. The Company's CIN is U29100PN2011PLC138621. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 3 May 2023.

2. Significant Accounting Policies

2.1 Basis of preparation

These 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 to the financial statements of the Company.

The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Summary of significant accounting policies

a) Current and 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:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalents 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:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Company classifies all other liabilities as non-current.

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 financial statements are presented in Indian Rupees, which is also its functional currency.

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

c) Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries at cost less accumulated impairment [Refer note 2.2(g)].

d) Fair value measurement

The Company measures financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received on sell of 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 best economic 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 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company’s external valuers, which valuation techniques and inputs to use for each case.

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 summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 26)
- Quantitative disclosures of fair value measurement hierarchy (note 26)
- Investment in unquoted equity shares (note 3)
- Financial instruments (including those carried at amortised cost) (note 26)

e) Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 “Revenue from contract with customers”.

Sale of services

Revenue from sale of services are recognized when the services are rendered. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in “Other income” in the Statement of

Profit and Loss.

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2 (i) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs the obligation as per the contract.

f) 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income ("OCI") 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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 recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income

("OCI") 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.

g) 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, 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.

For the assets, 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 exceeds 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 and Loss.

h) Provisions and contingent liabilities

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. A 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 beyond 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 disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only 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 arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. 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.

i) 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.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade and other receivables arising as a result of transactions within scope of Ind AS 115 are initially recorded at transaction price.

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

Subsequent measurement

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

- Debt instruments at amortized cost
- 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’) or fair value through profit or loss (‘FVTPL’)

Debt instruments at amortized cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) 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 other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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 at FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or as at 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 Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity investments not held for trading, 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 investment 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 the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity investment included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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:

(a) Financial assets that are debt instruments and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are measured at FVTOCI

(c) Lease receivables under Ind AS 116

(d) 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 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables 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.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

- Debt instruments measured at FVTOCI:

  Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

  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.

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, 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.

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 designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and 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.

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 and Loss.

Offsetting of financial instruments

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

j) Cash and cash equivalents

Cash and cash equivalents 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.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

k) Dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

l) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 (consolidation of shares) 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 and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards and are effective 1 April 2023. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Title	Key requirements
Disclosure of Accounting Policies- Amendments to Ind AS 1, Presentation of financial statements	The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
Definition of Accounting Estimates- Amendments to Ind AS 8, Accounting policies, changes in accounting estimates and errors	The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
Deferred tax related to assets and liabilities arising from a single transaction- Amendments to Ind AS 12, Income taxes	The amendment requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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, including 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 financial statements:

1) 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:

a) Identifying contracts with customers

Management has exercised judgement to determine contract with customers for the purpose of Ind AS 115 and for identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Company enters into contract with customers for goods and services. The Company determined that both the goods and services are capable of being distinct. The Company also determined that the promises to transfer these goods and services are distinct within the context of the contract.

c) Determination of timing of satisfaction of performance obligation

The Company concluded that services to be recognised over a period of time because it does not meet the criteria for recognising revenue at a point of time. The Company has applied judgement based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices.

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.

1) Impairment of non-financial assets (tangible and intangible)

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's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the 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 risks specific to the asset. In determining the fair value less costs to 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 or other available fair value indicators.

2) Defined benefit plans

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 40.

3) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
3	**Investment in subsidiaries**		
	(at cost, unless other wise stated)		
	Unquoted		
	90,050,000* (2022 : 90,050,000) equity shares of face value of Rs. 10 each of BF Industrial Technology & Solutions Limited	**900.50**	900.50
	39,68,330* (2022 : Nil) equity shares of face value of Rs. 10 each of J S Auto Cast Foundry India Private Limited	**3,460.98**	-
		4,361.48	900.50

*calculated considering shares held by nominees of the Holding Company.

4	**Other non-current financial assets**		
	(at amortised cost)		
	Balance in escrow account (refer note 4.1)	**100.00**	-
		100.00	-

Note 4.1 : Balance in escrow account

During the year, Bharat Forge Limited through the Company has entered into a share purchase agreement with the shareholders of J S Autocast Foundry India Private Limited ("JSA") to purchase 39,68,330 equity shares for a total consideration of Rs. 3,460.98 millions as on 01 July 2022. In accordance with the aforementioned share purchase agreement, out of the total purchase consideration a sum of Rs. 100.00 millions is payable to the erstwhile shareholders of JSA after a period of 3 years from the date of purchase and the amount so payable is to be deposited in a separate Escrow account to be maintained with ICICI Bank Limited. Also, in accordance with the ESCROW agreement, the balance in aforementioned ESCROW account is restricted and not available for general use by the Company.

5	**Trade receivables**		
	Unsecured (undisputed)		
	Considered good	**1.36**	1.50
	Significant increase in credit risk	**-**	-
	Credit impaired	**-**	-
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)	**-**	-
		1.36	1.50
		1.36	1.50

(All amounts are in Indian Rupees millions, unless otherwise stated)

Trade receivables ageing schedule (net of impairment allowances and provision for bad debts and expected credit loss)

Particulars as at 31 March 2023	**Outstanding for the following periods from due date of payment**					**Total**
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed trade receivables and						
- considered good	**0.20**	**-**	**1.17**	**-**	**-**	**1.36**
- which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**
- credit impaired	**-**	**-**	**-**	**-**	**-**	**-**
- loss allowances	**-**	**-**	**-**	**-**	**-**	**-**
	0.20	**-**	**1.17**	**-**	**-**	**1.36**
Total	**0.20**	**-**	**1.17**	**-**	**-**	**1.36**

Particulars as at 31 March 2021	**Outstanding for the following periods from due date of payment**					**Total**
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed trade receivables and						
- considered good	1.50	-	-	-	-	1.50
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
- loss allowances	-	-	-	-	-	-
	1.50	-	-	-	-	1.50
Total	1.50	-	-	-	-	1.50

	31 March 2023	31 March 2022
6 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	-	-
Cheques in hand	-	10.00
Balances with banks		
- in current accounts	**8.94**	9.52
Other bank balances		
	8.94	19.52
Details of bank balances/deposits		
Bank balances available on demand	**8.94**	19.52
Other bank balances (including Escrow accounts)	**100.00**	-
	108.94	19.52

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
7	**Other current assets**		
	Balance with government authorities :		
	Goods and services tax	**0.02**	-
	Advance to suppliers	**-**	0.00*
		0.02	-

* Amount less than Rs. 0.01 million.

8	**Share capital**		
	Authorised capital:		
	355,000,000 equity shares of Rs.10 each (31 March 2022: 92,000,000)	**3,550.00**	920.00
	150,000,000 8% compulsorily convertible preference shares of Rs. 10 each (31 March 2022: Nil)	**1,500.00**	-
		5,050.00	920.00
	Issued, subscribed & paid up capital:		
	(A) Equity share capital		
	291,729,112 equity shares of Rs.10 each fully paid up (31 March 2022: 91,000,000)	**2,917.29**	910.00
	(B) Instruments entirely equity in nature		
	150,000,000 8% compulsorily convertible preference shares of Rs. 10 each fully paid up	**1,500.00**	-
	(31 March 2022 : Nil) (also refer note 7.5)		
		4,417.29	910.00

8.1 Rights, preference and restrictions attached to the shares

Equity Share Capital

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

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

Preference Share Capital

The non-cumulative, compulsorily convertible preference shares ('CCPS') having a par value of Rs. 10 per share carries a coupon rate of 8% and are convertible into equity shares of the Company after a period of 10 years from the date of issue in the ratio of 1:1 (i.e) 1 equity share for 1 CCPS at par. The CCPS do not carry any voting rights and have a preference over equity shares for payment of dividend and repayment of capital.

(All amounts are in Indian Rupees millions, unless otherwise stated)

8.2 Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2023		31 March 2022	
	Number of shares	Amount (INR million)	Number of shares	Amount (INR million)
Equity share capital				
At the beginning of the year	**91,000,000**	**910.00**	10,000	0.10
Issued during the year *	**200,729,112**	**2,007.29**	90,990,000	909.90
Outstanding at the end of the year	**291,729,112**	**2,917.29**	91,000,000	910.00
Instruments entirely equity in nature Preference share capital				
At the beginning of the year	**-**	**-**	-	-
Issued during the year (also refer note 8.5)	**150,000,000**	**1,500.00**	-	-
Outstanding at the end of the year	**150,000,000**	**1,500.00**	-	-

* During the year, the Company has issued 200,729,112 equity shares of face value of Rs. 10 each via a rights issue. Bharat Forge Limited, ('the holding company') subscribed to the rights issue.

8.3 Details of shareholders holding more than 5% shares are set out below

Particulars	31 March 2023		31 March 2022	
	Number of shares	Holding %	Number of shares	Holding %
Equity share capital				
Bharat Forge Limited*	**291,729,106**	**100%**	90,999,994	100.00%
	291,729,106	**100%**	90,999,994	100.00%
Preference share capital				
Bharat Forge Limited*	**150,000,000**	**100%**	-	-
	150,000,000	**100%**	**-**	**-**

*Holding % is calculated considering shares held as nominees of the Holding Company.

8.4 Details of shares held by the holding Company

Particulars	31 March 2023		31 March 2022	
	Number of shares	Holding %	Number of shares	Holding %
Equity share capital				
Bharat Forge Limited*	**291,729,106**	**100%**	90,999,994	100.00%
	291,729,106	**100%**	90,999,994	100.00%
Preference share capital				
Bharat Forge Limited*	**150,000,000**	**100%**	-	-
	150,000,000	**100%**	**-**	**-**

*Holding % is calculated considering shares held as nominees of the Holding Company.

8.5 Details of terms of securities convertible into equity shares

During the year, the Company has issued 150,000,000 Compulsorily Convertible Preference Shares ('CCPS') of face value of Rs. 10 each via a rights issue. Bharat Forge Limited, ('the holding Company') subscribed to the rights issue. The details of terms of securities were as follows :

(a) CCPS carries coupon rate of 8%;

(b) CCPS is convertible into equity shares after a period of 10 years from the date of issue in the ratio of 1:1 (i.e) 1 equity share for 1 CCPS at par.

(c) The CCPS do not carry any voting rights and have a preference over equity shares for payment of dividend and repayment of capital.

During the previous year, the Company issued 90,000,000 Zero Coupon Optionally Convertible Debentures ('ZOCD') of face value of Rs. 1,000 each to Bharat Forge Limited on 28 June 2021. The details of terms of securities of the abovementioned debentures were as follows

(a) ZOCDs are unsecured and ranks pari passu with other unsecured creditors without any preference or priority over other.

(b) The debentureholder shall have a right to conversion or redemption at fair value at any time after the date of allotment.

(c) The debenture holders shall be entitled to transfer these ZOCDs in accordance with the provisions of Articles of Association of the Company and provisions of the Companies Act, 2013.

The debenture holders exercised their rights to conversion on 30 March 2022. Accordingly, 90,000,000 equity shares of the Company were allotted to the debentureholders in exchange of the ZOCDs during the year.

8.6 Details of Shareholdings of Promoters

Name of Promoter	Number of Shares held as on 31 March 2023	% of total Shares	% change during the year ended 31 March 2022
Equity shares			
Bharat Forge Limited*	**291,729,106**	**100.00%**	**100.00%**
Preference Shares			
Bharat Forge Limited	**150,000,000**	**100.00%**	**100.00%**

Name of Promoter	Number of Shares held as on 31 March 2022	% of total Shares	% change during the year ended 31 March 2022
Equity shares			
Bharat Forge Limited*	90,999,994	100.00%	**100.00%**

*Holding % is calculated considering shares held as nominees of the Holding Company.

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
9	**Other equity**		
	Share application money pending allotment	-	10.00
	Retained earnings		
	As per last Balance Sheet	**(7.18)**	(0.14)
	Loss for the year	**(28.21)**	(7.04)
	Other Comprehensive Income for the year	-	-
		(35.39)	(7.18)
		(35.39)	2.82
10	**Other non-current financial liabilities**		
	Purchase consideration payable* (refer note 4.1)	**89.62**	**-**
		89.62	**-**

Note :

*Amortised cost of consideration payable net of interest of Rs. 3.24 millions.

		31 March 2023	31 March 2022
11	**Trade payables**		
	Due to micro enterprises and small enterprises ("MSME") (refer note 23)	**-**	**-**
	Due to others	**0.34**	8.70
		0.34	8.70

(All amounts are in Indian Rupees millions, unless otherwise stated)

Trade Payable ageing schedule

As on 31 March 2023

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed					
- MSME	-	-	-	-	-
- Others	0.03	-	-	-	0.03
Disputed					
- MSME	-	-	-	-	-
-Others	-	-	-	-	-
Unbilled dues*	-	-	-	-	0.31
	0.03	-	-	-	0.34

As on 31 March 2022

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed	-	-	-	-	-
- MSME	-	-	-	-	-
- Others	-	-	-	-	-
Disputed	-	-	-	-	-
- MSME	-	-	-	-	-
-Others					
Unbilled dues*	-	-	-	-	8.70
	-	-	-	-	8.70

* Unbilled dues represents provisions for expenses accounted for.

		31 March 2023	31 March 2022
12	**Other current liabilities**		
	Statutory dues :		
	Withholding tax payable	0.03	-
		0.03	-

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
13	**Revenue from operations**		
	Sale of services	**0.86**	1.50
		0.86	1.50
	Note : Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**-**	-
	Revenue from within India	**0.86**	1.50
		0.86	1.50
14	**Other income**		
	Liabilities no longer payable	**-**	0.16
		-	0.16
15	**Employee benefit expenses**		
	Salaries and bonus	**0.78**	-
		0.78	-
16	**Finance cost**		
	Interest on inter corporate deposit	**0.33**	-
	Interest on unwinding of other non-current financial liabilities*	**3.24**	-
		3.57	-
	*refer note 10 and note 4.1		
17	**Other expenses**		
	Legal and professional fees	**0.10**	-
	Rates and taxes	**23.73**	8.60
	Payment to auditors (refer note below)	**0.47**	0.10
	Miscellaneous expenses	**0.00***	0.00*
	* Amount less than Rs. 0.01 million.	**24.30**	8.70
	Auditors' remuneration (on accrual basis, net of taxes)		
	Statutory audit fees	**0.34**	**0.10**
	Limited review	**0.09**	**-**
	Other services	**0.04**	**-**
		0.47	**0.10**

(All amounts are in Indian Rupees millions, unless otherwise stated)

	31 March 2023	31 March 2022
18 Tax expenses		
(A) Statement of profit and loss		
(i) Tax expenses recognised in Statement of Profit and Loss		
Current tax	-	-
Deferred tax	-	-
	-	-
(ii) Tax expenses recognised in Other Comprehensive income	-	-
	-	-
(B) Balance sheet		
Net non current income tax asset at the beginning	-	-
Current income tax expense	-	-
Income tax on other comprehensive income	-	-
Changes in estimates related to prior years	-	-
Income tax paid (net of refunds)	**0.09**	-
Net non current income tax asset at the end	**0.09**	-
(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for respective year		
Loss before tax	**(28.21)**	**(7.04)**
Income tax rate	**25.17%**	**25.17%**
Expected income tax expense	**(7.10)**	**(1.77)**
Tax losses for which no deferred tax was recognised	**7.10**	**1.77**
Effective income tax	-	-

(D) Deferred tax

Ind AS 12 - Accounting for taxes on income, states that where an enterprise has unused tax losses and unused tax credits, deferred tax assets should be recognised only to the extent it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Accordingly, the Company has not recognised deferred tax asset on unused tax losses and unused tax credits since it is not probable that future taxable profits will be available against which the unused tax losses and credits will be utilised.

(All amounts are in Indian Rupees millions, unless otherwise stated)

19 Earnings per share (EPS)

Earnings per share has been computed as under :

Particulars			31 March 2023	31 March 2022
A	Loss after tax	INR million	**(28.21)**	(7.04)
B	Weighted average number of equity shares outstanding during the year	Nos.	**210,055,681**	1,278,877
C	Nominal value of each share	in Rs.	**10**	10.00
D	Basic and diluted loss per share (A/B)	INR	**(0.13)**	(5.50)

20 Segment information

Reportable segments

The Board of Directors have been identified as the Chief Operating Decision-Maker who examine the Company's performance from geographic perspective. The Chief Operating Decision Maker has identified only one reportable segment of "sale of services". Hence the revenue, expenses, results, assets and liabilities disclosed in the financial statements of the Company are allocable to one segment.

	31 March 2023	31 March 2022
Geographical information		
(i) Segment revenue from customers		
- within India	**0.86**	1.50
- outside India	**-**	-
	0.86	1.50
(ii) Segment assets		
- within India	**10.32**	21.02
- outside India	**-**	-
	10.32	21.02

21 Contingent liabilities

Contingent liabilities (to the extent not provided for)	Nil	Nil

22 Capital and other commitments

Capital and other commitments	Nil	Nil

23 Disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSME')

There are no amounts that needs to disclosed pertaining to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). As at 31 March, 2023, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with appropriate authority under MSMED Act, 2006. (31 March 2022 : Nil)

24 Related party transactions

A. Enterprises exercising control over the Company

Bharat Forge Limited	Holding Company

B. Individuals exercising control over the Company

Kishore Saletore	Director (from 23 April 2021)
Vikram Munje	Director (from 23 April 2021)
Kedar Dixit	Director (from 23 April 2021)
Ganesh Khaladkar	Director (upto 28 April 2021)
Yogesh Nyayadhish	Director (upto 28 April 2021)
Sunil Kulkarni	Chief Financial Officer (from 25 March 2022)
Deepika Agrawal	Company Secretary
Namrata Sanghavi	Company Secretary

C. Enterprises over which the Company or the Holding Company exercises control or significant influence :

BF Industrial Technology & Solutions Limited	Subsidiary of Company
J S Auto Cast Foundry India Private Limited	Subsidiary of Company
Sanghvi Europe B V	Step down foreign subsidiary

D. Transactions with the above related parties and balances as at and for the year :

(All amounts are in Indian Rupees millions, unless otherwise stated)

Name of the related party and nature of transaction	31 March 2023		31 March 2022	
	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
Bharat Forge Limited				
Share application money pending allotment	-	-	10.00	-
Issue of equity shares	**2,007.29**	-	9.90	-
Issue of preference shares	**1,500.00**	-	-	-
Inter coporate deposits accepted	**100.00**	-	-	-
Inter coporate deposits repaid	**100.00**	-	-	-
Interest on inter corporate deposits accepted	**0.33**	-	-	-
Reimbursement of expenses	**0.38**	-	-	-
Issue of equity shares (on conversion of ZOCD*)	-	-	900.00	-
Issue of ZOCD*	-	-	900.00	-
Conversion of ZOCD* to equity shares	-	-	900.00	-
Unsecured loans accepted	-	-	750.00	-
Unsecured loans repaid	-	-	(750.00)	-
BF Industrial Technology & Solutions Limited				
Investment in equity shares	-	-	40.50	-
Investment in equity shares (on conversion of ZOCD*)	-	-	860.00	-

(All amounts are in Indian Rupees millions, unless otherwise stated)

Name of the related party and nature of transaction	31 March 2023		31 March 2022	
	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
Subscription to ZOCD*	-	-	860.00	-
Conversion of ZOCD* to equity shares	-	-	(860.00)	-
Unsecured loan granted	-	-	750.00	-
Unsecured loan recovered	-	-	(750.00)	-
Sale of services	**0.16**	**-**	1.50	1.50
Reimbursement of expenses	**0.14**	**-**	-	-
Trade receivables	**-**	**1.37**	-	-
J S Auto Cast Foundry India Private Limited				
Sale of services	**0.70**	**-**	-	-
Reimbursement of expenses	**0.64**	**-**	-	-
Trade receivables	**-**	**0.01**	-	-

* ZOCD - Zero Coupon Optionally Convertible Debentures

25 Financial Risk Management

The Company's principal financial liabilities comprises of loans and borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and bank balances that is derived directly from its operations.

The Company is exposed to market risks, credit risks and liquidity risks. The Company's management oversees the management of these risks. The management of the Company ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(A) Market risks

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments in mutual funds and trade receivables.

(i) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates as the borrowings availed by the Company did not carry any interest.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have exposure to the risk of changes in foreign exchange rates as the Company does not have any assets or liabilities in foreign currency. The Company does not hedge its foreign currency exposures.

Other price risks

The Company has a policy of investing its surplus funds in mutual funds, interest bearing term deposits and other highly marketable debt investments. The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. However, the Company has not invested any surplus funds during the year.

(B) 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 and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. At 31 March 2022, the Company has receivable from only two customer accounted for 100% of total value of trade receivable (31 March 2022 : one customer 100%). An impairment analysis is performed at each reporting date on an individual basis for major customers. The calculation is based on historical data and subsequent expectation of receipts. 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) Other receivables, deposits with banks, mutual funds and loans granted

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with reputed banks and financial institutions were the counterparty risk is minimum.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2023 and 31 March 2022 is the carrying amounts as illustrated in the respective notes.

(C) Liquidity risks

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations as they fall due, due to insufficient availability of cash or cash equivalents. The Company's approach to managing liquidity is to ensure, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to Company's reputation.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2023 and 31 March 2022. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in mutual funds, interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

(All amounts are in Indian Rupees millions, unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities

Particulars	**Less than 1 years**	**1 - 5 Years**	**More than 5 years**	**Total**
31 March 2023				
Shot term borrowings	**-**	**-**	**-**	**-**
Trade payables	**0.34**	**-**	**-**	**0.34**
Other financial liabilities		**89.62**		**89.62**
Total	**0.34**	**89.62**	**-**	**89.96**
31 March 2022				
Shot term borrowings	-	-	-	-
Trade payables	8.70	-	-	8.70
Total	**8.70**	**-**	**-**	**8.70**

26 Fair value measurement

A Financial instruments by category

The financial instruments are measured at Amortised cost or Fair Value through Profit and Loss ("FVTPL")

S.N.	**Particulars**	**31 March 2023**		31 March 2022	
		FVTPL	**Amortised cost**	FVTPL	Amortised cost
	Financial assets				
(a)	Trade receivables	**-**	**1.36**	-	1.50
(b)	Cash and bank balances	**-**	**8.94**	-	19.52
	Total financial assets	**-**	**10.30**	-	21.02
	Financial liabilities				
(a)	Trade payables	**-**	**0.34**	-	8.70
(b)	Other non-current financial liabilities	**-**	**89.62**	-	-
	Total financial liabilities	**-**	**89.96**	-	8.70

* Since denominated in INR million

Financial assets included above do not include investments in subsidiaries which are carried at cost and hence, are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, trade payables, and all other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

iii) Valuation technique used to determine fair value

Fair value of market linked investments is determined using Net Asset Value ('NAV') report issued by mutual fund house.

27 Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, preference shares and all other equity reserves attributable to the equity holders of the Company. 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 attached to the interest -bearing loans and borrowings. 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 has adopted the objectives, policies or processes of Bharat Forge Limited for managing capital during the year ended 31 March 2023.

28 Additional regulatory information required by Schedule III of the Companies Act, 2013

(a) Title deeds of immovable property not held in name of the Company

The Company does not hold any immovable properties.

(b) Valuation of Property, Plant and Equipment

The Company does not have any property, plant and equipment or intangible assets during the current or previous year. The Company does not have any investment property.

(c) Loans or advances granted to promoters, directors, Key Managerial Personnel (KMPs) and the related parties

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person.

(d) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(e) Reconciliation of returns or statements submitted with banks or financial institution

The Company does not have any borrowings from banks or financial institution, accordingly has not filled any periodical returns or statements with any banks or financial institution.

(f) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(All amounts are in Indian Rupees millions, unless otherwise stated)

(g) Relationship with struck off Companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(h) Registration of charges or satisfaction with Registrar of Companies

The Company does not have any creation or satifaction of charges to be registered with the Registrar of Companies during the current or previous financial year.

(i) Compliance with number of layers of companies

The Company has complied with the rules related to number of layers of subsidiary prescribed under the Act.

(j) Following ratios need to be disclosed:

SN	Ratio	31 March 2023	31 March 2022	% Change in ratio	Reasons
(a)	Current ratio	**27.89**	2.42	1054.42%	Refer Note (i)
(b)	Debt-equity ratio	**-**	-	0.00%	Refer Note (ii)
(c)	Debt service coverage ratio	**-**	-	0.00%	Refer Note (ii)
(d)	Return on equity ratio	**(0.01)**	(0.02)	0.48%	NA*
(e)	Inventory turnover ratio	**-**	-	0.00%	NA**
(f)	Trade receivables turnover ratio	**0.60**	2.00	-139.86%	Refer Note (iii)
(g)	Trade payables turnover ratio	**-**	-	0.00%	NA**
(h)	Net capital turnover ratio	**0.08**	0.12	-4.47%	NA*
(i)	Net profit ratio	**(32.80)**	(4.69)	-2810.90%	Refer Note (iv)
(j)	Return on capital employed ratio	**(0.01)**	0.98	-98.76%	Refer Note (iv)
(k)	Return on investment ratio	**(0.01)**	(0.01)	0.13%	NA*

NA* - variance in ratio is not more than 25%, accordingly no explanation for variance is detailed out.

NA** - variance in ratio could not be computed since the said ratios are not applicable to the Company.

Accounting Ratios formulas :

(a) Current Ratio = Current Assets / Current liabilities

(b) Debt-Equity Ratio = Total Debt / Total equity

(c) Debt Service Coverage Ratio = Earnings available for debt service / Debt service

(d) Return on Equity Ratio = Profit for the year / Average equity

(e) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

(f) Trade receivables turnover ratio = Revenue from operations / Average Trade receivables

(g) Trade payables turnover ratio = Revenue from operations / Average Trade payables

(h) Net capital turnover ratio = Revenue from operations / Average Working Capital

(i) Net profit ratio = Profit for the year / Revenue from operations

(j) Return on Capital employed = EBIT / Capital employed (Total assets - Current liabilities)

(k) Return on investment = Profit for the year / (Debt + Total equity)

Accounting Ratios explanation :

(i) The outstanding trade payables of the Company in FY 2021-2022 were fully paid in the current financial year out of available bank balances. Accordingly, the current liabilities were reduced and the current ratio has increased significantly.

(ii) The trade receivable trunover ratio has declines significantly on account of reduction in service revenues arising from the group Companies during the financial year.

(iii) The Company has paid stamp duty and registration fees to increase the authorised capital of the Company in order to facilitate the transaction entered into with Bharat Forge Limited and J S Auto Cast Foundry India Private Limited. Accordingly, the net losses of the Compay has widened and the net profit ratio, return on capital employed ratio has changed significantly.

(k) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current year or previous year.

(l) Utilisation of borrowed funds and share premium

The Company has not advanced or granted any loan or invested funds to any other person(s) or entity(is), 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.

During the year, the Company has received funds (via issue of equity shares and preference shares) from Bharat Forge Limited ('BFL'), with the understanding that the Company shall acquire shares from the existing shareholders J S Auto Cast Foundry India Private Limited, identified in the manner by BFL. The details of funds received and funds invested are mentioned below:

- Rs. 3,474.60 million (net) share application money pending allotment received for issue for equity share and preference share capital from Bharat Forge Limited.
- Rs. 3,374.60 million paid to the erstwhile shareholders of now subsidiary company towards purchase of 39,68,330 equity shares and Rs. 100.00 million depositied in a separate ESCROW account in accordance with the terms of Share Purchase Agreement.

The Company has not provided any guarantee, security or the like to or on behalf of the holding company.

The Company has received funds from its holding company, which is registered in India and the funds are received within India. Accordingly, relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable.

The Company has complied with the relevant provisions of the Companies Act, 2013, as amended and these transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003).

(m) Undisclosed income

There is no income surrendered or disclosed as income, which is not recorded in books of accounts during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(n) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

29 Compliance with Order of National Company Law Tribunal (NCLT) issued in the previous financial year

During the previous financial year, one of the erstwhile financial creditor of the Subsidiary Company "BF Industrial Technology & Solutions Limited" (formerly known as Sanghvi Forging & Engineering Limited), had filed an application under the Insolvency and Bankruptcy Code, 2016 (hereinafter referred as IBC, 2016) seeking appointment of Resolution Professional and initiation of the Corporate Insolvency Resolution Process (hereinafter referred as CIRP process) against the Subsidiary Company, for defaulting on repayment of the bank's loan, which was admitted by the National Company Law Tribunal (hereinafter referred to as NCLT).

The holding Company, Bharat Forge Limited, had submitted a resolution plan to the resolution professional which was approved by the NCLT. In accordance with the approved resolution plan the Company was selected to act as intermediary investment company between the holding Company (Bharat Forge Limited) and subsidiary Company (BF Industrial Technology & Solutions Limited).

Accordingly, the Company issued zero coupon optionally convertible debentures to Bharat Forge Limited for a total consideration of Rs. 900.00 million. Out of the proceeds received, the Company had paid Rs. 750.00 million towards the loans of the Subsidiary Company and Rs. 150.00 million were transferred to the Subsidiary Company. The subsidiary Company had issued 4,050,000 equity shares of face value of Rs. 10 each issued at par and 860,000 zero coupon optionally convertible debentures of face value of Rs. 1,000 each issued at par.

The other conditions as prescribed by the NCLT were completed through the operations of the subsidiary Company.

30 Acquisition of J S Auto Cast Foundry India Private Limited

During the year, Bharat Forge Limited through the Company has entered into a share purchase agreement with the shareholders of J S Auto Cast Foundry India Private Limited ("JSA") to purchase 39,68,330 equity shares for a total consideration of Rs. 3460.98 millions. As part of the Business Transfer Agreement (BTA) the erstwhile promoters transferred the business on going concern basis on 01 July 2022.

31 Prior period comparatives

Prior year comparatives have been regrouped/reclassified where necessary, to confirm with current year's presentation.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIK9540

Place: Pune
Date : 3 May 2023

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 3 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 3 May 2023

Sunil Kulkarni
Chief Financial Officer

Place: Pune
Date : 3 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 3 May 2023

BF Industrial Technology and Solutions Limited
(formerly Sanghvi Forging and Engineering Limited)

Directors

Mr. Kishore Saletore

Mr. Sanjeev Nimkar

Mr. Vikram Munje

Mr. Kedar Dixit

Mr. Sandeep Goel

Mr. Sanjeevkumar Jain

Auditors

ANRK & Associates LLP
Chartered Accountants
2nd Floor, Shreeram Apartments,
1244-B, Apte Road, Deccan Gymkhana,
Pune 411 004

Registered Office

244/6 & 7 GIDC Estate Waghodia
Waghodia, GJ 391 760
India

Independent Auditors' Report

To the Members of
BF Industrial Technology & Solutions Limited
(formerly known as Sanghvi Forging & Engineering Limited)

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging & Engineering Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year ended, and notes to the Ind AS financial statements, including a summary of the significant 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 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 31 March 2023, its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 SAs are further described in the 'Auditor's Responsibilities for the Audit of the 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 opinion on the Ind AS financial statements.

Other Information

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 Ind AS financial statements and our auditor's report thereon. Our opinion on the 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 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.

Management's responsibility for the 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 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 specified under Section 133 of the Act, read with 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS financial statements, the management and the Board of Directors are 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.

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Ind AS 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 auditors' 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 Ind AS financial statements, including the disclosures, and whether the 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 Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

2. (A) As required by Section 143 (3) of the Act, we report 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.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid 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 31 March 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

   (B) 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 Ind AS financial statements – Refer Note 35 to the 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. (i) The management has represented that to the best of it's knowledge and belief, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, 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;

   (ii) The management has represented that to the best of it's knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, recorded in writing or otherwise, that the Company shall, 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

   (iii) Based on such audit procedures which we have 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 (i) and (ii) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

(C) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid/ provided for by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMIJ8577

Place : Pune
Date : 2 May 2023

(Referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging & Engineering Limited) on the Ind AS financial statements for the year ended 31 March 2023)

(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 intangible assets.

(b) The Company has a regular program of physical verification of its Property, Plant and Equipment, by which all the Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties disclosed in the Ind AS financial statements (other than those properties where the Company is the lessee and the lease agreements are 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, Right of Use assets, or intangible assets during the year.

(e) In our opinion and according to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for Holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) As explained to us, the inventory (including those lying with third parties) has been physically verified at reasonable intervals by the management during the year, including inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure of such verification by the management is appropriate. There were no cases where the discrepancies exceeded 10% or more in aggregate for each class of inventory which were noticed during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned fresh working capital limits in aggregate, exceeding five crore rupees from a bank on the basis of security of current assets. Based on the records examined by us in the normal course of audit of the Ind AS financial statements, the periodical statements filed by the Company with such bank are in agreement with books of accounts of the Company.

(iii) In our opinion and according to the information and explanations given to us, the Company has not made any investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties during the year. Accordingly, paragraph 3 (iii) of the order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments in or provided guarantee or security to which the provisions of section 185 or section 186 of the Act apply. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and rules made there under relating to the acceptance of deposits are not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act, in respect of the products manufactured by the Company and are of the opinion that prima facie, such accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other material statutory dues were in arrears as at 31 March 2023, for a period of more than six months from the date they became payable.

In our opinion and according to the information and explanations given to us, there are no dues of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other material statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transactions which were not recorded in the books of accounts as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not availed any loans or other borrowings from any lenders. Accordingly, paragraph 3 (ix) (a) of the order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lenders.

(c) In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year. Accordingly, paragraph 3 (ix) (c) of the order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis. Accordingly, paragraph 3 (ix) (d) of the order is not applicable to the Company.

(e) In our opinion and according to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. The Company does not have any joint venture or associate companies.

(f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiary. The Company does not have any joint venture or associate companies.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year.

(xi) (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all the transactions with related parties are in compliance with section 188 of the Act and the details, as required by the applicable accounting standards, have been disclosed in the Ind AS financial statements. The provisions of Section 177 are not applicable to the Company.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have reviewed the reports of the internal auditors for the period under audit, however we have not placed reliance on the work done by the internal auditor.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of section 192 of the act are not applicable to the Company.

(xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to register itself under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) (a)(b) and (c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, the Company does not have a CIC as a part of the Group.

(xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year. The Company had incurred cash losses of Rs. 45.69 million during the immediately preceding financial year.

(xviii) There has been no resignation of statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, 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 the management plans presented before us, we are of the opinion that no material uncertainty exists as on the date of the audit report that the Company is 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.

(xx) In our opinion and according to the information and explanations given to us, the provisions of section 135 relating to Corporate Social Responsibility are not applicable to the Company.

(xxi) The paragraph 3 (xxi) of the Order is not applicable to the Ind AS financial statements of the Company.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMIJ8577

Place : Pune
Date : 2 May 2023

(Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging & Engineering Limited) on the Ind AS financial statements for the year ended 31 March 2023)

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 over financial reporting of BF Industrial Technology & Solutions Limited ("the Company") (formerly known as Sanghvi Forging & Engineering Limited) as of 31 March 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting ("IFC-FR)" 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 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by ICAI 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 and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 over financial reporting with reference to Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, 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.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMIJ8577

Place : Pune
Date : 2 May 2023

Balance Sheet as at 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2023	31 March 2022
Assets			
Non-current assets			
Property, plant and equipment	3	441.45	466.83
Intangible assets	4	5.12	1.00
Right of use assets	5	23.31	23.67
Financial assets			
(i) Investments in subsidiaries	6	-	-
(ii) Other non-current financial assets	7	19.09	23.93
Income tax assets	29	9.07	5.16
		498.04	520.59
Current assets			
Inventories	8	160.67	165.25
Financial assets			
(i) Trade receivables	9	295.58	182.80
(ii) Current investment	10	0.82	10.76
(iii) Cash and bank balances	11	99.03	29.04
(iv) Other current financial assets	12	1.27	0.46
Other current assets	13	18.65	9.97
		576.02	398.28
		1,074.06	918.87
Equity and liabilities			
Equity			
Share capital	14	900.50	900.50
Other equity	15	(106.24)	(271.00)
		794.26	629.50
Non-current liabilities			
Long term provisions	16	10.48	7.31
		10.48	7.31
Current liabilities			
Financial liabilities			
(i) Trade payables	17		
- due to micro enterprises and small enterprises		1.78	6.87
- due to others		217.67	215.20
(ii) Other financial liabilities	18	-	0.69
Other current liabilities	19	41.22	38.66
Short term provisions	20	8.65	20.64
		269.32	282.06
		1,074.06	918.87
Significant accounting policies	1-2		
Notes to the financial statements	3-46		

The notes referred to above form an integral part of the Ind AS financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIJ8577

Place: Pune
Date : 2 May 2023

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 2 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 2 May 2023

Sanjeevkumar Jain
Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2023

Statement of Profit and Loss for the year ended 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2023	31 March 2022
Income			
Revenue from operations	**21**	**996.73**	627.94
Other income	**22**	**84.88**	3.47
Total income		**1,081.61**	631.41
Expenses			
Cost of material consumed	**23**	**453.61**	319.19
Decrease/(increase) in inventories of finished goods and work-in-progress	**24**	**6.32**	(31.56)
Employee benefits expenses	**25**	**70.54**	65.25
Depreciation and amortization	**26**	**33.89**	46.42
Other expenses	**27**	**353.81**	358.39
Total expenses		**918.17**	757.69
Profit/(loss) before exceptional items and tax		**163.44**	(126.28)
Exceptional items	**28**	-	376.67
Profit before tax		**163.44**	250.39
Tax expenses	**29**		
Current tax		**-**	-
Earlier year taxes		**0.15**	8.67
Deferred tax		**-**	-
Total tax expenses		**0.15**	8.67
Profit for the year		**163.29**	241.72
Other comprehensive income			
Items that will not be reclassified to Statement of Profit and Loss in subsequent periods			
- Re-measurement gains on defined benefit plans		**1.47**	2.86
- Income tax effect on above		**-**	-
Items that will be reclassified to Statement of Profit and Loss in subsequent periods		**-**	-
Other comprehensive income for the year		**1.47**	2.86
Total comprehensive income for the year		**164.76**	244.58
Basic and diluted earnings per equity share of face value Rs. 10/- each	**31**	**1.81**	33.43
Significant accounting policies	**1-2**		
Notes to the financial statements	**3-46**		

The notes referred to above form an integral part of the Ind AS financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIJ8577

Place: Pune
Date : 2 May 2023

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 2 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 2 May 2023

Sanjeevkumar Jain
Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2023

Statement of Changes in Equity for the year ended 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

(A) Equity share capital

Equity shares of Rs. 10 each issued, subscribed and paid up

Notes	Amount
As at 01 April 2021	148.92
Issue of fully paid equity shares of Rs. 10 each	900.50
Reduction of share capital (refer note 45A)	(148.92)
As at 31 March 2022	900.50
Changes in equity share capital	-
As at 31 March 2023	900.50

(B) Other equity

Particulars	Securities premium	General reserve	Capital reduction reserve	Retained earnings	Total
As at 01 April 2021	404.97	3.99	-	(1,073.46)	(664.50)
Profit for the year	-	-	-	241.72	241.72
Remeasurement of post employment benefit obligations	-	-	-	2.86	2.86
Reduction of equity share capital (refer note 45A)	-	-	148.92	-	148.92
As at 31 March 2022	404.97	3.99	148.92	(828.88)	(271.00)
Profit for the year	-	-	-	163.29	163.29
Remeasurement of post employment benefit obligations	-	-	-	1.47	1.47
As at 31 March 2023	404.97	3.99	148.92	(664.12)	(106.24)

Significant accounting policies	**1-2**
Notes to the financial statements	**3-46**

The notes referred to above form an integral part of the Ind AS financial statements
Subject to our separate report of even date

For ANRK & Associates LLPFor ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIJ8577

Place: Pune
Date : 2 May 2023

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 2 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 2 May 2023

Sanjeevkumar Jain
Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2023

Cash Flow Statement for the year ended 31 March 2023

(All amounts are in Indian Rupees millions, unless otherwise stated)

	31 March 2023	31 March 2022
A) Cash flows from operating activities		
Net profit before tax	**163.44**	250.39
Adjustment to reconcile profit before tax to net cash flows:		
Re-measurement gains on defined benefit plans	**1.47**	2.86
Depreciation and amortization	**33.89**	46.42
Impairment of property, plant and equipments	**-**	629.05
Bad debts	**64.59**	-
Interest income	**(1.50)**	
Profit on sale of property, plant and equipments	**(3.11)**	-
Net gain on sale of mutual funds	**(0.07)**	-
Liabilities no longer payable	**(0.32)**	(1,005.72)
Unrealised foreign exchange gain	**(6.06)**	(3.23)
Reversal of provision for onerous contracts (net)	**(12.24)**	-
Reversal of provision for doubtful debts	**(64.59)**	-
Provision for doubtful debts	**1.13**	5.12
Provision for onerous contract	**-**	20.63
Debit balances no longer recoverable	**-**	8.79
Operating profit before working capital changes	**176.63**	(45.69)
Movements in working capital:		
Decrease / (increase) in inventories	**4.58**	(74.25)
Increase in trade receivables	**(107.85)**	(93.46)
(Increase)/decrease in other financial assets	**4.09**	(1.19)
(Increase)/decrease in other assets	**(8.68)**	6.29
(Decrease)/Increase in trade payables	**(2.30)**	112.79
Increase/(decrease) in provisions	**3.42**	(3.27)
Decrease in other financial liabilities	**-**	(20.05)
Increase in other current liabilities	**2.56**	0.93
	(104.18)	(72.21)
Cash generated from operations	**72.45**	(117.90)
Direct taxes paid	**(4.06)**	(0.96)
Net cash flows from operating activities	**68.39**	(118.86)

(All amounts are in Indian Rupees millions, unless otherwise stated)

	31 March 2023	31 March 2022
B) Cash flows from investing activities		
Purchase of property, plant and equipments	**(14.41)**	(3.00)
Proceeds from sale of property, plant and equipments	**4.56**	-
Proceeds from maturity of fixed deposits	**2.52**	28.41
Investment in mutual funds	**-**	(10.76)
Proceeds from sale of mutual funds	**10.01**	-
Interest income	**1.44**	-
Net cash flows used in investing activities	**4.12**	14.65
C) Cash flows from financing activities		
Repayment of borrowings (net)	**-**	(789.70)
Proceeds from issue of equity shares	**-**	900.50
Net cash flows from financing activities	**-**	110.80
Net increase in cash and cash equivalents	**72.51**	6.58
Cash and cash equivalents at beginning of the year	**17.73**	11.15
Cash and cash equivalents at end of the year (also refer note 11)	**90.24**	17.73
D) Components of cash and cash equivalents		
Cash in hand	**-**	-
Balances with banks:		
In current accounts	**12.12**	17.73
In debit balances in cash credit account	**28.12**	-
Margin money deposits with original maturity less than three months	**50.00**	-
Total cash and cash equivalents (also refer note 11)	**90.24**	17.73

Significant accounting policies	**1-2**	
Notes to the financial statements	**3-46**	

The notes referred to above form an integral part of the Ind AS financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIJ8577

Place: Pune
Date : 2 May 2023

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 2 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 2 May 2023

Sanjeevkumar Jain
Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2023

Notes to the financial statements for the year ended 31 March 2023

1. Corporate Information

BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited) ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Bharat Forge Limited is the ultimate holding Company and BF Industrial Solutions Limited is the holding Company of the Company. The Company is engaged in the manufacturing and selling of open and close forged products. The Company caters to both domestic and international markets. The registered office of the Company is located at GIDC Industrial Estate, Waghodia, District Vadodara. The Company's CIN is U28910GJ1989PLC012015. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 2 May 2023.

2. Significant Accounting Policies

2.1 Basis of preparation

These 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 to the financial statements of the Company.

The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Summary of significant accounting policies

a) Current and 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:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalents 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:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Company classifies all other liabilities as non-current.

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 financial statements are presented in Indian Rupees, which is also its functional currency.

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

c) Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries at cost less accumulated impairment [Refer note 2.2(m)].

d) Fair value measurement

The Company measures financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received on sell of 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 best economic 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 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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 summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 43)
- Quantitative disclosures of fair value measurement hierarchy (note 43)
- Investment in unquoted equity shares (note 6)
- Financial instruments (including those carried at amortised cost) (note 43)

e) Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 15 to 180 days upon delivery.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any.

Export incentives

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days for completion and accordingly, revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected Cash Flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "Other income" in the Statement of Profit and Loss.

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2 (p) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs the obligation as per the contract.

f) 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 or subsidy relates to revenue, it is recognized as income/netted off with expenses on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to Statement of Profit and Loss over the periods and in the proportions in which depreciation on those assets is charged.

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income ("OCI") 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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 recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income ("OCI") 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.

Indirect taxes paid on acquisition of assets or on incurring expense

Expenses and assets are recognised net of the amount of indirect 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.

h) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured property, plant and equipment are capitalised at cost, including GST for which credit is not available, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

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 the Statement of Profit and Loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on :

- useful lives determined based on internal technical evaluation,
- residual value of respective assets, which are not more than 5% of the original cost of the asset.

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building – factories	30	30
Buildings – others (including roads)	5 to 60	5 to 60
Plant and machineries (including electrical installations)	15	1 to 24
Plant and machineries – windmill	25	9
Plant and machineries – computers	3	3
Office equipment	5	5
Furniture and fixtures	10	10
Vehicles – Four wheelers	8	8
Vehicles – Two wheelers	10	10

The Company, based on technical assessment made by a 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 Act. 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.

Freehold land is carried at cost.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 Statement of Profit and Loss in the period in which the expenditure is incurred.

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.

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 and Loss when the asset is derecognised.

Acquired intangible assets which comprise expenditure incurred on acquisition of user licenses for computer software's are amortised over the estimated useful life (say 3 years) on a straight-line basis. The useful life of intangible assets is reviewed by management at each Balance Sheet date.

j) 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.

k) 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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(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 (say 99 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 (m) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate, are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

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.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months 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 that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized 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 incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

l) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realizable value.

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

m) 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, 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.

Intangible assets under development are tested for impairment annually.

Impairment losses of continuing operations including impairment on inventories, are recognised in the Statement of Profit and Loss.

For the assets, 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 exceeds 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 and Loss.

n) Provisions and contingent liabilities

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. A 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 beyond 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 disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only 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 arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

o) Post-employment and other employee benefits

Provident fund

The Company contributes regularly towards the provident fund of its employees to the Government administered pension fund which 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 expenditure, when an employee renders the related service.

Gratuity

The Company operates a defined benefits plan for its employee's viz. gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out for the plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, 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 as asset / liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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.

Financial assets

Initial recognition and measurement

All financial assets except trade or other receivables that result from transactions within scope of IND AS 115, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Trade and other receivables arising as a result of transactions within scope of IND AS 115 are initially recorded at transaction price.

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

Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through Profit or Loss ('FVTPL')
- Equity instruments are measured at fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss (FVTPL).

Debt instruments at amortized cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual Cash Flows, and

b) 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 other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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 at FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or as at 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 Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity investments not held for trading, 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 investment 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 the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity investment included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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:

a) Financial assets that are debt instruments and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets that are measured at FVTOCI

c) Lease receivables under Ind AS 116

d) 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 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables 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.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

- Debt instruments measured at FVTOCI:

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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.

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, 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.

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 designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and 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.

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 and Loss.

Offsetting of financial instruments

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

q) Cash and cash equivalents

Cash and cash equivalents 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.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

r) Dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

t) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 (consolidation of shares) 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 and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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, including 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 financial statements:

1) Revenue from contracts with customers

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

a) Identifying contracts with customers

The management of the Company has exercised judgement to determine contract with customers for the purpose of Ind AS 115 and for identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Company enters into contract with customers for goods and services. The Company determined that both the goods and services are capable of being distinct. The Company also determined that the promises to transfer these goods and services are distinct within the context of the contract.

c) Determination of timing of satisfaction of performance obligation

The Company concluded that revenue from sale of goods to be recognised at a point in time and revenue from sale of services to be recognised over a period of time. The Company has applied judgement in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices.

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.

1) Impairment of non-financial assets (tangible and intangible)

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's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the 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 risks specific to the asset. In determining the fair value less costs to 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 or other available fair value indicators.

2) Defined benefit plans

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 40.

3) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

2.4 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards and are effective 1 April 2023. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Title	Key requirements
Disclosure of Accounting Policies- Amendments to Ind AS 1, Presentation of financial statements	The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
Definition of Accounting Estimates- Amendments to Ind AS 8, Accounting policies, changes in accounting estimates and errors	The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
Deferred tax related to assets and liabilities arising from a single transaction- Amendments to Ind AS 12, Income taxes	The amendment requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

3 Property, plant and equipment

(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	Freehold Land	Building	Plant and equipment	Electrical installations	Furniture and fixtures	Computers	Office equipments	Vehicles	Total
Gross block									
Balance as at 1 April 2021	25.64	248.96	1,244.46	64.62	3.10	1.93	1.77	2.90	1,593.38
Additions	-	-	0.74	-	0.06	1.09	0.80	-	2.69
Disposals	-	-	-	-	-	-	-	-	-
Reclassifications (refer note 'a' below)	(23.87)	-	-	-	-	-	-	-	(23.87)
Balance as at 31 March 2022	1.77	248.96	1,245.20	64.62	3.16	3.02	2.57	2.90	1,572.20
Balance as at 1 April 2022	**1.77**	**248.96**	**1,245.20**	**64.62**	**3.16**	**3.02**	**2.57**	**2.90**	**1,572.20**
Additions	**-**	**0.66**	**8.21**	**0.01**	**0.06**	**-**	**0.40**	**-**	**9.34**
Disposals	**-**	**-**	**2.32**	**-**	**-**	**-**	**-**	**-**	**2.32**
Reclassifications (refer note 'a' below)									
Balance as at 31 March 2023	**1.77**	**249.62**	**1,251.09**	**64.63**	**3.22**	**3.02**	**2.97**	**2.90**	**1,579.22**
Accumulated depreciation and impairment									
Balance as at 1 April 2021	-	53.13	326.92	43.60	1.46	1.55	1.35	2.55	430.56
Depreciation for the year	-	10.31	32.65	2.17	0.23	0.25	0.14	0.01	45.76
Impairment for the year (refer note 'b' below)	-	-	610.20	18.85	-	-	-	-	629.05
Accumulated depreciation on disposals	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	63.44	969.77	64.62	1.69	1.80	1.49	2.56	1,105.37
Balance as at 1 April 2022	**-**	**63.44**	**969.77**	**64.62**	**1.69**	**1.80**	**1.49**	**2.56**	**1,105.37**
Depreciation for the year	**-**	**10.35**	**22.39**	**-**	**0.22**	**-**	**0.27**	**0.01**	**33.24**
Accumulated depreciation on disposals	**-**	**-**	**0.84**	**-**	**-**	**-**	**-**	**-**	**0.84**
Balance as at 31 March 2023	**-**	**73.79**	**991.32**	**64.62**	**1.91**	**1.80**	**1.76**	**2.57**	**1,137.77**
Balance as at 31 March 2023	**1.77**	**175.83**	**259.77**	**0.01**	**1.31**	**1.22**	**1.21**	**0.33**	**441.45**
Balance as at 31 March 2022	1.77	185.52	275.43	-	1.47	1.22	1.08	0.34	466.83

Note:

(a) During the previous year, the Company had re-classified Leasehold land amounting to Rs. 23.87 millions to Right of Use assets (refer note 5).

(b) During the previous year, the management of the Company made an assessment off and accounted for an impairment loss to the extent of Rs. 629.05 millions against the carrying amount of its Plant and Equipments and Electrical Installations, since the recoverable amount of these Cash Generating Units ('CGU') was assessed to be lower than the carrying amount of the assets (refer note 28).

(c) The recoverable amount was determined based on fair value less cost of disposal of the assets. The Company was considered as a single CGU. The fair value of the Property, Plant and Equipment was determined using level 3 basis of fair value measurement using the cost approach. Cost approach is a valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

(All amounts are in Indian Rupees millions, unless otherwise stated)

4 Intangible assets

Particulars	Softwares	Total
Gross block		
Balance as at 1 April 2021	3.75	3.75
Additions	0.31	0.31
Balance as at 31 March 2022	4.06	4.06
Balance as at 1 April 2022	**4.06**	**4.06**
Additions	**4.41**	**4.41**
Balance as at 31 March 2023	**8.47**	**8.47**
Accumulated depreciation		
Balance as at 1 April 2021	2.70	2.70
Depreciation for the year	0.36	0.36
Balance as at 31 March 2022	3.06	3.06
Balance as at 1 April 2022	**3.06**	**3.06**
Depreciation for the year	**0.29**	**0.29**
Balance as at 31 March 2023	**3.35**	**3.35**
Balance as at 31 March 2023	**5.12**	**5.12**
Balance as at 31 March 2022	1.00	1.00

(All amounts are in Indian Rupees millions, unless otherwise stated)

5 Right of use assets

Particulars	Leasehold Land	Total
Gross block		
Balance as at 1 April 2021	0.17	0.17
Additions	-	-
Reclassifications (refer note 'a' below)	23.87	23.87
Balance as at 31 March 2022	24.04	24.04
Balance as at 1 April 2022	**24.04**	**24.04**
Additions	**-**	**-**
Balance as at 31 March 2023	**24.04**	**24.04**
Accumulated depreciation		
Balance as at 1 April 2021	0.07	0.07
Depreciation for the year	0.30	0.30
Balance as at 31 March 2022	0.37	0.37
Balance as at 1 April 2022	**0.37**	**0.37**
Depreciation for the year	**0.36**	**0.36**
Balance as at 31 March 2023	**0.73**	**0.73**
Balance as at 31 March 2023	**23.31**	**23.31**
Balance as at 31 March 2022	23.67	23.67

Note:

(a) The Company has re-classified Leasehold land amounting to Rs. 23.87 millions from Property, plant and equipment (refer note 3).

	31 March 2023	31 March 2022
6 Investment in subsidiaries		
(at cost, unless other wise stated)		
Unquoted		
100 (2022 : 100) equity shares of face value of Euro 1 each of Sanghvi Europe B.V.	**0.01**	0.01
Less : Provision for impairment in value of investments	**(0.01)**	(0.01)
	-	-

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
7	**Other non-current financial assets**		
	(at amortised cost)		
	Security deposits	**19.09**	21.29
	Bank deposits with remaining maturity of more than 12 months	**-**	2.64
		19.09	23.93
8	**Inventories**		
	(valued at lower of cost or net realisable value)		
	Raw material	**84.75**	79.25
	Finished goods	**1.56**	31.10
	Work in progress	**47.10**	32.19
	Stores and spares	**18.22**	21.56
	Packing material	**0.36**	0.78
	Scrap	**8.68**	0.37
		160.67	165.25
9	**Trade receivables**		
	Unsecured (undisputed)		
	Considered good	**296.83**	188.81
	Doubtful	**-**	6.40
	Credit impaired	**17.73**	63.97
		314.56	259.18
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)		
	Credit impaired	**(17.73)**	(63.97)
	Doubtful	**-**	(6.40)
	Unsecured (considered good)	**(1.25)**	(6.01)
		(18.98)	(76.38)
		295.58	182.80

(All amounts are in Indian Rupees millions, unless otherwise stated)

Trade receivables ageing schedule (net of impairment allowances and provision for bad debts and expected credit loss)

As of 31 March 2023

Particulars	**Outstanding for the following periods from due date of payment**						**Total**
	Not due	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed trade receivables and							
- considered good	**164.46**	**122.91**	**7.41**	**2.05**	**-**	**-**	**296.83**
- which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- credit impaired	**-**	**-**	**-**	**3.36**	**3.20**	**11.17**	**17.73**
	164.46	**122.91**	**7.41**	**5.41**	**3.20**	**11.17**	**314.56**
(ii) Disputed trade receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	164.46	**122.91**	**7.41**	**5.41**	**3.20**	**11.17**	**314.56**

As of 31 March 2022

Particulars	Outstanding for the following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables and							
- considered good	119.00	54.09	11.04	2.58	1.44	0.66	188.81
- which have significant increase in credit risk	-	0.09	-	2.18	0.51	3.62	6.40
- credit impaired	-	0.04	0.38	12.10	2.83	14.65	30.00
	119.00	54.22	11.42	16.86	4.78	18.93	225.21
(ii) Disputed trade receivables							
- credit impaired	-		-	-	-	33.97	33.97
	-	-	-	-	-	33.97	33.97
	119.00	54.22	11.42	16.86	4.78	52.90	259.18

There are no dues from directors, other officers of the Company, either severally or jointly with any other person. Also, there are no dues from firms or private companies in which any director is a partner or a director or a member.

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
10	**Current investments**		
	Unquoted		
	Investments designated at fair value through profit or loss (FVTPL)		
	Investments in mutual funds		
	331.411 units of Axis Liquid Fund - Regular Growth (2022 : 4,577.593 units)	**0.82**	10.76
		0.82	10.76
	Aggregate amount of unquoted investments	**0.82**	10.76
11	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash in hand	**-**	-
	Balances with banks		
	- in current accounts	**12.12**	17.73
	- in debit balances in cash credit account	**28.12**	-
	- Margin money deposits with original maturity less than three months	**50.00**	-
	Other bank balances		
	Margin money deposits with original maturity more than three months and remaining maturity less than 12 months (refer note 'a')	**8.79**	11.31
		99.03	29.04

Note:

(a) Margin money deposits to the extent of Rs. 8.79 millions (31 March 2022 : Rs. 13.95 millions) are held on lien with banks against bank guarantees issued on behalf of the Company.

		31 March 2023	31 March 2022
	Details of bank balances/deposits		
	Bank balances available on demand	**40.24**	17.73
	Margin money deposits with original maturity less than three months	**50.00**	-
	Margin money deposits with original maturity more than three months and remaining maturity less than 12 months (refer note 'a')	**8.79**	11.31
	Bank deposits due to mature after 12 months from the reporting date included in ‘Non-current assets’	**-**	2.64
		99.03	31.68
12	**Other current financial assets**		
	(at amortised cost)		
	Interest accrued on deposits	**0.46**	0.40
	Loan to employees	**0.81**	0.06
		1.27	0.46

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
13	**Other current assets**		
	Unbilled revenue	**10.89**	3.07
	Advance to suppliers	**6.48**	6.11
	Balance with revenue authorities	**0.01**	0.02
	Export incentive receivable	**0.02**	0.11
	Prepaid expenses	**1.25**	0.66
		18.65	9.97

14	**Share capital**		
	Authorised capital:		
	91,000,000 equity shares of Rs.10 each (31 March 2022: 91,000,000)	**910.00**	910.00
		910.00	910.00
	Issued, subscribed & paid up capital:		
	90,050,000 equity shares of Rs.10 each fully paid up (31 March 2022: 90,050,000)	**900.50**	900.50
		900.50	900.50

14.1 Rights, preference and restrictions attached to the equity shares

The Company has a single class of equity shares having a par value of Rs. 10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

14.2 Reconciliation of equity shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2023		31 March 2022	
	Number of shares	Amount (INR)	Number of shares	Amount (INR)
Equity share capital				
At the beginning of the year	**90,050,000**	**900.50**	14,892,267	148.92
Issued during the year	-	-	90,050,000	900.50
Reduction in share capital (refer note below)	-	-	(14,892,267)	(148.92)
Outstanding at the end of the year	**90,050,000**	**900.50**	90,050,000	900.50

Note :

During the previous financial year and in accordance with the Resolution plan approved by the National Company Law Tribunal, the issued, subscribed and paid up equity share capital of the Company was reduced by cancelling and extinguishing 1,48,92,267 equity shares of face value of Rs. 10 each of erstwhile shareholders without payment of any consideration to the shareholders. This effect of reduction in paid up capital of the Company was transferred to a specific reserve "Capital Reduction Reserve" (refer note 45).

(All amounts are in Indian Rupees millions, unless otherwise stated)

14.3 Details of equity shareholders holding more than 5% shares are set out below

Particulars	31 March 2023		31 March 2022	
	Number of shares	Holding %	Number of shares	Holding %
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	90,049,994	100.00%
	90,049,994	**100.00%**	90,049,994	100.00%

*Holding % is calculated considered shares held as nominees of the Ultimate Holding Company.

14.4 Details of shares held by holding Company

Particulars	31 March 2023		31 March 2022	
	Number of shares	Holding %	Number of shares	Holding %
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	90,049,994	100.00%

*Holding % is calculated considering shares held as nominees of the Ultimate Holding Company.

14.5 Details of terms of securities convertible into equity shares

During the previous year, the Company issued 110,000 Zero Coupon Optionally Convertible Debentures ('ZOCD') of face value of Rs. 1,000 each to BF Industrial Solutions Limited on 28 June 2021. On 7 September 2021, additional 7,50,000 Zero Coupon Optionally Convertible Debentures (ZOCD) of face value of Rs. 1,000 each were allotted to BF Industrial Solutions Limited on private placement basis.

The details of terms of securities of the abovementioned debentures are as follows :

(a) ZOCDs are unsecured and ranks pari passu with other unsecured creditors without any preference or priority over other.

(b) The debenture holder shall have a right to conversion or redemption at fair value at any time after the date of allotment.

(c) The debenture holders shall be entitled to transfer these ZOCDs in accordance with the provisions of Articles of Association of the Company and provisions of the Companies Act, 2013.

The debenture holder exercised their rights to conversion during the previous year. Accordingly, 86,000,000 equity shares of the Company were allotted to the debenture holder in exchange of the ZOCDs.

14.6 Details of shareholdings of promoters

Name of Promoter	Number of Shares held as on 31 March 2023	% of total Shares	% change during the year ended 31 March 2023
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	**-**

*Holding % is calculated considering shares held as nominees of the Ultimate Holding Company.

Name of Promoter	Number of Shares held as on 31 March 2022	% of total Shares	% change during the year ended 31 March 2022
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	**100.00%**

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
15	**Other equity**		
	Securities premium	**404.97**	404.97
	General reserve	**3.99**	3.99
	Capital reduction reserve (refer note below)		
	As per last balance sheet	**148.92**	-
	Additions on account of reduction of share capital (refer note below)	**-**	148.92
		148.92	148.92
	Retained earnings		
	As per last Balance Sheet	**(828.88)**	(1,073.46)
	Profit for the year	**163.29**	241.72
	Other Comprehensive Income for the year	**1.47**	2.86
		(664.12)	(828.88)
		(106.24)	(271.00)

Note :

During the previous financial year and in accordance with the Resolution Plan approved by the National Company Law Tribunal (NCLT), the issued, subscribed and paid up equity share capital of the Company was reduced by cancelling and extinguishing 1,48,92,267 equity shares of face value of Rs. 10 each without payment of any consideration to the shareholders. This effect of reduction in paid up capital of the Company was transferred to "Capital Reduction Reserve" (refer note 45).

		31 March 2023	31 March 2022
16	**Long term provisions**		
	Provision for gratuity (refer note 40)	**7.41**	7.07
	Provision for compensated absences	**3.07**	0.24
		10.48	7.31
17	**Trade payables**		
	Due to micro enterprises and small enterprises ("MSME") (refer note 34)	**1.78**	6.87
	Due to others	**217.67**	215.20
		219.45	222.07

(All amounts are in Indian Rupees millions, unless otherwise stated)

Trade Payable ageing schedule

As on 31 March 2023

Particulars	**Outstanding for the following periods from due date of payment**					**Total**
	Not due	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
(i) Undisputed						
- MSME	**0.83**	**0.91**	**0.04**	**-**	**-**	**1.78**
- Others	**89.88**	**15.91**	**15.69**	**22.97**	**0.70**	**145.15**
	90.71	**16.82**	**15.73**	**22.97**	**0.70**	**146.93**
(ii) Disputed						
- MSME	**-**	**-**	**-**	**-**	**-**	**-**
- Others	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**
(iii) Unbilled dues*		**-**	**-**	**-**	**-**	**72.52**
	90.71	**16.82**	**15.73**	**22.97**	**0.70**	**219.45**

As on 31 March 2022

Particulars	**Outstanding for the following periods from due date of payment**					**Total**
	Not due	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
(i) Undisputed						
- MSME	1.28	5.35	0.21	0.03	-	6.87
- Others	56.80	62.03	23.32	1.43	-	143.58
	58.08	67.38	23.53	1.46	-	150.45
(ii) Disputed						
- MSME	-	-	-	-	-	-
- Others	-	4.70	3.59	3.06	-	11.35
	-	4.70	3.59	3.06	-	11.35
(iii) Unbilled dues*	-	-	-	-	-	60.27
	58.08	72.08	27.12	4.52	-	222.07

* Unbilled dues represents provisions for expenses accounted for.

		31 March 2023	31 March 2022
18	**Other financial liabilities**		
	(at amortised cost)		
	Payable for purchase of property, plant and equipment	**-**	**0.69**
		-	**0.69**

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
19	**Other current liabilities**		
	Contract liabilities (advance from customers)*	**20.43**	29.05
	Statutory dues	**16.55**	3.79
	Employee related liabilities	**4.24**	5.82
		41.22	38.66

* The contract liabilities relates to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed. Revenue will be recognized when the control of the goods are passed on to the customers.

20	**Short term provisions**		
	Provision for compensated absences	**0.26**	0.01
	Provisions for onerous contracts (refer note 38)	**8.39**	20.63
		8.65	20.64
21	**Revenue from operations**		
	Sale of goods	**672.57**	359.80
	Sale of services	**233.45**	209.30
	Other operating revenue :		
	Sale of scrap	**88.49**	54.83
	Export incentives	**0.84**	0.44
	Others	**1.38**	3.57
		996.73	627.94
	(a) Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**50.82**	29.70
	Revenue from within India	**945.91**	598.24
		996.73	627.94
	(b) Revenue recognised from contract liabilities outstanding at the beginning of the year :	**7.11**	10.35
	(c) Reconciliation of the revenue as per contracted price with revenue recognised in the Statement of Profit and Loss :		
	Revenue from operations	**996.73**	627.94
	Less : Export incentives from government	**(0.84)**	(0.44)
	Revenue from contract with customers	**995.89**	627.50
	Add : Discounts allowed to customers	**-**	0.05
	Add : Sales rejections/returns	**29.14**	0.89
	Revenue as per contracted price	**1,025.03**	628.44

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
22	**Other income**		
	Interest income	**1.50**	1.03
	Profit on sale of property, plant and equipment	**3.11**	-
	Gain on sale of mutual funds	**0.07**	0.71
	Liabilities no longer payable	**0.32**	-
	Foreign exchange gain (net)	**2.57**	1.68
	Reversal of provisions for onerous contracts (net)	**12.24**	-
	Reversal of provisions for doubtful debts	**64.59**	-
	Miscellaneous income	**0.48**	-
	Net gain on fair valuation of financial instruments ("FVTPL")	**-**	0.05
		84.88	3.47
23	**Cost of material consumed**		
	Inventory of raw materials at the beginning of the year	**79.25**	41.37
	Add: Purchases	**459.11**	357.07
	Less: Inventory of raw materials at the end of the year	**(84.75)**	(79.25)
		453.61	319.19
24	**Decrease/(increase) in finished goods and work-in-progress**		
	Inventory at the beginning of the year :		
	Finished goods	**31.10**	24.22
	Work in progress	**32.19**	7.23
	Scrap	**0.37**	0.65
		63.66	32.10
	Inventory at the end of the year :		
	Finished goods	**1.56**	31.10
	Work in progress	**47.10**	32.19
	Scrap	**8.68**	0.37
		57.34	63.66
		6.32	(31.56)
25	**Employee benefit expenses**		
	Salaries, wages and bonus	**62.34**	57.62
	Contribution to provident and other funds	**3.96**	3.50
	Gratuity expenses	**1.90**	2.04
	Staff welfare	**2.34**	2.09
		70.54	65.25

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
26	**Depreciation and amortization**		
	Depreciation on property, plant and equipment	**33.24**	45.76
	Depreciation of right-of-use assets	**0.36**	0.30
	Amortisation of intangible assets	**0.29**	0.36
		33.89	46.42
27	**Other expenses**		
	Power and fuel	**160.23**	131.48
	Consumption of stores and spares	**31.01**	37.22
	Subcontracting charges	**29.95**	9.69
	Repairs and maintenance		
	- building	**0.81**	1.15
	- plant and machinery	**14.73**	8.81
	- other	**3.14**	3.86
	Selling and distribution expenses	**26.53**	13.06
	Legal and professional fees	**3.72**	14.54
	Travelling and conveyance	**5.26**	4.05
	Office and administration expenses	**5.32**	5.98
	Rates and taxes	**1.24**	53.57
	Bad debts	**64.59**	-
	Provision for onerous contract	**-**	20.63
	Provision for doubtful debts (including expected credit loss)	**1.13**	5.12
	Debit Balances no longer recoverable	**-**	8.79
	Payment to auditors (refer note 30)	**1.68**	0.97
	Miscellaneous expenses	**4.47**	39.47
		353.81	358.39
28	**Exceptional items**		
	Liabilities no longer payable (refer note 'a' below)	**-**	1,005.72
	Impairment of property, plant and equipments (refer note 'b' below)	**-**	(629.05)
		-	376.67

(a) During the previous financial year, the Company had written back certain dues payable to secured loans, unsecured loans, employee liabilities other than those settled as per NCLT order and operational creditors, which are no longer payable in accordance with the terms of the approved resolution plan.

(b) The management of the Company made an assessment of and accounted for an impairment loss to the extent of Rs. 629.05 millions against the carrying amount of its Plant and Equipments and Electrical Installations, since the recoverable amount of these Cash Generating Units was assessed to be lower than the carrying amount of the assets (refer note 3).

(c) Refer note 45 for additional details.

(All amounts are in Indian Rupees millions, unless otherwise stated)

	31 March 2023	31 March 2022
29 Income tax		
(A) Statement of profit and loss		
(i) Tax expenses recognised in Statement of Profit and Loss		
Current tax	**-**	-
Earlier year taxes	**0.15**	8.67
	0.15	8.67
(ii) Tax expenses recognised in Other Comprehensive income		
Tax on remeasurements of defined benefit liability	**-**	-
	-	-
(B) Balance sheet		
Net non current income tax asset at the beginning	**5.16**	12.87
Changes in estimates related to prior years	**(0.15)**	(8.67)
Income tax paid (net of refunds)	**4.06**	0.96
Net non current income tax asset at the end	**9.07**	5.16
(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for respective year		
Accounting profit/(loss) before tax	**163.44**	250.39
Income tax rate	**25.17%**	25.17%
Expected income tax expense	**41.13**	63.02
Tax effects of amounts which are not deductible/(taxable) :		
(i) Effects of tax on exempt income	**(0.87)**	(222.55)
(ii) Effect of timing differences on which deferred tax assets was not recognised in accordance with note given below:		
- Provisions for doubtful debts and onerous contracts	**(19.65)**	-
- Property, plant and equipments	**(7.86)**	-
(iii) Expenditure allowed on payment basis	**1.24**	
(iv) Non deductible expenses	**0.01**	1.48
(v) Tax losses for which no deferred tax was recognised	**(13.99)**	158.05
(vi) Changes in estimates related to prior years	**0.15**	8.67
Income tax expense reported in the Statement of Profit and Loss	**0.15**	8.67

(D) Deferred tax

Ind AS 12 - Accounting for taxes on income, states that where an enterprise has unused tax losses and unused tax credits, deferred tax assets should be recognised only to the extent it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Accordingly, the Company has not recognised deferred tax asset on unused tax losses and unused tax credits since it is not probable that future taxable profits will be available against which the unused tax losses and credits will be utilised.

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
30	**Auditors' remuneration (on accrual basis, net of taxes)**		
	Statutory audit fees	**0.72**	0.50
	Limited review	**0.60**	0.45
	Other services	**0.15**	-
	Out of pocket expenses	**0.21**	0.02
		1.68	0.97

31 Earnings per share (EPS)

Earnings per share has been computed as under :

S.N.	Particulars		31 March 2023	31 March 2022
A	Profit after tax	INR million	**163.29**	241.72
B	Weighted average number of equity shares outstanding during the year	Nos.	**90,050,000**	7,229,559
C	Nominal value of each share	in Rs.	**10.00**	10.00
D	Basic and diluted earning / (loss) per share (A/B)	INR	**1.81**	33.43

32 Leases

Company as lessee

The Company has certain leases of various assets with lease terms of 12 months or less and 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. Accordingly, the amounts recognised in Statement of Profit and Loss (included as a part of "Miscellaneous expenses") is as under :

Particulars	31 March 2023	31 March 2022
Expense relating to short-term leases	**0.01**	0.06
	0.01	0.06

(All amounts are in Indian Rupees millions, unless otherwise stated)

33 Segment information

Reportable segments

The Board of Directors have been identified as the Chief Operating Decision-Maker who examine the Company's performance both from a product and geographic perspective. The Chief Operating Decision Maker has identified only one reportable segment of "Forging and Fitting" comprising of forgings and machined components for different sectors/industries. Hence the revenue, expenses, results, assets and liabilities disclosed in the financial statements of the Company are allocable to one segment.

	31 March 2023	31 March 2022
Geographical information		
(i) Segment revenue from customers		
- within India	**895.10**	598.24
- outside India		29.70
Europe	**50.82**	
USA		
	945.91	627.94
(ii) Segment assets		
- within India	**1,053.90**	898.01
- outside India (trade receivables)		20.86
Europe	**20.16**	
USA		
	1,074.06	918.87

34 Disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSME')

Particulars	**31 March 2023**	31 March 2022
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as below		
- Principal amount due to micro and small enterprises	**1.78**	6.87
- Interest due on above balance	**0.01**	0.25
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprises Development Act, 2006, along with the amounts of the payments made to supplier beyond the appointed day during each accounting year.	**-**	-
(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 Micro and Small Enterprise Development Act, 2006.	**0.23**	0.33
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	**0.97**	0.73
(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 enterprise for the purpose of purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprises Developments Act, 2006.	**-**	-

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
35	**Contingent liabilities**		
	Contingent liabilities (to the extent not provided for):		
	(i) Bank guarantees	**35.73**	1.24
	(ii) Claims against Company not acknowleged as debts	**0.36**	23.05
36	**Capital and other commitments**	**10.44**	-

37 Corporate Social Responsibility ('CSR')

As per provisions of section 135 of the Act, the Company is not required to spend any amount towards Corporate Social Responsibility (31 March 2022 : Nil).

38 Provisions

Particulars	31 March 2023	31 March 2022
Onerous contracts		
Balance at the beginning of the year	**20.63**	-
Add: Provision made during the year	**1.17**	34.34
Less: Provision reversed during the year	**(13.41)**	(13.71)
Balance at the end of the year	**8.39**	20.63

The erstwhile management of the Company had entered into contracts with various customers, which have been classified as Onerous on account of cost overruns and delays in timely execution. In accordance with Ind AS 37 - Provisions, Contingent liabilities and Contingent Assets, a provision for expected losses on such onerous contracts has been recognised to the extent of present obligation under the contract.

39 Related party transactions

A. Enterprises exercising control over the Company

Bharat Forge Limited	Ultimate Holding Company
BF Industrial Solutions Limited	Holding Company

B. Individuals exercising control over the Company

Kishore Saltore	Director (from 28 June 2021)
Vikram Munje	Director (from 28 June 2021)
Kedar Dixit	Director (from 28 June 2021)
Sandeep Goel	Director (from 16 July 2021)
Sanjeev Maruti Nimkar	Director (from 7 November 2022)
Sanjeev Kumar Jain	Chief Financial Officer (from 7 June 2021) and Director (from 27 April 2022)
Deepika Agrawal	Company Secretary
Namrata Sanghavi	Company Secretary

C. Enterprises over which the Company or the key managerial personnel ('KMP') of the Ultimate Holding Company exercises control or significant influence :

Sanghvi Europe B V	Subsidiary of the Company
Saarloha Advanced Material Private Limited	Company belonging to the same group
Kalyani Technoforge Limited	Company where KMPs of Ultimate Holding Company exercise control
J S Auto Cast Foundry India Private Limited	Subsidiary of Holding Company

(All amounts are in Indian Rupees millions, unless otherwise stated)

D. Transactions with the above related parties and balances as at and for the year :

Sr No.	Name of the related party	31 March 2023		31 March 2022	
		Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
1	**BF Industrial Solutions Limited**				
	Other expenses	**0.16**	**-**	1.50	-
	Reimbursement of expenses received	**0.16**	**-**	-	-
	Trade payable	**-**	**(1.37)**	-	(1.35)
	Issue of equity shares (fresh issue)	**-**	**-**	40.50	-
	Issue of equity shares (on conversion of ZOCD*)	**-**	**-**	860.00	-
	Issue of ZOCD*	**-**	**-**	860.00	-
	Conversion of ZOCD* to equity shares	**-**	**-**	(860.00)	-
	Unsecured loan accepted	**-**	**-**	750.00	-
	Unsecured loan repaid	**-**	**-**	(750.00)	-
2	**Bharat Forge Limited**				
	Job work income	**140.80**	**-**	101.22	-
	Purchase of Goods	**37.18**	**-**	42.25	-
	Reimbursement of expenses	**1.86**	**-**	0.04	-
	Trade payable	**-**	**(0.01)**	-	(7.91)
	Trade receivable	**-**	**98.86**	-	25.82
3	**Saarloha Advanced Materials Private Limited**				
	Purchase of Goods	**202.27**	**-**	41.07	-
	Trade payable	**-**	**(54.16)**	-	(25.73)
4	**Kalyani Technoforge Limited**				
	Purchase of Goods	**0.19**	**-**	4.10	-
	Trade payable	**-**	**-**	-	(4.84)
5	**Sanghvi Europe B.V.**				
	Trade receivable	**-**	**6.75**	-	6.93
6	**J S Auto Cast Foundry India Private Limited**				
	Sale of Property, Plant and Equipments	**3.93**	**-**	-	-
7	**Sanjeev Kumar Jain**				
	Remuneration paid	**2.53**	**(0.22)**	1.89	(0.04)
8	**Deepika Agrawal**				
	Remuneration paid	**0.14**	**-**	0.48	0.05

* ZOCD - Zero Coupon Optionally Convertible Debentures

(All amounts are in Indian Rupees millions, unless otherwise stated)

40 Details of employee benefits as required by the IND AS 19 Employee benefits :

(A) Defined Contribution Plan

The Company makes provident fund contributions to defined contributions plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 3.49 million (31 March 2022 : Rs. 2.92 million) for Provident Fund contribution in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

(B) Defined Benefit Plan

Defined benefit plans comprises of Post-employment benefits plan mainly gratuity and other long term employee benefits mainly comprising of compensated absences. These are measured at each Balance Sheet date based on actuarial valuation carried out by an independent actuary using projected unit credit method. The breakup is as follows:

Particulars	**31 March 2023**	31 March 2022
Non-current	**3.07**	0.24
Current	**0.26**	0.01
Compensated absences	**3.33**	0.25
Non-current	**7.41**	7.07
Current	**-**	-
Gratuity	**7.41**	7.07

A) The defined benefit plan comprise of gratuity plan under which an employee, who has rendered at least five years of continuous, service, to receive fifteen by twenty-six days salary for each year of completed service at the time of retirement/exit. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan :

	31 March 2023	31 March 2022
a) Statement showing changes in present value of obligation as at the end of the year		
Present value of defined benefit obligation as at the beginning of the year	**7.98**	8.74
Current service cost	**1.37**	1.51
Interest cost	**0.60**	0.59
Benefits paid	**(0.09)**	-
Actuarial (gains) / losses	**(1.54)**	(2.86)
Present value of defined benefit obligation as on Balance Sheet date.	**8.32**	7.98

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
b)	**Statement showing changes in fair value of net assets as at the end of the year**		
	Fair value of plan assets at the beginning of the period	**0.91**	0.85
	Interest income	**0.07**	0.06
	Contributions by employer	**-**	-
	Benefits paid	**-**	-
	Actuarial (gains) / losses	**(0.07)**	-
	Return on plan assets, excluding amount recognised in interest income (losses)	**-**	-
	Fair value of plan assets at the end of the period	**0.91**	0.91
c)	**Analysis of defined benefit obligation :**		
	Present value of defined benefit obligation	**8.32**	7.98
	Fair value of plan assets	**(0.91)**	(0.91)
	Net liability recognized in the Balance Sheet	**7.41**	7.07
d)	**The major categories of plan assets of the fair value of the total plan assets are as follows:**		
	Investments with insurer	**0.91**	0.91
		0.91	0.91
e)	**Expenses recognized in the Statement of Profit and Loss**		
	Current service cost	**1.37**	1.51
	Interest cost (net of interest income from plan assets)	**0.53**	0.53
	Gratuity expense recognized in the Statement of Profit and Loss	**1.90**	2.04
f)	**Expenses recognized in Other Comprehensive Income**		
	Actuarial losses / (gains)	**1.54**	2.86
	Gratuity expense recognized in the Statement of Profit and Loss	**1.54**	2.86
g)	**Actuarial assumptions**		
	i) Discount Rate (%)	**7.50%**	6.80%
	ii) Salary Escalation (%)	**8.00%**	8.00%
	iii) Withdrawal Rate (%)	**5% to 1%**	5% to 1%
	iv) Expected return on plan assets (%)	**7.50%**	6.37%
	v) Retirement age (In years)	**58**	58
	vii) Mortality rate	**Indian Assured Lives Mortality (2012-14) Ult.**	Indian Assured Lives Mortality (2012-14) Ult.

(All amounts are in Indian Rupees millions, unless otherwise stated)

h) Sensitivity analysis of present value of defined benefit obligation to 1% change in key assumptions

Particulars	31 March 2023		31 March 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	**7.30**	**9.55**	6.94	9.25
Salary escalation rate	**9.53**	**7.30**	9.22	6.94
Withdrawal rate	**8.27**	**8.37**	7.92	8.05

i) Expected cash flows

Particulars	31 March 2023	31 March 2022
Year 1	**0.51**	0.38
Year 2	**0.25**	0.26
Year 3	**0.24**	0.21
Year 4	**0.46**	0.20
Year 5	**0.32**	0.41
Year 6 - 10	**1.50**	1.65

41 Financial Risk Management

The Company’s principal financial liabilities comprises of loans, borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include trade and other receivables, cash and bank balances that is derived directly from its operations.

The Company is exposed to market risks, credit risks and liquidity risks. The Company’s management oversees the management of these risks. The management of the Company ensures that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s risk objectives. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

(A) Market risks

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments in mutual funds and trade receivables.

(i) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(ii) Foreign currency risks

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and Company's net investment in foreign subsidiaries. The Company does not hedge its foreign currency exposures.

The Company's management frequently monitors the trade receivables in foreign currency on a regular basis. The credit period extended to the foreign customers is restricted to not

(All amounts are in Indian Rupees millions, unless otherwise stated)

more than 180 days, thus ensuring that the exchange rate fluctuations does not materially affect the cash inflows in functional currency (INR).

The Company's exposure to the foreign currency risk is as follows :

Particulars	Currency	31 March 2023		31 March 2022	
		Amount in foreign currency	Amount in INR	Amount in foreign currency	Amount in INR
Financial assets					
Foreign currency trade receivables	EUR	**0.11**	**9.51**	0.09	7.95
	USD	**0.26**	**21.47**	0.17	12.91

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	March 31, 2023		March 31, 2022	
		Impact on profit		Impact on profit	
		Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Net exposure to foreign currency risks	EUR	**(0.48)**	**0.48**	(0.40)	0.40
	USD	**(1.07)**	**1.07**	(0.65)	0.65

Other price risks

The Company has a policy of investing its surplus funds in mutual funds, interest bearing term deposits and other highly marketable debt investments . The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company’s investment policy approved by the Board of Directors.

(B) Credit risks

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 and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company’s established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. At 31 March 2023, receivable from Company's top 5 customers accounted for approximately 68.71 % (31 March 2022 : 48.27 %) of all the receivable outstanding. An impairment analysis is performed at each reporting date on an individual basis for major customers. The calculation is based on historical data and subsequent expectation of receipts. 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.

(All amounts are in Indian Rupees millions, unless otherwise stated)

(ii) Other receivables, deposits with banks, mutual funds and loans granted

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with reputed banks and financial institutions were the counterparty risk is minimum.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2023 and 31 March 2022 is the carrying amounts as illustrated in the respective notes.

(C) Liquidity risks

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations as they fall due, due to insufficient availability of cash or cash equivalents. The Company's approach to managing liquidity is to ensure, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to Company's reputation.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2023 and 31 March 2022. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in liquid mutual funds, interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of the Company's financial liabilities

Particulars	Less than 1 year	1 - 5 Years	More than 5 years	Total
31 March 2023				
Trade payables	**219.45**	-	-	**219.45**
Other financial liabilities	-	-	-	-
Total	**219.45**	-	-	**219.45**
31 March 2022				
Trade payables	222.07	-	-	222.07
Other financial liabilities	0.69	-	-	0.69
Total	222.76	-	-	222.76

42 Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Company. 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.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 has adopted the objectives, policies or processes of Bharat Forge Limited (the ultimate holding company) for managing capital during the years ended 31 March 2023.

(All amounts are in Indian Rupees millions, unless otherwise stated)

43 Fair value measurement

A Financial instruments by category

The financial instruments are measured at Amortised cost of Fair Value through Profit and Loss ("FVTPL")

S.N.	Particulars	31 March 2023		31 March 2022	
		FVTPL	Amortised cost	FVTPL	Amortised cost
	Financial assets				
(a)	Trade receivables	-	**295.58**	-	182.80
(b)	Current investment	**0.82**	-	10.76	-
(c)	Cash and bank balances	-	**99.03**	-	29.04
(d)	Other current financial assets	-	**1.27**	-	0.46
(e)	Security deposits	-	**19.09**	-	21.29
(f)	Bank deposits with maturity of more than 12 months		-	-	2.64
	Total financial assets	**0.82**	**414.97**	10.76	236.23
	Financial liabilities				
(a)	Short-term borrowings	-	-	-	-
(b)	Trade payables	-	**219.45**	-	222.07
(c)	Other financial liabilities	-	-	-	0.69
(d)	Long-term borrowings	-	-	-	-
	Total financial liabilities	-	**219.45**	-	222.76

i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Total Financial assets				
31 March 2023	**-**	**0.82**	**-**	**0.82**
31 March 2022	-	10.76	-	10.76

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(All amounts are in Indian Rupees millions, unless otherwise stated)

ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, trade payables, short term borrowings, and all other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

iii) Valuation technique used to determine fair value

Fair value of market linked investments is determined using Net Asset Value ('NAV') report issued by mutual fund house.

44 Additional regulatory information required by Schedule III of the Act

(a) Title deeds of immovable property not held in name of the Company

The title deeds of all immovable properties (other than those properties where the Company is the lessee and the lease agreements are executed in favour of the lessee) are held in the name of the Company.

(b) Valuation of Property, Plant and Equipment

The Company has not revalued its Property, Plant and Equipment during the current or previous financial year. The Company does not hold any investment property.

(c) Loans or advances granted to promoters, directors, Key Managerial Personnel (KMPs) and the related parties

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person.

(d) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(e) Reconciliation of returns or statements submitted with banks or financial institution

The Company has availed borrowings from banks on the basis of security of current assets. The periodical statements of current assets filed by the Company with such banks are in agreement with books of accounts of the Company.

(f) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(g) Relationship with struck off Companies

The transactions with Companies struck off under Companies Act, 2013 or Companies Act, 1956 are as follows :

S.N.	Nature of transactions with struck off Company	Name of struck off Company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022
A	Trade receivables	Ultra Engineers Private Limited	-	1,463,200
B	Trade payables	Angel Engineering Works Private Limited	-	43,530
		Kalyan Corporation Private Limited	-	13,360
		Nasa Electronics Private Limited	-	5,015
		Om Enterprises Private Limited	-	16,514

(All amounts are in Indian Rupees millions, unless otherwise stated)

S.N.	Nature of transactions with struck off Company	Name of struck off Company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022
B	Trade payables	Pantech Instauments Private Limited	-	1,416
		Parth Travels Private Limited	-	4,259
		Prince Enterprises Private Limited	-	7,670
		Suman Enterprises Private Limited	-	138
		Synergy Associates Private Limited	-	16,945
		Tirupati Balaji Transport And Minerals Private Limited	-	284,200
		Unique Enterprises Private Limited	-	56,640
		Unity Packers Private Limited	-	45,892
		Vijay Hydrotech Private Limited	-	6,999
		Yash Hydraulic Equipment Private Limited	-	6,372

The Company does not have any relationship with the above mentioned parties.

(h) Registration of charges or satisfaction with Registrar of Companies

The Company does not have any creation or satifaction of charges to be registered with the Registrar of Companies during the current financial year. However, the Company has registered all creation and satisfaction of charges with the Registrar of Companies during previous financial year.

(i) Compliance with number of layers of companies

The Company has complied with the number of layers of subsidiary prescribed under the Act.

(j) Accounting Ratios

S.N.	Ratio	31 March 2023	31 March 2022	% Change in ratio	Reasons
(a)	Current ratio	**2.14**	1.41	52%	Refer Note (i)
(b)	Debt-equity ratio	**-**	-	-	NA**
(c)	Debt service coverage ratio	**-**	-	-	NA**
(d)	Return on equity ratio	**0.23**	4.24	-95%	Refer Note (ii)
(e)	Inventory turnover ratio	**2.82**	2.24	26%	Refer Note (iii)
(f)	Trade receivables turnover ratio	**4.17**	4.58	-9%	NA*
(g)	Trade payables turnover ratio	**2.08**	1.63	28%	Refer Note (iii)
(h)	Net capital turnover ratio	**4.71**	(0.92)	-612%	Refer Note (iv)
(i)	Net profit ratio	**0.16**	0.38	-57%	Refer Note (ii)
(j)	Return on capital employed ratio	**0.21**	0.40	-48%	Refer Note (ii)
(k)	Return on investment ratio	**0.21**	0.40	-49%	Refer Note (ii)

NA* - variance in ratio is not more than 25%, accordingly no explanation for variance is detailed out.
NA** - the Company does not have any debts accordingly the ratios are not applicale to the Company

Accounting Ratios formulas :

(a) Current Ratio = Current Assets / Current liabilities

(b) Debt-Equity Ratio = Total Debt / Total equity

(c) Debt Service Coverage Ratio = Earnings available for debt service / Debt service

(d) Return on Equity Ratio = Profit for the year / Average equity

(e) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

(f) Trade receivables turnover ratio = Revenue from operations / Average Trade receivables

(g) Trade payables turnover ratio = Purchases / Average Trade payables

(h) Net capital turnover ratio = Revenue from operations / Average Working Capital (Current assets - current liabilities)

(i) Net profit ratio = Profit for the year / Revenue from operations

(j) Return on Capital employed = EBIT / (Tangible networth +Total debt)

(k) Return on investment = Profit for the year / (Debt + Total equity)

Accounting Ratios explanations :

(i) During the year, the Company has generated cash surplus from its operations which is lying in its bank account.This has significantly improved the current ratio of the Company.

(ii) In the previous financial year, the overall net profit of the Company increased significantly on account of exceptional items arising from write back of borrowings from banks, creditors and other erstwhile related party balances. Accordingly, the accounting ratios including return on equity ratio, net profit ratio, return on capital employed ratio and return on investment ratio of previous financial years were higher as compared to current financial year.

(iii) The Trade payable turnover ratio and inventory turnover ratio has increased significantly on account of overall improvement in the operating activities of the Company.

(iv) The working capital of the Company as at 31 March 2021 was negative, since the Company was undergoing Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 in that year. This resulted in the average working capital of the Company as at 31 March 2022 to be lower as compared to the current financial year. Accordingly, the net capital turnover ratio of the Company has changed significantly.

(k) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current year or previous year.

(l) Utilisation of borrowed funds and share premium

The Company has not advanced or granted any loan or invested funds to any other person(s) or entity(is), 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

The Company has not received any fund from any person(s) or entity(is), 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

(m) Undisclosed income

There is no income surrendered or disclosed as income, which is not recorded in books of accounts during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(n) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

45 Compliance with Order of National Company Law Tribunal (NCLT) issued during the previous financial year

One of the erstwhile financial creditor of the Company, Bank of Baroda had filed an application under the Insolvency and Bankruptcy Code, 2016 **(hereinafter referred as IBC, 2016)** seeking appointment of Resolution Professional and initiation of the Corporate Insolvency Resolution Process **(hereinafter referred as CIRP process)** against the Company, which was admitted by the National Company Law Tribunal **(hereinafter referred as NCLT)** on 30 August 2019.

On 20 September 2019, the honourable National Company Law Appeallate Tribunal (hereinafter referred as NCLAT) ordered a stay the CIRP process on the application of the erstwhile management of the Company. The NCLAT vacated the stay order with effect from 4 January 2020, since the erstwhile management failed to act upon the One Time Settlement proposed in its appeal.

Thereafter, the Resolution Professional through the Monitoring Committee (appointed in accordance with the provisions of IBC, 2016), superseded the erstwhile management of the Company with immediate effect and commenced the first meeting of Committee of Creditors **(hereinafter referred as COC)** in accordance with the provisions of the IBC, 2016. The Resolution Professional gathered the claims made by the financial and operational creditors and invited Expression of Interest for submitting a Resolution plan in accordance with the provisions of IBC, 2016. The Resolution Professional appraised in the 10th meeting of the COC that four resolution plans were received and put them before the COC for its evaluation and examination.

In the 13th meeting of the COC, the resolution plan submitted by Bharat Forge Limited was approved and submitted to the NCLT for its approval. The NCLT pronounced its approval on 26 April 2021 for the resolution.

Accordingly, the resolution plan including the amended plans from time to time submitted by Bharat Forge Limited was implemented through an intermediary investment company 'BF Industrial Solutions Limited'. The impact of the resolution plan on the outstanding liabilities including share capital of the Company is detailed out below.

Note A: Equity share capital

Pursuant to the above mentioned resolution plan, the monitoring committee of the Company had resolved on 18 June 2021 to issue 50,000 equity shares of face value of Rs. 10 each to BF Industrial Solutions Limited and its nominees at par.

Subsequently, the issued, subscribed and paid up equity share capital of the Company was reduced by cancelling and extinguishing 1,48,92,267 equity shares (except 50,000 equity shares issued to BF Industrial Solutions Limited) of face value of Rs. 10 each outstanding as on 18 June 2021 without payment of any consideration to the shareholders.

Note B: Long term borrowings, Short term borrowings and interest occurred thereon

(i) Borrowings from banks

The resolution plan approved by the COC and NCLT provided for a One time settlement of all its term loans, working capital facilities and interest accrued thereon (together referred to as Claims) upon payment of Rs. 750.00 million to the banks in full settlement of its claims and balance amount of Rs. 804.57 million claims stood to be waived off.

Accordingly, Bharat Forge Limited subscribed to the zero coupon optionally convertible debentures of the intermediary investment Company "BF Industrial Solutions Limited" which simultaneously invested in the zero coupon optionally convertible debentures of the Company and a payment of Rs. 750 millions was made by the BF Industrial Solutions Limited directly to the bankers of the Company. The balance amount of loans was waived off and hence were written back in the books of the Company.

(ii) Loans from erstwhile related parties and inter-corporate deposit

The approved resolution plan provided for a complete waiver of the unsecured loans from related parties and inter-corporate deposits of the Company. Accordingly, the balance amount of loans from related parties and inter-corporate deposits outstanding in the books of the Company was written back.

Note C: Other payables

The resolution professional had issued a public notice for consolidating the claims of its creditors (other than banks), employees and statutory dues in accordance with the provisions of IBC, 2016. The claims consolidated by the resolution professional were settled in the following manner :

(i) Employee related liabilities

The approved resolution plan provided for a full settlement of outstanding dues towards employees of the Company in accordance with the provision of IBC, 2016. These claims were fully settled by the Company during the previous year.

(ii) Statutory dues (excluding provident fund, professional tax and employee state insurance)

The approved resolution plan provided for a full waiver of statutory dues including disputed statutory dues. Accordingly, the disputes pending at various forums against the Company were deemed to be withdrawn and liabilities extinguished.

(iii) Other payables

The approved resolution plan provided for a proportionate settlement of consolidated claims of its creditors. Accordingly, proportionate amounts were paid to the creditors and the balance outstanding (if any) were deemed to be non payable and written back in the books of the Company.

46 Prior period comparatives

Prior year comparatives have been regrouped/ reclassified where necessary, to confirm with current year's presentation.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN : 23107739BGZMIJ8577

Place: Pune
Date : 2 May 2023

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 2 May 2023

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 2 May 2023

Sanjeevkumar Jain
Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2023

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2023

BF Infrastructure Limited

Directors

Mr. Sandeep Kapoor

Ms. Deepti R. Puranik

Mr. M. V. Krishna

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

Pune Cantonment,

Mundhwa, Pune 411 036 (MH)

Independent Auditor's Report

To the Members of BF Infrastructure Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **BF Infrastructure Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules made thereunder, and We have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report if we conclude that there is a material misstatement therein, We are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, We are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report to its directors. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 financial statements – Refer Note 35 to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long-term derivative contracts.

      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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

In terms of the information and explanations sought by us and given by the Company and the books 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 and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to us, the Property, Plant and Equipment and relevant details of right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the Property, Plant and Equipment and relevant details of right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising raw material, work in progress and finished goods was physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) (a) In respect of the loans or advances in the nature of loans, secured or unsecured, granted by the Company during the year to companies, firms, limited liability partnerships or any other parties, we report as under.

(In ₹ Thousands)

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Aggregate amount granted/ provided during the year:				
Subsidiary	NIL	NIL	911.99	NIL
Other related party	NIL	NIL	253.07	NIL
Balance outstanding as at 31st March, 2023:				
Subsidiary	NIL	NIL	149,742.78	NIL
Other related party	NIL	NIL	NIL	NIL

(b) The terms and conditions of the grant of the above loans were not found prima facie prejudicial to the Company's interest.

(c) In respect of the loans or advances in the nature of loans which are repayable on demand, no schedules of repayment of the principal and payment of interest have been stipulated.

(d) There were no amounts overdue in respect of the principal and payment of interest.

(e) No loan or advance in the nature of loan granted and which has fallen due during the year has been renewed or extended or fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) Details of loans granted which are repayable on demand or without specifying any terms of repayment are as under.

(In ₹ Thousands)

	All parties ₹	Promoters ₹	Related parties ₹
Aggregate amount of loans/ advances in the nature of loans:			
Repayable on demand	NIL	NIL	NIL
Agreement does not specify any terms or period of repayment	149,742.78	NIL	149,742.78
Total:	**149,742.78**	**NIL**	**149,742.78**
Percentage of loans/ advances in the nature of loans to the total loans	100%	-	100%

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under. Hence, reporting under clause (v) of the Order is not applicable.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company. Hence, reporting under clause (vi) of the Order is not applicable.

(vii) (a) According to the records of the Company, the Company was generally found to be regular in depositing undisputed statutory dues including goods and services tax, provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 do not apply to the Company. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute, save and except the following:

(In ₹ Thousands)

Name of the Statute	Nature of the Dues	Amount ₹	Period	Forum where dispute is pending
The West Bengal Value Added Tax Act, 2003	Penalty	554.45	F.Y.2011-12	The West Bengal Taxation Tribunal
The West Bengal Value Added Tax Act, 2003	Value Added Tax	46.62	F.Y.2012-13	The West Bengal Taxation Tribunal
Income Tax Act, 1961	Penalty	135,405.17	F.Y.2018-19	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Demand received for short levy of IGST	4,769.03#	F.Y.2021-22	Dy. Commissioner of Customs, Courier Cell, Audit, Mumbai-Zone III

Excludes interest and penalty

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanation given to us and on the basis of our examination, The Company has not availed any term loan during the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x) of the Order is not applicable.

(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) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) During the year, no report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 177 and 188 of the Companies Act, 2013. The details of the related party transactions have been disclosed in the financial statements as required by the Ind AS.

(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) According to the information and explanations given to us, 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 Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company is not engaged in any Non Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year covered by this report and incurred no cash losses in the preceding financial year.

(In ₹ Thousands)

	Current Financial Year ₹	Preceding Financial Year ₹
Cash losses incurred	**51,412.73**	NIL

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **BF Infrastructure Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

Standalone Balance Sheet as at 31st March, 2023

(In ₹ Thousands)

	Note No.	As at 31st March, 2023	As at 31st March, 2022
I. ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**620.04**	271.91
b) Goodwill	4	**51,897.03**	51,897.03
c) Other intangible assets	4	**36.59**	910.74
d) Financial assets			
i) Investment in subsidiaries and associates	5	**4,117.65**	49.00
ii) Other financial assets	6	**1,233.96**	2,341.22
e) Income tax assets (net)	7	**5,025.98**	4,578.22
f) Other non-current assets	8	**7,605.18**	9,225.43
		70,536.43	69,273.55
2 Current assets			
a) Inventories	9	**34,553.44**	39,304.49
b) Financial assets			
i) Trade receivable	10	**10,091.82**	11,304.27
ii) Cash and cash equivalents	11	**3,979.78**	66,082.76
iii) Bank balances other than (ii) above	11	**45,885.15**	75,291.23
iv) Loans	12	**124,042.78**	127,771.07
v) Other financial assets	13	**715.50**	715.50
c) Other current assets	14	**1,702.19**	750.53
		220,970.66	321,219.85
TOTAL		**291,507.09**	390,493.40
II EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	15	**2,239,668.00**	2,239,668.00
b) Other equity	16	**(1,974,718.96)**	(1,924,473.68)
		264,949.04	315,194.32
2 Non current liabilities			
a) Provisions	17	**563.94**	489.35
		563.94	489.35
3 Current Liabilities			
a) Financial liabilities			
i) Borrowings	18	**-**	40,000.00
ii) Trade payables	19		
Dues to micro enterprises and small enterprises		**-**	-
Dues to other than micro enterprises and small enterprises		**8,908.64**	20,025.09
iii) Other financial liabilities	20	**6,200.00**	378.03
b) Provisions	21	**3,425.90**	3,343.95
c) Other current liabilities	22	**7,459.57**	11,062.66
		25,994.11	74,809.73
TOTAL		**291,507.09**	390,493.40
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-46**		

As per our attached report of even date,

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 03-05-2023

Standalone Statement of Profit and Loss for the year ended 31st March, 2023

(In ₹ Thousands)

		Note No.	For the year ended 31st March, 2023	For the year ended 31st March, 2022
I	**Revenue from operations**	23	**10,852.14**	92,049.43
II	**Other income**	24	**3,335.73**	40,039.52
	Total income		**14,187.87**	132,088.95
III	**Expenses**			
	Cost of raw materials and components consumed	25	**2,860.30**	46,065.87
	Changes in inventories of work in progress and finished goods	26	**3,717.57**	7,061.01
	Employee benefit expenses	27	**26,953.88**	28,115.74
	Finance costs	28	**3,274.52**	3,861.48
	Depreciation & amortisation expense	29	**1,103.60**	3,322.23
	Other expenses	30	**22,594.33**	20,366.00
	Total expenses		**60,504.20**	108,792.33
IV	**Profit/(Loss) before exceptional items and Tax**		**(46,316.33)**	23,296.62
V	**Exceptional items (gain)/loss**	31	**4,231.35**	-
VI	**Profit/(Loss) before tax**		**(50,547.68)**	**23,296.62**
VII	**Tax (Expense)/Income**			
	Current tax		**-**	**-**
	Deferred tax		**-**	**-**
			-	-
VIII	**Profit/ (Loss) for the year**		**(50,547.68)**	23,296.62
IX	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		**302.40**	(87.23)
X	**Total other comprehensive income, net of tax**		**302.40**	(87.23)
XI	**Total Comprehensive Income for the year**		**(50,245.28)**	23,209.39
XII	**Earnings per share [nominal value per share ₹ 10/-]**			
	a) Basic (In ₹)		**(0.23)**	0.10
	a) Diluted (In ₹)		**(0.23)**	0.10
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-46**		

As per our attached report of even date,

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 03-05-2023

Statement for changes in equity for the year ended 31st March, 2023

a. Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Nos	**In ₹ Thousands**	Nos	In ₹ Thousands
Balance at the beginning	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00
Changes in equity share capital	**-**	**-**	-	-
Balance at the end	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00

b. Other equity

	Retained earnings	**Total Other Equity**
	₹	₹
Balance as at 1st April, 2021	(1,947,683.07)	(1,947,683.07)
Changes in accounting policies or prior period errors	-	-
Restated balance at the beginning of the previous reporting period	(1,947,683.07)	(1,947,683.07)
Profit for the year	23,296.62	23,296.62
Other Comprehensive Income	(87.23)	(87.23)
Balance as at 31st March 2022	(1,924,473.68)	(1,924,473.68)
Changes in accounting policies or prior period errors	**-**	-
Restated balance at the beginning of the current reporting period	(1,924,473.68)	(1,924,473.68)
Loss for the year	**(50,547.68)**	**(50,547.68)**
Other Comprehensive Income	**302.40**	**302.40**
Balance as at 31st March 2023	**(1,974,718.96)**	**(1,974,718.96)**

Significant accounting policies and notes forming an integral part of the standalone financial statements **1-46**

As per our attached report of even date,

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 03-05-2023

Standalone Cash Flow Statement for the year ended 31st March, 2023

(In ₹ Thousands)

		Note No.	Year ended 31st March, 2023	Year ended 31st March, 2022
A.	**Cash flow from operating activities :**			
	Profit/(Loss) before tax		**(50,547.68)**	23,296.62
	Adjusted for :			
	Depreciation		**1,103.61**	3,322.23
	Interest Paid		**3,274.52**	3,861.48
	Interest Received		**(3,123.08)**	(3,309.24)
	Non cash exceptional items		**(1,968.65)**	-
	Other Comprehensive Income			
	Remeasurement of the net defined benefit liability/asset		**302.40**	(87.23)
			(411.20)	3,787.24
	Operating Profit before working capital changes :		**(50,958.88)**	27,083.86
	Changes in :			
	Trade and other receivables		**10,360.35**	75,426.55
	Liabilities and provisions		**(8,741.03)**	(63,172.52)
			1,619.32	12,254.03
	Cash generation from operations :		**(49,339.56)**	39,337.89
	Direct taxes (paid)/refund received (net)		**(413.83)**	648.60
	Net Cash (used in)/from operating activities :		**(49,753.39)**	39,986.49
B.	**Cash flow from investing activities :**			
	Purchase of Property, Plant and Equipment		**(577.58)**	(169.41)
	Investment in fixed deposits		**-**	(40,000.00)
	Withdrawal from fixed deposits		**30,513.34**	22,966.71
	Interest received		**3,089.17**	3,185.90
	Investment in unquoted equity shares		**(2,100.00)**	-
	Net cash (used in)/from investing activities :		**30,924.93**	(14,016.80)
C.	**Cash flow from financing activities :**			
	Repayment of borrowings		**(40,000.00)**	-
	Interest paid		**(3,274.52)**	(3,861.48)
	Net cash (used in)/from financing activities :		**(43,274.52)**	(3,861.48)
	Net changes in cash and cash equivalents (A+B+C) :		**(62,102.98)**	22,108.21

	Note No.	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash and Cash Equivalents, at the beginning :		**66,082.76**	43,974.55
Add : Net changes in cash and cash equivalents, as above		**(62,102.98)**	22,108.21
Cash and Cash Equivalents, at the close :		**3,979.78**	66,082.76
Cash and Cash Equivalents :			
Cash and Bank Balances:		**3,979.78**	66,082.76
		3,979.78	66,082.76
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-46**		

As per our attached report of even date,

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 03-05-2023

Notes forming part of the standalone financial statements for the year ended 31st March, 2023

1. Corporate information:

BF Infrastructure Limited is a public limited company incorporated on 5th July, 2010. The Company is engaged in the business of scientific, technical and other research and development, particularly in the field of advanced defense, aerospace and other strategic areas and also in the business of Engineering, Procurement and Construction (EPC) contractors and infrastructure projects.

The Company is a wholly owned subsidiary of Bharat Forge Limited.

Operating Cycle of the Company is considered to be of 12 months.

In view of Rule 6 of the Companies (Accounts) Rules, 2014, the Company has decided not to present consolidated financial statements for the year ended 31st March 2023, since its Holding Company, Bharat Forge Limited is going to present the consolidated financial statements and the conditions prescribed said rule have been complied with.

These financial statements were authorised for issue in accordance with resolution of the Board of Directors on 3rd May, 2023.

2 Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These 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 thereafter and the provisions of the Companies Act, 2013.

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Thousand.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Investment in subsidiaries, associats and joint ventures :

The Company has accounted for its investment in subsidiaries, associats and joint ventures at cost, less accumulated impairment. (Refer to note 2.15).

2.5 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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.

2.6 Revenue from contracts with customers :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services 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 no. 44.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and control of the services are transferred to the customer and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.16.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.7 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

i 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

ii 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.

2.8 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various Property, Plant and Equipment which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		Estimated useful life
i)	Plant and Machinery	15 years
ii)	Computer and Data Processing Equipment	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
iii)	Furnitures and Fixtures	10 years
iv)	Office Equipment	5 years

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 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.

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.

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.

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		Estimated useful life
i)	Software	3 years
ii)	Customer Contracts	18 months approx.
ii)	Technical Knowhow	34 months approx.

2.10 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

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 measurement 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:

Type of Asset	Estimated useful life
Building	amortised over the period of lease deed executed

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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized 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 incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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.

2.11 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Work-in-progress and Finished Goods :

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the weighted average method.

2.12 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.

2.13 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.15 Retirement and other employee benefits :

a) Gratuity :

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.16 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

ii Loans and borrowings

This is the category most relevant to the Company. 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.17 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.18 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.19 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.20 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.21 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.22 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Property, plant and equipment : (In ₹ Thousands)

	Plant & Machinery	Office Equipment	Computers	Total
GROSS BLOCK, AT COST :				
As at 1st April, 2021.	85.20	118.46	139.10	342.76
Additions	47.22	43.19	79.00	169.41
Disposals	-	-	-	-
As at 31st March, 2022.	132.42	161.65	218.10	512.17
Additions	-	-	577.58	**577.58**
Disposals	-	-	-	**-**
As at 31st March, 2023.	**132.42**	**161.65**	**795.68**	**1,089.75**
DEPRECIATION AND AMORTIZATION :				
Upto 1st April, 2021.	2.88	100.07	99.30	202.25
Disposals	-	-	-	-
For the year	7.80	8.25	21.96	38.01
Upto 31st March, 2022.	10.68	108.32	121.26	240.26
Disposals	-	-	-	**-**
For the year	8.83	11.44	209.18	**229.45**
Upto 31st March, 2023.	**19.51**	**119.76**	**330.44**	**469.71**
NET BLOCK :				
As at 31st March, 2022.	121.74	53.33	96.84	271.91
As at 31st March, 2023.	**112.91**	**41.89**	**465.24**	**620.04**

4 Intangible assets and Goodwill :

(In ₹ Thousands)

	Goodwill	Software	Customer Contracts	Technical Know-How	Total
GROSS BLOCK, AT COST :					
As at 1st April, 2021.	51,897.03	2,591.74	7,835.00	8,646.00	70,969.77
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at 31st March, 2022.	51,897.03	2,591.74	7,835.00	8,646.00	70,969.77
Additions	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2023.	**51,897.03**	**2,591.74**	**7,835.00**	**8,646.00**	**70,969.77**
DEPRECIATION AND AMORTIZATION :					
Upto 1st April, 2021.	-	2,291.75	7,835.00	4,751.03	14,877.78
Disposals	-	-	-	-	-
For the year	-	159.67	-	3,124.55	3,284.22
Upto 31st March, 2022.	-	2,451.42	7,835.00	7,875.58	18,162.00
Disposals	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**103.73**	**-**	**770.42**	**874.15**
Upto 31st March, 2023.	**-**	**2,555.15**	**7,835.00**	**8,646.00**	**19,036.15**
NET BLOCK :					
As at 31st March, 2022.	51,897.03	140.32	-	770.42	52,807.77
As at 31st March, 2023.	**51,897.03**	**36.59**	**-**	**-**	**51,933.62**

Goodwill and CGU's impairment testing :

The Company has identified its Defense Business as the Cash Generating Unit (CGU), to which goodwill has been allocated. The goodwill generated through business combination has been entirely allocated to CGU 'Defense Business'. The carrying amount of goodwill as at March 31, 2023 is Rs 51,897.03/- (March 31, 2022 : Rs 51,897.03/-) net of impairment, if any.

The Company tests whether goodwill has suffered any impairment on an annual basis as at 31st March. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The Company considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumption used are mentioned below.

	31st March, 2023	31st March, 2023
Weighted Average Cost of Capital % (WACC) before tax (discount rate)	**24.93%**	21.55%
Terminal growth rate	**5%**	5%

The management has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

Based on the above assessment, there has been no impairment of goodwill.

5 Investment in subsidiaries and associates :

(In ₹ Thousands)

No of shares held As at 31st March, 2023	No of shares held As at 31st March, 2022		As at 31st March, 2023	As at 31st March, 2022
(At Cost)				
Equity Instruments, Unquoted :				
Investments in wholly owned subsidiary :				
10,000	-	Equity shares having Face value of ₹ 10/- each, fully paid up, of Ferrovia Transrail Solutions Private Limited[(a)]	**4,117.65**	-
Investments in associates :				
-	4,900	Equity shares having Face value of ₹ 10/- each, fully paid up, of Ferrovia Transrail Solutions Private Limited	-	49.00
		TOTAL :	**4,117.65**	49.00

(a) During the current year, the Company has made further investment in Ferrovia Transrail Solutions Private Limited of ₹ 2,100 thousands by aquiring 5,100 equity shares of ₹ 10/- each, consequent to which it has become a wholly owned subsidiary of the Company.

The Company determines the cost of its investment in the subsidiary as the sum of the fair value of the previously held equity interest at the date of obtaining control of the subsidiary plus consideration paid for the additional interest (fair value as deemed cost approach). Accordingly, The Company has recognised gain of ₹ 1,968.65 thousand on re-measurement of its previously held equity interest in Ferrovia Transrail Solutions Private Limited in its statements of profit and loss as an exceptional item.

6 Other financial assets - non-current :

(Unsecured, considered good)

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Deposits with banks with more than twelve months maturity[(a)b)]	**1,233.96**	2,341.22
TOTAL :	**1,233.96**	2,341.22
(a) Includes deposits held as security for various government authorities	**1,233.96**	1,172.63
(b) Includes deposits held as margin against bank guarantees	**-**	1,168.59

7 Income tax assets (net) :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Tax paid in advance (net)	**5,025.98**	4,578.22
TOTAL :	**5,025.98**	4,578.22

8 Other non-current assets :

(Unsecured) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Prepaid Expenses	**-**	28.36
Balances with government authorities		
Good	**7,605.18**	9,197.07
Doubtful	**5,974.50**	5,974.50
Less : Allowances for credit losses	**(5,974.50)**	(5,974.50)
	-	-
TOTAL :	**7,605.18**	9,225.43

9 Inventories :

(As taken, valued and certified by the Directors) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Raw materials and components	**17,082.66**	18,116.14
Work-in-progress	**17,470.78**	21,188.35
Finished goods	**-**	-
TOTAL :	**34,553.44**	39,304.49

Net of provision for write down as at 31st March, 2023: ₹ 6,758.31 thousands [31st March, 2022: ₹ 1,224.83 thousands].

10 Trade receivables :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Considered Good - Unsecured	**10,091.82**	11,304.27
Credit Impaired	**-**	-
Less : Allowances for credit losses	**-**	-
	-	-
TOTAL :	**10,091.82**	11,304.27

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Trade receivables ageing schedule for the year ended as on 31st March, 2023 and 31st March, 2022

	Outsanding for following periods from due date of payment							
	Unbilled	Current but not due	Less than 6 Months	6 months –1 year	1-2 years	2-3 years	More than 3 years	Total
31st March, 2023								
i) Undisputed Trade Receivables – considered good	**-**	**-**	**9,271.64**	**-**	**820.18**	**-**	**-**	**10,091.82**
ii) Undisputed Trade receivable – credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
iii) Disputed Trade receivables - considered good	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
iv) Disputed Trade receivables – credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	-	**-**	**9,271.64**	**-**	**820.18**	**-**	**-**	**10,091.82**
31st March, 2022								
i) Undisputed Trade Receivables – considered good	-	-	-	11,304.27	-	-	-	11,304.27
ii) Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-	-
iii) Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
iv) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
	-	-	-	11,304.27	-	-	-	11,304.27

11 Cash and bank balances

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents		
Balances with banks		
In current accounts	**3,942.14**	66,057.00
Cash on hand	**37.64**	25.76
SUB TOTAL :	**3,979.78**	66,082.76
Other bank balances		
Deposits with original maturity of more than three months[(a)]	**45,885.15**	75,291.23
SUB TOTAL :	**45,885.15**	75,291.23
TOTAL :	**49,864.93**	141,373.99
(a) Includes deposits held as security for various government authorities	**56.90**	54.00

12 Loans - Current :

(Unsecured) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Loans to related parties		
Good	**124,042.78**	127,771.07
Doubtful	**25,700.00**	21,421.18
Less : Allowances for credit losses	**(25,700.00)**	(21,421.18)
	-	-
TOTAL :	**124,042.78**	127,771.07

For terms and conditions relating to related party receivable refer Note No. 34

13 Other financial assets - current :

(Unsecured, considered good) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Security deposits	**715.50**	715.50
TOTAL :	**715.50**	715.50

14 Other current assets :

(Unsecured, considered good) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Advances to suppliers		
Unsecured, considered good	**1,023.62**	146.48
Doubtful	**821.74**	821.74
	1,845.36	968.22
Less: Provision for doubtful advances	**(821.74)**	(821.74)
	1,023.62	146.48
Prepaid Expenses	**678.57**	569.41
Other advances recoverable in cash or in kind or for value to be received	**-**	34.64
TOTAL :	**1,702.19**	750.53

15 Equity share capital :

(In ₹ Thousands)

			As at 31st March, 2023	As at 31st March, 2022
Authorised :				
237,600,000	(237,600,000)	Equity Shares of ₹ 10/-, each	**2,376,000.00**	2,376,000.00
			2,376,000.00	2,376,000.00
Issued, Subscribed and Paid up :				
223,966,800	(223,966,800)	Equity Shares of ₹ 10/-, each, fully paid up	**2,239,668.00**	2,239,668.00
			2,239,668.00	2,239,668.00

(a) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	**In ₹ Thousands**	No. of Shares	In ₹ Thousands
Balance at the beginning of the year	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00
Add: Shares issued during the year	**-**	**-**	-	-
Balance at the close of the year	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00

(b) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) **Details of shares held by the Holding Company**

Name of Shareholder	**As at 31st March, 2023**		As at 31st March, 2022	
	Nos.	**In ₹ Thousands**	Nos.	In ₹ Thousands
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited#	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00
	223,966,800	**2,239,668.00**	223,966,800	2,239,668.00

including the shares held through nominees

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

Name of Shareholder	**As at 31st March, 2023**		As at 31st March, 2022	
	No. of Shares	**%**	No. of Shares	%
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**223,966,800**	**100**	223,966,800	100
	223,966,800	**100**	223,966,800	100

including the shares held through nominees

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

Promoter Name	**As at 31st March, 2023**		**% change during the year**
	No. of shares	**% of total shares**	
Bharat Forge Limited, the Holding Company#	**223,966,800**	**100**	**0.00%**

including the shares held through nominees

Promoter Name	As at 31st March, 2022		% change during the year
	No. of shares	% of total shares	
Bharat Forge Limited, the Holding Company#	223,966,800	100	2.02%

including the shares held through nominees

16 Other equity :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Deficit in the Statement of Profit and Loss		
As per last account	**(1,924,473.68)**	(1,947,683.07)
Add :		
Profit/ (Loss) for the year	**(50,547.68)**	23,296.62
Other comprehensive income for the year	**302.40**	(87.23)
	(1,974,718.96)	(1,924,473.68)
Closing balance	**(1,974,718.96)**	(1,924,473.68)

17 Provisions - non-current :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits :		
Gratuity	**-**	-
Compensated absences	**563.94**	489.35
TOTAL :	**563.94**	489.35

18 Borrowings - current :

(Unsecured)

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Intercorporate loan from the Holding Company(a)	**-**	40,000.00
TOTAL :	**-**	40,000.00

(a) Intercorporate loan from the Holding Company :

Intercorporate loan from the Holding Company carried interest @ 9% p.a. [31st March, 2022: 9% p.a.] interest shall accrue and be payable on quarterly basis. The said loan is repaid during the year.

19 Trade payables :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Dues to micro enterprises and small enterprises	**-**	-
Dues to other than micro enterprises and small enterprises	**8,908.64**	20,025.09
TOTAL :	**8,908.64**	20,025.09

Trade payables are non-Interest bearing and are generally settled on 30 to 45 days terms.

Trade payables ageing schedule for the year ended as on 31st March, 2023 and 31st March, 2022

	Outsanding for following periods from due date of payment					
	Unbilled	**Not Due**	**Less than 1 year**	**1-2 years**	**More than 2 years**	**Total**
31st March, 2023						
i) MSME	**-**	**-**	**-**	**-**	**-**	-
ii) Other than MSME	**-**	**5,359.11**	**3,549.53**	**-**	**-**	**8,908.64**
iii) Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	-
iv) Disputed dues to Other than MSME	**-**	**-**	**-**	**-**	**-**	-
	-	**5,359.11**	**3,549.53**	**-**	**-**	**8,908.64**
31st March, 2022						
i) MSME	-	-	-	-	-	-
ii) Other than MSME	-	10,066.59	7,694.51	2,263.99	-	20,025.09
iii) Disputed dues to MSME	-	-	-	-	-	-
iv) Disputed dues to Other than MSME	-	-	-	-	-	-
	-	10,066.59	7,694.51	2,263.99	-	20,025.09

20 Other financial liabilities - current :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Amount payable for purchase of business	**6,200.00**	378.03
TOTAL :	**6,200.00**	378.03

21 Provisions - current :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits :		
Gratuity	**406.96**	342.06
Compensated absences	**41.43**	165.04
Other provisions :		
Liquidated damages[(a)(b)]	**2,977.51**	2,836.85
TOTAL :	**3,425.90**	3,343.95

(a) In pursuance of Ind AS-37 'Provisions, contingent liabilities and contingent assets', the details of the provisions are as under:

Provision for liquidated damages represents the expected claims not in the nature of variable consideration which the Company may need to pay for non-fulfilment of certain commitments as per the terms of the respective sales contracts. These are determined on a case to case basis considering the dynamics of each contract and the factors relevant to that sale.

Opening Balance	**2,836.85**	4,148.05
Arising during the year	**1,337.14**	198.00
Utilised during the year	**(998.48)**	(1,509.20)
Provision Written Back	**(198.00)**	-
Closing balance	**2,977.51**	2,836.85

(b) Provision for liquidated damages represents the expected claims not in the nature of variable consideration which the Company may need to pay for non-fulfilment of certain commitments as per the terms of the respective sales contracts. These are determined on a case to case basis considering the dynamics of each contract and the factors relevant to that sale.

22 Other current liabilities :

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Contract liabilities		
Advances from customers [(a)(b)]	**3,721.95**	5,921.95
Deferred revenue [(c)]	**-**	90.50
Statutory liabilities	**3,737.62**	5,050.21
TOTAL :	**7,459.57**	11,062.66

(a) Includes of advance from related parties (Refer note 34).

(b) The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

(c) Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

23 Revenue from operations :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Sale of products	**9,271.64**	90,269.93
Sale of services	**1,580.50**	1,779.50
TOTAL :	**10,852.14**	92,049.43

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers by geographical segments and contract type.

Revenue by geographical segments :		
Within India	**10,852.14**	92,049.43
Outside India	**-**	-
TOTAL :	**10,852.14**	92,049.43
Revenue by contract type :		
Fixed price contracts	**10,852.14**	92,049.43
Time and material contracts	**-**	-
TOTAL :	**10,852.14**	92,049.43

24 Other income :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Interest Income		
On bank deposits	**3,089.17**	3,185.90
On income tax refund	**33.91**	123.34
Other	**-**	1,709.49
Liabilities / provisions no longer required written back	**198.00**	15,196.96
Miscellaneous income	**14.65**	19,823.83
TOTAL :	**3,335.73**	40,039.52

25 Cost of raw material and components consumed :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Inventory at the beginning of the year	**18,116.14**	4,859.63
Add: Purchases	**1,826.82**	59,322.38
	19,942.96	64,182.01
Less: Inventory at the end of the year	**(17,082.66)**	(18,116.14)
Cost of raw material and components consumed	**2,860.30**	46,065.87

26 Changes in inventories of work in progress and finished goods :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Inventories at the beginning of the year		
Work-in-progress	**21,188.35**	27,649.36
Finished goods	**-**	600.00
	21,188.35	28,249.36
Inventories at the close of the year		
Work-in-progress	**17,470.78**	21,188.35
Finished goods	**-**	-
	17,470.78	21,188.35
TOTAL :	**3,717.57**	7,061.01

27 Employee benefit expenses :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Salaries and wages	**25,588.17**	26,738.41
Contributions to		
- Provident fund	**959.98**	1,062.50
- Gratuity	**367.30**	284.31
Staff welfare expenses	**38.43**	30.52
TOTAL :	**26,953.88**	28,115.74

28 Finance costs :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Interest on intercorporate loan	**3,274.52**	3,818.08
Other interest*	**-**	43.40
TOTAL :	**3,274.52**	3,861.48

* Other interest includes interest on statutory liabilities, unwinding of discount on financial liabilities, etc.

29 Depreciation & amortisation expense :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Property, plant and equipment	**229.45**	38.01
Intangible assets	**874.15**	3,284.22
TOTAL :	**1,103.60**	3,322.23

30 Other expenses :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Labour and processing charges	**209.69**	171.58
Repairs and maintenance - others	**91.01**	113.38
Business promotion expenses	**1,074.21**	-
Insurance	**776.77**	624.33
Rates and taxes	**1,617.90**	249.06
Liquidated damages (Refer note no. 21)	**1,337.14**	198.00
Rent expenses	**1,431.00**	1,431.00
Travelling and conveyance	**1,789.59**	1,539.00
Legal and professional fees	**4,295.85**	2,478.68
Technical consultancy	**852.69**	353.23
Payment to auditors (Refer note below)	**395.00**	300.00
Foreign exchange fluctuation (loss)	**-**	123.99
Amounts written off	**5.90**	3,805.90
Allowances for credit losses	**4,278.82**	7,337.60
Provision for oil block activity	**4,083.17**	-
Miscellaneous expenses#	**355.59**	1,640.25
TOTAL :	**22,594.33**	20,366.00

Miscellaneous expenses includes Telephone & Internet expenses, BG commission, Bank charges,etc.

Payments to auditors (Exclusive of GST, wherever applicable) :

(In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
As auditor:		
- Audit fee	**325.00**	300.00
- Other (including certification fees)	**70.00**	-
TOTAL :	**395.00**	300.00

31 Exceptional items : (In ₹ Thousands)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Fair value loss on contingent consideration[a]	**6,200.00**	-
Gain on re-measurement of its previously held equity interest in Ferrovia Transrail Solutions Private Limited[b]	**(1,968.65)**	-
TOTAL :	**4,231.35**	-

(a) Contingent consideration payable for acquisition of business crystallized during the year and fair value loss on contingent consideration has been recorded an exceptional item.

(b) The Company determines the cost of its investment in the subsidiary as the sum of the fair value of the previously held equity interest at the date of obtaining control of the subsidiary plus consideration paid for the additional interest (fair value as deemed cost approach). Accordingly, The Company has recognised gain of ₹ 1,968.65 thousands on re-measurement of its previously held equity interest in Ferrovia Transrail Solutions Private Limited in its statements of profit and loss as an exceptional item.

32 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 959.98 thousands (Previous Year: ₹ 1,062.50 thousands) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 day's salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks :

a) Asset-Liability mismatch risk :

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk :

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk :

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks :

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.50%**	7.30%
Expected rate of return on plan assets	**7.30%**	7.00%
Salary Growth Rate	**6.00%**	6.00%
Expected average remaining working lives (in years)	**19.62**	18.68
Withdrawal rate	**1.00%**	1.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the beginning of the year	**2,427.56**	2,434.33
Interest expense	**142.79**	152.16
Current service cost	**341.88**	305.27
Benefits (paid)	**(943.02)**	(521.35)
Remeasurements on obligation [Actuarial (Gain) / Loss]	**(295.42)**	57.15
Present value of obligation as at the end of the year	**1,673.79**	2,427.56

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Fair value of plan assets at the beginning of the year	**2,085.50**	1,703.58
Adjustment to fund	**-**	-
Interest Income	**117.82**	129.18
Contributions	**-**	805.03
Mortality Charges and Taxes	**(0.45)**	(0.86)
Benefits paid	**(943.02)**	(521.35)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**6.98**	(30.08)
Fair value of plan assets at the end of the year	**1,266.83**	2,085.50
Actual return on plan assets	**124.80**	99.10

Net Interest (Income/Expense) (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest (Income) / Expense – Obligation	**142.79**	152.16
Interest (Income) / Expense – Plan assets	**(117.82)**	(129.18)
Net Interest (Income) / Expense for the period	**24.97**	22.98

Remeasurement for the period [Actuarial (Gain)/loss] (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Experience (Gain) / Loss on plan liabilities	**(270.71)**	97.90
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**(24.71)**	(40.75)
Experience (Gain) / Loss on plan assets	**(2.14)**	33.77
Financial (Gain) / Loss on plan assets	**(4.84)**	(3.69)

Amount recognised in Statement of Other comprehensive Income (OCI)

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening amount recognised in OCI outside profit and loss account	**(482.53)**	(569.76)
Remeasurement for the period-Obligation (Gain)/Loss	**(295.42)**	57.15
Remeasurement for the period-Plan assets (Gain)/Loss	**(6.98)**	30.08
Total Remeasurement cost/(credit) for the period recognised in OCI	**(302.40)**	87.23
Closing amount recognised in OCI outside profit and loss account	**(784.93)**	(482.53)

The amounts to be recognised in the Balance Sheet		(In ₹ Thousands)
	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the end of the period	**1,673.79**	2,427.56
Fair value of plan assets as at the end of the period	**1,266.83**	2,085.50
Net Asset / (liability) to be recognised in balance sheet	**(406.96)**	(342.06)

Expense recognised in the statement of profit and loss		(In ₹ Thousands)
	Year ended 31st March, 2023	Year ended 31st March, 2022
Current service cost	**341.88**	305.27
Net Interest (Income) / Expense	**24.97**	22.98
Net periodic benefit cost recognised in the statement of profit and loss	**366.85**	328.25

Reconciliation of Net Asset/(Liability) recognised:		(In ₹ Thousands)
	Year ended 31st March, 2023	Year ended 31st March, 2022
Net asset / (liability) recognised at the beginning of the period	**(342.06)**	(730.75)
Company contributions	**-**	805.03
Expense recognised at the end of period	**(366.85)**	(328.25)
Amount recognised outside profit & loss for the period	**302.40**	(87.23)
Mortality Charges and Taxes	**(0.45)**	(0.86)
Adjustment to Fund	**-**	-
Net asset / (liability) recognised at the end of the period	**(406.96)**	(342.06)

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

	Year ended 31st March, 2023	Year ended 31st March, 2022
Funds managed by insurer	**100%**	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Discount rate	**Present value of obligation**	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in discount rate by 100 basis points	**1,559.43**	2,302.45
Decrease in discount rate by 100 basis points	**1,804.34**	2,569.91

Impact of change in salary increment rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Salary increment rate	Present value of obligation	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in salary increment rate by 100 basis points	**1,788.13**	2,547.66
Decrease in salary increment rate by 100 basis points	**1,571.71**	2,320.41

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Withdrawal rate	Present value of obligation	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in withdrawal rate by 100 basis points	**1,685.57**	2,438.21
Decrease in withdrawal rate by 100 basis points	**1,660.51**	2,415.57

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

(In ₹ Thousands)

Year Ending	31st March, 2023	31st March, 2022
Within the next 12 months (next annual reporting period)	**410.00**	1,000.00

(c) Other Long Term Employee Benefits :

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

(In ₹ Thousands)

Sr. No.		As at 31st March, 2023	As at 31st March, 2022
1	Present Value of Obligation	**605.37**	654.39
2	Fair Value of Plan Assets	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**605.37**	654.39

33 Segment Reporting :

The Company's business is divided into two reporting segments which comprises of "Advance Defense Business" and "Others". The Chief operating decision maker monitors the operating results of the business units seperately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Advance Defenses segment includes the business of scientific, technical and other research and development, particularly in the field of advanced defense, aerospace and other strategic areas. Others primarily includes the business of Engineering, Procurement and Construction (EPC) contractors and infrastructure projects.

(In ₹ Thousands)

Sr. No.			As at 31st March, 2023	As at 31st March, 2022
1	**Segment Revenue**			
	a)	Advance Defense	**10,062.14**	91,044.43
	b)	Others	**790.00**	1,005.00
		Total	**10,852.14**	92,049.43
	c)	Add: Unallocable Income	**-**	-
		Revenue from Operations	**10,852.14**	92,049.43
2	**Segment Results**			
	a)	Advance Defense	**(33,097.15)**	35.18
	b)	Others	**(8,525.48)**	26,150.48
		Total Segement Profit /(Loss) (Before interest and tax from each reportable segment)	**(41,622.63)**	26,185.66
	d)	Less: Other unallocable expenditure net off unallocable income	**(1,419.17)**	972.45
	e)	Add: Finance Cost	**(3,274.52)**	(3,861.49)
		Less: Exceptional Items	**(4,231.35)**	
		Profit /(Loss) before tax	**(50,547.67)**	23,296.62
3	**Segment income/(expense)**			
3.1	**Segment Depreciation, amortisation and impaiment expense**			
	a)	Advance Defense	**874.16**	3,292.02
	b)	Others	**-**	-
		Total	**874.16**	3,292.02
	c)	Add: Unallocable expense	**229.45**	30.21
		Depreciation, amortisation and impairment expense	**1,103.61**	3,322.23

(In ₹ Thousands)

Sr. No.		As at 31st March, 2023	As at 31st March, 2022
3.2	**Segment income tax expense**		
	a) Advance Defense	**-**	-
	b) Others	**-**	-
	Total	**-**	-
	c) Add : Unallocable expense	**-**	-
	Income Tax Expense	**-**	-
4	**Segment Assets**		
	a) Advance Defense	**104,775.07**	111,350.00
	b) Others	**131,241.39**	131,960.41
	Total	**236,016.46**	243,310.41
	c) Add : Unallocable assets including unutilised fund	**55,490.65**	147,183.00
	Total assets	**291,507.11**	390,493.41
5	**Segment Liabilities**		
	a) Advance Defense	**17,164.78**	61,840.45
	b) Others	**4,526.63**	9,676.30
	Total	**21,691.41**	71,516.75
	c) Add : Unallocable liabilities	**4,866.64**	3,782.34
	Total liabilities	**26,558.05**	75,299.09
	Capital employed	**264,949.06**	315,194.32

34 Related Party Disclosure :

A. Related Parties and their relationships :

a) Holding Company : i) Bharat Forge Limited

b) Subsidiaries :
- i) BFIL- CEC JV
- ii) Ferrovia Transrail Solutions Private Limited (Wholly owned subsidiary w.e.f. 2nd March, 2023)

c) Fellow Subsidiaries : i) Kalyani Strategic Systems Limited

d) Associate Companies : i) Ferrovia Transrail Solutions Private Limited (till 2nd March, 2023)

e) Entrerprises owned or significantly influenced by Holding Company: i) BF NTPC Energy Systems Limited

f) Key Managerial Personnel :
- i) Mr. Sandeep Kapoor (Director)
- ii) Mr. Rohit Gogia (Manager)
- iii) Ms. Sneha Modi (Company Secretary)
- iv) Mr. Vineet (Chief Financial Officer)

B. Related party transaction : (In ₹ Thousands)

Sr. No.	Nature of Transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
1	**Managerial remuneration**	(a)	**Key Managerial Personnel**		
			Mr. Rohit Gogia	**2,202.54**	2,151.66
			Ms. Sneha Modi	**771.21**	759.61
			Mr. Vineet	**717.58**	728.75
2	**Reimbursement of expenses Received**	(b)	**Associate**		
			Ferrovia Transrail Solutions Private Limited	**-**	134.25
			Fellow Subsidiaries		
			Kalyani Strategic Systems Limited	**29.66**	-
3	**Reimbursement of expenses Paid**	(b)	**Holding Company**		
			Bharat Forge Limited	**1,246.08**	2,141.28
			Key Managerial Personnel		
			Mr. Sandeep Kapoor	**92.57**	-
			Mr. Rohit Gogia	**73.43**	-
			Ms. Sneha Modi	**10.60**	-
			Mr. Vineet	**9.22**	-
4	**Loans Given**	(c)	**Subsidiaries**		
			Ferrovia Transrail Solution Pvt. Ltd	**906.94**	-
			BFIL-CEC JV	**5.05**	103.80
			Associate		
			Ferrovia Transrail Solution Pvt. Ltd	-	1,522.60
			Entrerprises owned or significantly influenced by Holding Company		
			BF NTPC Energy Systems Limited	**253.07**	540.00
5	**Receipt of Loan given**	(d)	**Associate**		
			Ferrovia Transrail Solution Pvt. Ltd	**-**	63,856.39
			Entrerprises owned or significantly influenced by Holding Company		
			BF NTPC Energy Systems Limited	**793.07**	-
6	**Advance received**	(e)	**Holding Company**		
			Bharat Forge Limited	**-**	2,200.00
7	**Repayment of advance**	(e)	**Holding Company**		
			Bharat Forge Limited	**2,200.00**	-
8	**Loan written off**	(f)	**Subsidiary Companies**		
			BFIL-CEC JV	**-**	3,800.00
9	**Sale of goods**	(g)	**Holding Company**		
			Bharat Forge Limited	**-**	4,519.93

(In ₹ Thousands)

Sr. No.	Nature of Transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
10	**Services Rendered**	(h)	**Subsidiary Companies**		
			Ferrovia Transrail Solution Pvt. Ltd	**790.00**	-
			Associate		
			Ferrovia Transrail Solution Pvt. Ltd	-	1,005.00
			Fellow Subsidiaries		
			Kalyani Strategic Systems Limited	**700.00**	-
11	**Intercorporate Loan taken**	(i)	**Holding Company**		
			Bharat Forge Limited	**-**	40,000.00
12	**Intercorporate Loan repaid**	(i)	**Holding Company**		
			Bharat Forge Limited	**40,000.00**	40,000.00
13	**Interest on intercorporate loan**	(i)	**Holding Company**		
			Bharat Forge Limited	**3,274.52**	3,818.08
14	**Investment made**	(j)	**Subsidiary Companies**		
			Ferrovia Transrail Solution Pvt. Ltd	**2,100.00**	-
15	**Miscellaneous Income**	(k)	**Associate**		
			Ferrovia Transrail Solution Pvt. Ltd	**-**	18,500.00

Terms and Conditions :

(a) Remuneration paid to the key managerial personnel as per per terms of appointment. The amount reported as remuneration are for the entire financial year irrespective of period of holding of office.

(b) Expenses incurred by related parties on behalf of the Company and expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

(c) The Company has given loans in the ordinary course of business.

(d) Receipt of loans given in the ordinary course of business in the previous year.

(e) During previous year the Company has received advance for supply of product as per terms of the contract. This advance is repaid in the current year.

(f) The Company has written off loans given to related parties which were found to be irrecoverable.

(g) Supply of goods to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(h) Provision of service to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(i) Intercorporate loan carries interest @ 9% p.a. Interest shall accrue and be payable on quarterly basis.

(j) During the current year the Company has made further investment in Ferrovia Transrail Solutions Private Limited of ₹ 2,100 thousands by aquiring 5,100 equity shares of ₹ 10/- each, consequent to which it has become a wholly owned subsidiary of the Company.

(k) The company has received other miscellaneous income during the year.

C. Balance outstanding as at the year end : (In ₹ Thousands)

Sr. No.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2023	As at 31st March, 2022
1	**Intercorporate loan**	**Holding Company**		
		Bharat Forge Limited	**-**	40,000.00
2	**Advance Payable**	**Holding Company**		
		Bharat Forge Limited	**-**	2,200.00
3	**Other payble**	**Holding Company**		
		Bharat Forge Limited	**-**	416.77
4	**Advance Receivable**	**Subsidiary Companies**		
		Ferrovia Transrail Solution Pvt. Ltd	**141,746.82**	-
		BFIL-CEC JV	**7,995.96**	7,990.91
		Associate		
		Ferrovia Transrail Solution Pvt. Ltd	**-**	140,661.33
		Entrerprises owned or significantly influenced by Holding Company		
		BF NTPC Energy Systems Limited	**-**	540.00
5	**Non-current Investment**	**Subsidiary Companies**		
		Ferrovia Transrail Solution Pvt. Ltd	**4,117.65**	49.00

35 Contingent Liabilities not provided for in respect of : (In ₹ Thousands)

		As at 31st March, 2023	As at 31st March, 2022
a)	Claims against the Company not acknowledged as debts		
	Sales Tax Demand - matter under dispute(i)	**601.07**	601.07
	Income Tax Demand - matter under dispute(ii)	**135,405.17**	135,405.17
	Claims Under Legal Cases(iii)	**770,000.00**	770,000.00
	Custom Duty Demand#(iv)	**4,769.03**	-
b)	Contingent consideration payable for acquisition of business(v)	**-**	60,000.00
	TOTAL :	**910,775.27**	966,006.24

Excludes interest and penalty

(i) The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised.

(ii) The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that the likelihood of any outflow in the future is remote accordingly the same has not been accounted in the books.

(iii) The amount of claim is the Arbitral award passed by the Arbitrator against the Company on 10th May, 2019 in the matter of arbitration proceedings concerning termination of Share Purchase Agreement dated 18th December, 2010 by the Company, directing the Company to pay Rs 77 crores to the Claimant. In the opinion of the directors, the said award is biased and perverse. The Company has filed an appeal against the said Award before the Delhi High Court. Based on the legal advice obtained by the Company, the directors are of the view that the Company stands a good chance to win the appeal and hence no provision has been considered in this financial statements.

(iv) The Company has received demand notice u/s 28 of Customs Act, 1962. The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that the likelihood of any outflow in the future is remote accordingly the same has not been accounted in the books.

(v) Management has assessed the conditions associated with the payment of contingent consideration. Since the conditions w.r.t. the revenue and profit milestones has not been met the the Company is not obliged to pay any additional sum on account of this business combination. Management believes that the likelihood of any outflow in the future is remote accordingly the same has not been accounted in the books.

Note : In cases where the amounts have been accrued, it has not been included above.

36 Leases :

Company as lessee :

The Company has a lease contracts for building used in its operations. 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. The Company applies the 'short-term lease' recognition exemptions for this lease.

The following are the amounts recognised in the statement of profit and loss: (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Expenses relating to short-term leases (included in other expenses)	**1,431.00**	1,431.00
TOTAL :	**1,431.00**	1,431.00

37 Earning per Share (Face Value of ₹ 10 Each) :

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Profit/(Loss) for the year after taxation (In ₹ Thousands)	**(50,547.68)**	23,296.62
Weighted Average Number of Equity Shares, outstanding during the year	**223,966,800**	223,966,800
Basic Earning per Share in ₹	**(0.23)**	0.10
Diluted Earning per Share in ₹	**(0.23)**	0.10

38 Income and deferred taxes :

a) The major components of income tax expense for the years ended 31st March, 2023 and 31st March, 2022 are

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Current income tax		
Current income tax charge	**-**	-
Taxes for earlier years	**-**	-
TOTAL :	**-**	-

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2023 and 31st March 2022:

Accounting profit before tax	**(50,547.68)**	23,296.62
Income tax @ applicable rate of 25.17% (March 31, 2020: 26%)	**-**	5,863.80
Deferred tax assets @ applicable rate of 25.17% (March 31, 2020: 26%)	**(12,722.85)**	
Tax effects on non-deductible expenses	**1,638.10**	1,006.40
Deferred tax assets on brought forward business losses and unabsorbed depreciation not recognised on the basis of prudence	**-**	(5,455.10)
Deferred tax assets on tax disallowances not recognised on the basis of prudence	**446.10**	(1,415.10)
Deferred tax assets on business losses and unabsorbed depreciation of current year not recognised on the basis of prudence	**10,638.65**	-
At the effective income tax rate	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

c) Reconciliation of deferred tax asset (net)

Opening balance	-	-
Tax income/(expense) during the period recognised in profit or loss	-	-
Closing balance	-	-

d) The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to ₹ 292,181 thousands (Previous Year: ₹ 334,261 thousands) and on account of other disallowances including unabsorbed depreciation aggregating to ₹ 18,937 thousands (Previous Year: ₹ 16,879 thousands) under the Income Tax Act, 1961 on the considerations of prudence.

39 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

(In ₹ Thousands)

			Year ended 31st March, 2023	Year ended 31st March, 2022
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year		-	-
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year		-	-
(iii)	(a)	The amount of interest paid to the supplier beyond the appointed day	-	-
	(b)	The amounts of the payment made to the supplier beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the year		-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year		-	-
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid		-	-

Dues to Micro and Small Enterprises have been identified by the Company from available information.

40 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

a) Revenue recognition

The Company's contracts with customers could include promises to transfer multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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. Refer note 41 and 42 for further disclosures.

c) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

f) Provision for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete slow-moving items and net realisable value. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

g) Litigations

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. The Company's legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, the management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations the Company foresees a remote risk of any material claim arising from claims against the Company. The Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

41 Financial instruments by category :

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities :

(In ₹ Thousands)

		Carrying value		Fair value	
		As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
I)	**Financial assets**				
	Measured at amortised costs				
	Trade receivables	**10,091.82**	11,304.27	**10,091.82**	11,304.27
	Cash and cash equivalents	**3,979.78**	66,082.76	**3,979.78**	66,082.76
	Deposits with original maturity of more than three months	**45,885.15**	75,291.23	**45,885.15**	75,291.23
	Loans	**124,042.78**	127,771.07	**124,042.78**	127,771.07
	Other financial assets	**1,949.46**	3,056.72	**1,949.46**	3,056.72
		185,948.99	283,506.05	**185,948.99**	283,506.05
II)	**Financial liabilities**				
	Measured at amortised costs				
	Borrowings	**-**	40,000.00	**-**	40,000.00
	Trade payables	**8,908.64**	20,025.09	**8,908.64**	20,025.09
	Other financial liabilities	**6,200.00**	378.03	**6,200.00**	378.03
		15,108.64	60,403.12	**15,108.64**	60,403.12

Investments in subsidiaries, joint ventures and associates which are carried at cost and hence are not required to be disclosed as per Ind AS 107 “Financial Instruments Disclosures”.

For trade receivables and trade payables and other assets and payables maturing within one year from the Balance Sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

42 Fair value hierarchy :

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

43 Financial risk management disclosure :

The Company's principal financial liabilities, comprise short term borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, cash and cash equivalents and other bank balances 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 Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2023 and 31st March, 2022 including the effect of hedge accounting (if any)

i) Equity price risk

The Company's investment in equity instruments comprise mainly of investments in Subsidiaries, Associates and Joint Ventures which are strategic long term investments. Reports on the equity portfolio are submitted to the Company’s management on a regular basis. The Company’s Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was ₹ 4,117.65 thousands (Previous Year : ₹ 49 thousands).

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the Company’s operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

(In ₹ Thousands)

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2023	**5.00%**	**49.00**	**49.00**
	-5.00%	**(49.00)**	**(49.00)**
31st March, 2022	5.00%	6.27	6.27
	-5.00%	(6.27)	(6.27)

	Change in EURO Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2023	**5.00%**	**40.55**	**40.55**
	-5.00%	**(40.55)**	**(40.55)**
31st March, 2022	5.00%	41.09	41.09
	-5.00%	(41.09)	(41.09)

B) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

C) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

(In ₹ Thousands)

	Less than 1 year	1 year to 5 years	> 5 years	Total
As at 31st March, 2023				
Trade payables	**8,908.64**	**-**	**-**	**8,908.64**
Other financial liabilities	**6,200.00**	**-**	**-**	**6,200.00**
	15,108.64	**-**	**-**	**15,108.64**
As at 31st March, 2022				
Intercorporate loan from the Holding Company	40,000.00	-	-	40,000.00
Trade payables	20,025.09	-	-	20,025.09
Other financial liabilities	378.03	-	-	378.03
	60,403.12	-	-	60,403.12

44 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2023 ₹ NIL (Previous Year : ₹ NIL) of unbilled revenue pertaining to fixed price development contracts has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets are as under :

(In ₹ Thousands)

	As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the year	**-**	-
Revenue recognised during the year	**-**	-
Invoices raised during the year	**-**	-
Balance at the end of the year	**-**	-

c) Changes in Contract Liabilities are as under :

Balance at the beginning of the year	**6,012.45**	32,491.54
Revenue recognised from unearned revenue and advance from customers at the beginning of the year	**(90.50)**	(28,679.09)
Increased due to invoicing during the year excluding the amounts recognised as revenue during the year and advance from customers	**-**	2,200.00
Decreased due to refund of advance received	**(2,200.00)**	-
Balance at the end of the year	**3,721.95**	6,012.45

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2023, other than those meeting the exclusion criteria mentioned above, is ₹ Nil (Previous year ₹ 90.50 thousands). Out of this, the Company expects to recognize revenue of ₹ Nil (Previous year ₹ 90.50 thousands) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(In ₹ Thousands)

	As at 31st March 2023	Year ended 31st March, 2022
Revenue recognised as per Statement of Profit & loss		
Sale of products	**9,271.64**	90,269.93
Sale of services	**1,580.50**	1,779.50
	10,852.14	92,049.43
Add : Adjustments		
Deferred revenue	**-**	**-**
Contract Price	**10,852.14**	92,049.43

45 Ratio Analysis :

		Notes	Numerator	Denominator	31st March 2023	31st March 2022	Variance %
(a)	Current ratio	i	Current Assets	Current Liabilities	**8.50**	4.29	97.98%
(b)	Debt-Equity ratio	ii	Total Debts	Shareholders' equity	**-**	0.13	-100.00%
(c)	Debt Service Coverage Ratio	iii	Earnings available for debt service	Debt Service	**-**	7.98	-100.00%
(d)	Return on equity ratio	iv	Profit/(Loss) for the year	Average shareholders' equity	**(0.17)**	0.08	-327.09%
(e)	Inventory turnover ratio	v	Cost of goods sold	Average Inventory	**0.08**	1.27	-93.91%
(f)	Trade receivables turnover ratio	vi	Revenue	Average trade receivable	**1.01**	4.61	-77.98%
(g)	Trade payables turnover ratio	vii	Purchases + Other expenses	Average trade payables	**1.69**	2.08	-18.73%
(h)	Net capital turnover ratio	viii	Revenue	Working capital	**0.06**	0.37	-85.10%
(i)	Net profit ratio	ix	Profit for the year	Revenue	**(4.66)**	0.25	-1940.41%
(j)	Return on capital employeed	x	Earning before interest and taxes	Capital Employed	**(0.18)**	0.08	-332.61%

Notes :

i Decrease in the current liabilities has resulted in improvement of the ratio.

ii The Company has filly paid its borrowing during the current year.

iii There are no outtanding borrowings as on 31st March, 2023.

iv The loss for the current year has resulted in deterioration of the ratio.

v The decrease in revenue has resulted in deterioration of the ratio.

vi The decrease in revenue has resulted in deterioration of the ratio.

vii The timely pay off of trade payables has resulted in improvement of the ratio.

viii Due to decrease in revenue ratio has resulted in deterioration of the ratio.

ix The loss for the current year has resulted in deterioration of the ratio.

x Decrease in the Earning before interest and taxes has resulted in deterioration of the ratio.

46 Other statutory information :

(a) The Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(b) There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(c) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(d) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) During the year ended 31st March, 2023, the Company was not party to any approved scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

As per our attached report of even date,

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPC1286

Place : Pune
Date : 03-05-2023

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 03-05-2023

Electroforge Limited

Directors

Mr. Ravindra Nagarkar

Mr. Kedar Dixit

Mr. Krishan Kohli

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

S. No. Industry House,

Opp Kalyani Steels Ltd.

Mundhwa, Pune 411 036 (MH)

Independent Auditor's Report

To the Members of Electroforge Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Electroforge Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the period ended 31st March, 2023, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the period ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of management and those charged with governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's responsibilities for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ELECTROFORGE LIMITED FOR THE PERIOD ENDED 31st MARCH, 2023.

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

(i) (a) (A) The Company does not have any Property, Plant and Equipment as on 31st March, 2023. Hence, paragraph 3(i)(a)(A) of the Order is not applicable to the Company.

(B) The Company does not have any Intangible Assets as on 31st March, 2023. Hence, paragraph 3(i)(a)(B) of the Order is not applicable to the Company.

(b) The Company does not have any Property, Plant and Equipment as on 31st March, 2023. Hence, paragraph 3(i)(b) of the Order is not applicable to the Company.

(c) The Company does not own any immovable properties.

(d) The Company does not have any Property, Plant and Equipment (including right-of-use assets) and intangible assets. Hence, paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) As explained to us, the Company was not required to hold any inventories during the period covered by this report. Hence, paragraph 3(ii)(a)of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company has not made any investment, provided guarantee or security, granted any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or other parties.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly, the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) The requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company does not have any undisputed statutory dues including Goods and Services Tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) As this is the first year after incorporation, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the Order is not applicable.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not taken any loans or other borrowing. Hence, reporting under clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x) (a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) The provisions of section 138 of the Companies Act, 2013 do not apply to the Company and no internal audit was carried out during the year. Hence, reporting under clause 3(xiv) of the Order is not applicable.

(xv) ccording to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year covered by this report.

	Current Financial Year ₹ in Hundreds
Cash losses incurred	**903.39**

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ELECTROFORGE LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Electroforge Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the financial statements of the Company for the period 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

Balance sheet as at 31st March, 2023.

(In ₹ Hundreds)

			Notes	As at 31st March, 2023
I.	**ASSETS**			
1	**Non-current assets**			
2	**Current assets**			
	a)	Financial assets		
		i) Cash and cash equivalents	3	**989.92**
				989.92
		TOTAL :		**989.92**
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	a)	Equity share capital	4	**1,000.00**
	b)	Other equity	5	**(903.39)**
				96.61
2	**Current liabilities**			
	a)	Financial Liabilities		
		i) Trade payables	6	
		Total outstanding dues of micro enterprises and small enterprises		-
		Total outstanding dues of creditors other than micro enterprises and small enterprises		**833.31**
	b)	Other current liabilities	7	**60.00**
				893.31
		TOTAL :		**989.92**
	Significant accounting policies and notes forming an integral part of the financial statements		1 to 18	

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN. 07055747

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 2nd May, 2023

Statement of profit and loss for the period ended 31st March, 2023.

(In ₹ Hundreds)

		Notes	Period ended 31st March, 2023
I.	**Income**		
	Revenue from operations		-
	Total Revenue		-
II.	**Expenses**		
	Other expenses	8	**903.39**
	Total expenses		**903.39**
III.	**Loss before tax**		**(903.39)**
IV.	**Tax expenses**		-
V.	**Loss for the period**		**(903.39)**
VI.	**Other comprehensive income**		-
VII.	**Total comprehensive income for the period (V+VI)**		**(903.39)**
VIII.	**Earnings per equity share [nominal value of share ₹ 10/-]**		
	a) Basic (In ₹)	11	**(9.03)**
	b) Diluted (In ₹)	11	**(9.03)**
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 18	

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN. 07055747

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 2nd May, 2023

Statement of changes in equity for the period ended 31st March, 2023.

a Equity share capital

(In ₹ Hundreds)

	As at 31st March, 2023	
	Nos.	**Total**
Issue of equity share capital during the year	**10,000**	**1,000.00**
As at end of the period	**10,000**	**1,000.00**

b Other equity

(In ₹ Hundreds)

	Retained Earnings	**Total**
Loss for the period	**(903.39)**	**(903.39)**
Balance as at 31st March, 2023.	**(903.39)**	**(903.39)**
c Total equity (a+b)	**96.61**	**96.61**

Significant accounting policies and notes forming an integral part of the financial statements 1 to 18

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN. 07055747

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 2nd May, 2023

Cash Flow Statement for the period ended 31st March, 2023.

(In ₹ Hundreds)

			Period ended 31st March, 2023
(A)	**Cash flow from operating activities**		
	Loss before tax		**(903.39)**
	Operating loss before working capital changes		**(903.39)**
	Movements in working capital :		
	Increase / (decrease) in trade payables		**833.31**
	Increase / (decrease) in other current liabilities		**60.00**
			893.31
	Cash generated from operations		**(10.08)**
	Direct taxes paid (net of refunds)		**-**
	Net cash flows from operating activities	**(A)**	**(10.08)**
(B)	**Cash flows from investing activities**		
	Net cash flows used in investing activities	**(B)**	**-**
(C)	**Cash flows from financing activities**		
	Issue of Share Capital		**1,000.00**
	Net cash flows from/(used in) financing activities	**(C)**	**1,000.00**
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**989.92**
(E)	**Cash and cash equivalents at the beginning of the year**		**-**
(F)	**Cash and cash equivalents at the end of the year**		**989.92**

Components of cash and cash equivalents as at (In ₹ Hundreds)

		As at 31st March, 2023
Balances with banks in current accounts		**989.92**
	TOTAL :	**989.92**

Significant accounting policies and notes forming an integral part of the financial statements	1 to 18

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN. 07055747

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 2nd May, 2023

Notes forming part of the financial statements for the period ended 31st March, 2023

1 Corporate information:

Electroforge Limited was incorporated on 25th July, 2022, as a public limited company under the Companies Act, 2013. The Company is a subsidiary of Kalyani Powertrain Limited.

During the period covered by these financial statements, the Company is engaged in setting up the business of e-mobility including design, development, manufacture, sales and distribution of electric drive units, electric motors, electric vehicles and certain forged components in the e-mobility sector.

These financial statements have been prepared for the period from the date of incorporation, i.e. 25th July, 2022 to 31st March, 2023. This being the first year after incorporation, previous year's figures are not applicable.

These financial statements were authorised for issue in accordance with resolution of the Board of Directors on 2nd May, 2023

2 Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These 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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Hundred.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

2.4 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Indirect taxes paid, except:

i 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

ii 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.

2.5 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6 Intangible assets :

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

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.

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

2.7 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.8 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.9 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. 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/ loss 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.

ii 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.10 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.11 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.12 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.13 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.14 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.15 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Cash and cash equivalents

(In ₹ Hundreds)

	As at 31st March, 2023
Balances with banks	
In current accounts	**989.92**
TOTAL :	**989.92**

4 Equity share capital

(In ₹ Hundreds)

		As at 31st March, 2023
Authorised		
10,000	Equity shares of ₹ 10/- each	**1,000.00**
Issued		
10,000	Equity shares of ₹ 10/- each	**1,000.00**
Subscribed and fully paid-up		
10,000	Equity shares of ₹ 10/- each	**1,000.00**
Total issued, subscribed and fully paid-up share capital :		**1,000.00**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2023	
	Nos.	**(In ₹ Hundreds)**
Equity Shares		
At the beginning of the year	-	-
Shares issued during the year	**10,000**	**1,000.00**
Shares bought back during the year	-	-
Outstanding at the end of the year	**10,000**	**1,000.00**

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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

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

Name of Shareholder	As at 31st March, 2023	
	Nos.	**% of Holding**
Equity shares of ₹ 10 each fully paid		
Kalyani Powertrain Limited, the Holding Company#	**10,000**	**100**
	10,000	**100**

Including shares held through Nominees

(d) Shares held by Promoters at the end of the year

Promoter Name	**As at 31st March, 2023**		**% Changes during the year**
	No. of Shares	%	
Kalyani Powertrain Limited the Holding Company#	**10,000**	**100**	-

Including shares held through Nominees

5 Other equity

(In ₹ Hundreds)

	As at 31st March, 2023
Retained earnings	
Loss for the period	**(903.39)**
Closing balance	**(903.39)**

6 Trade payables

(In ₹ Hundreds)

	As at 31st March, 2023
Total outstanding dues of micro enterprises and small enterprises	**-**
Total outstanding dues of creditors other than micro enterprises and small enterprises# (including related party payables)	**833.31**
TOTAL :	**833.31**

#For terms and conditions relating to related party payables, refer note no. 10

Trade payables ageing schedule

	Outstanding for following periods from due date of payment					Total
	Unbilled	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
As at 31st March, 2023						
Undisputed dues to MSME	-	-	-	-	-	-
Undisputed dues to other than MSME	-	833.31	-	-	-	833.31
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	833.31	-	-	-	833.31

7 Other Current Liabilities

(In ₹ Hundreds)

	As at 31st March, 2023
Statutory liabilities	**60.00**
TOTAL :	**60.00**

8 Other expenses

(In ₹ Hundreds)

	Period ended 31st March, 2023
Rates & taxes	**46.31**
Preliminery Expenses	**250.00**
Audit Fee	**600.00**
Bank Charges	**7.08**
TOTAL :	**903.39**

Payment to auditors

	Period ended 31st March, 2023
As auditor:	
- Audit fee	**350.00**
- Income tax matters	**250.00**
TOTAL :	**600.00**

9 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company was engaged in setting up the business of e-mobility including design, development, manufacture, sales and distribution of electric drive units, electric motors, electric vehicles and certain forged components in the e-mobility sector; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

10 Related party disclosures

(i) Names of the related parties and related party relationship

Ultimate Holding Company :	Bharat Forge Limited
Holding Company :	Kalyani Powertrain Limited

(ii) Related parties with whom transactions have taken place during the year

(In ₹ Hundreds)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationships	Period ended 31st March, 2023
1	Issue of shares	**Holding Company**	
	(Refer Note (a) below)	Kalyani Powertrain Limited	**1,000.00**
2	Reimbursement of expenses paid	**Holding Company**	
	(Refer Note (b) below)	Kalyani Powertrain Limited	**289.00**
3	Trade Advance received	**Ultimate Holding Company**	
	(Refer Note (d) below)	Bharat Forge Limited	**1,000.00**
4	Trade Advance repaid	**Ultimate Holding Company**	
	(Refer Note (d) below)	Bharat Forge Limited	**1,000.00**

(a) The Company has issued equity shares of ₹ 10/- each, at par

(b) Reimbursement of costs paid to/received from related parties are at cost.

(c) All other transactions are in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

(d) The Compny has received an trade advance from the ultimate holding company for the purpose of managing the affairs of the Company. Same has been repaid during the year.

(iii) Balances outstanding

Sr. no.	Nature of transaction	Name of the related parties and nature of relationships	Period ended 31st March, 2023
1	Reimbursement of expenses payable	**Holding Company**	
		Kalyani Powertrain Limited	**289.00**

11 Earnings per share (EPS)

(In ₹ Hundreds)

	Period ended 31st March, 2023
Numerator for basic and diluted EPS	
Loss for the year attributable to shareholders (In ₹ Hundreds)	**(903.39)**
Weighted average number of equity shares in calculating basic EPS	**10,000**
EPS - Basic (in ₹)	**(9.03)**
EPS - Diluted - (in ₹)	**(9.03)**

12 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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.

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

a) 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. Refer note 13 and 14 for further disclosures.

b) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

c) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

d) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon ascertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availability of adequate taxable income within the time permissible as per the taxing legislations.

e) Current / Non-Current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

13 Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments :

(In ₹ Hundreds)

		As at 31st March, 2023	
		Carrying value	**Fair value**
I)	**Financial assets**		
	Measured at amortised costs		
	Cash and cash equivalents	**989.92**	**989.92**
	Total	**989.92**	**989.92**
II)	**Financial liabilities**		
	Measured at amortised costs		
	Trade Payables	**833.31**	**833.31**
	Total	**833.31**	**833.31**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

14 Fair value hierarchy

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

15 Financial risk management disclosure

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include 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 Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(In ₹ Hundreds)

	Less than 1 year	1 year to 5 years	> 5 years	Total
As at 31st March, 2023				
Trade payables	**833.31**	**-**	**-**	**833.31**
	833.31	**-**	**-**	**833.31**

16 Income tax

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2023:

	As at 31st March, 2023
Accounting loss before tax	**(903.39)**
At India's enacted tax rate of 26.00%	**-**
Deferred tax savings on current year accounting loss	**-**
Tax effect of non-deductible expenses	**-**
Deferred tax not recognised on prudence basis	**-**
At the effective income tax rate of 26%	**-**
Income tax expense reported in the statement of profit and loss	**-**

17 Ratio analysis

	Numerator	Denominator	31st March, 2023	Variance %
(a) Current ratio (Refer note no. (i) below)	Current Assets	Current Liabilities	1.11	-
(b) Trade payables turnover ratio (Refer note no. (ii) below)	Purchases + Other expenses	Average trade payables	2.17	-

Notes :

(i) Increase in the average shareholders funds has resulted in deterioration of the ratio.

(ii) Reduction in average trade payables have resulted in improvement of ratio.

(iii) Since there is a negative net worth and losses during the current financial year following rations can not be derived.

Return on equity ratio

Net profit ratio

Net capital turnover ratio

Return on capital employed

Return on Investment

18 Other statutory Information

a) In the opinion of the Directors, all the current assets have been stated in the balance sheet at least at a value at which those are expected to be realised in the ordinary course of business. The Directors also have to state that adequate provisions have been made in the accounts, in respect of all known, quantified and ascertained liabilities and none of the liabilities or provisions are in the nature of reserve.

b) No Proceedings have been initiated or pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988.

c) The company did not have any transactions with companies struck off under section 248 or section 560 of the Companies Act, 2013.

d) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our attached report of even date,

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPE1074

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN. 07055747

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 2nd May, 2023

Eternus Performance Materials Private Limited

Directors

Mr. Rahul S. Pangre

Mr. Vyankoji A. Shinde

Auditors

Yatiraj Marda

Chartered Accountant

G-2, 2104/8, Triveni Vihar Appt,

Behind LIC Colony,

Ruikar Colony Road,

Kolhapur 416 005

Registered Office

D-71, FIVE STAR M.I.D.C,

Kagal Hatkanangale,

Tal. Kagal, Dist. Kolhapur,

Kagal 416 216

Independent Auditors' Report

To

The Members of,

M/s. Eternus Performance Materials Private Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Eternus Performance Materials Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the Statement of Profit and Loss, Statement of Change in Equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 financial statements give the information required by the Companies Act, 2013 ('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, 2023, its profit (or Loss)*and Statement of Change in Equity and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the 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 opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

The board of directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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 Companies Act, 2013, we give in the **'Annexure A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report 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.
   c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement and statement of change in equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **'Annexure B'.**
   g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      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.

For **V. T. & ASSOCIATES**
Chartered Accountants
F.R.N. No. 110017S

Yatiraj Marda
Partner
Mem. No. 108945
UDIN : 23108945BGPZTX1206

Place: Kolhapur
Date: 02nd May, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the members of **M/s. Eternus Performance Materials Private Limited** of even date) **We report that:**

i) In respect of the Company's Property, Plant & Equipment:

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 proper records showing full particulars of intangible assets;

c) The Company has a program of verification to cover all the items of Property, Plant & Equipment in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Property, Plant & Equipment.

Pursuant to the program, certain Property, Plant & Equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.;

d) In our opinion and according to the information and explanations given to us, the company has title deeds pertaining to the immovable properties in the name of the company and no property has been held in the name of promoter, director or their relative or employee <u>(other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee)</u>

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company*
					*also indicate if in dispute
			Not Applicable		

(e) The company has not revalue its Property, Plant and Equipment or intangible assets or both during the year and,

(f) No proceedings have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii) In respect of Inventory:

a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.

b) According to information and explanation given to us, the company has not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions and no quarterly returns or statements are being filed by the company with such banks or financial institutions.

(iii) In respect of Investment:

According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.;

(iv) In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits and accordingly paragraph 3 (v) of the order is not applicable.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities of the company and accordingly paragraph 3 (vi) of the order is not applicable.

(vii) In respect of statutory dues:

(a) According to the records., the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There were no outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they become payable.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us no any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), if so, whether the previously unrecorded income has been properly recorded in the books of account during the year;

(ix) In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.

Nature of borrowing, including debt securities	**Name of lender***	**Amount not paid on due date**	**Whether principal or interest**	**No. of days delay or unpaid**	**Remarks, if any**
	*lender wise details to be provided in case of defaults to banks, financial institutions and Government.				
		NOT APPLICABLE			

(x) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not taken any term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xii) The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company

(xiii) Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards;

(xiv) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable

(xvi) According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

According to the information and explanations given to us and based on our examination of the records of the company, the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

According to the information and explanations given to us and based on our examination of the records of the company, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfill the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfill such criteria;

According to the information and explanations given to us and based on our examination of the records of the company, the Group has not more than one CIC as part of the Group,

(xvii) According to the information and explanations given to us and based on our examination of the records of the company, the company has not incurred any cash losses in the financial year and in the immediately preceding financial year,

(xviii) According to the information and explanations given to us and based on our examination of the records of the company, there has not been any resignation of the statutory auditors during the year.

(xix) According to the information and explanations given to us and based on our examination of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and the records of the company no material uncertainty exists as on the date of the audit report that company is 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;

(xx) According to the information and explanations given to us and based on our examination of the records of the company, the company has not any on-going project and any unspent amount to transfer to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;

(xxi) Based on our examination of the records of the company, there have not been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

For **V. T. & ASSOCIATES**
Chartered Accountants
F.R.N. No. 110017S

Yatiraj Marda
Partner
Mem. No. 108945
UDIN : 23108945BGPZTX1206

Place: Kolhapur
Date: 02nd May, 2023

Annexure "B" to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of sub section 3 of section 143 of the Act.

We have audited the internal financial controls over financial reporting of **M/s. Eternus Performance Materials Private Limited** (the Company) as of March 31,2023, in conjunction with our audit of the financial statements of the company for the year ended on that date.

Managements 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 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 company's policies, the safeguarding of its assets the prevention and detection of frauds and errors the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the act.

Auditors Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us, the company have documented framework of internal financial control over financial reporting on criteria based on or 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. On an overall examination of accounting procedure and financial reporting it is observed that the information system used by the company have sufficient checks and controls with regard to internal financial control over financial reporting. Because of this reason, we have obtained sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2023.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not opinion on the financial statements of the Company.

For **V. T. & ASSOCIATES**
Chartered Accountants
F.R.N. No. 110017S

Yatiraj Marda
Partner
Mem. No. 108945
UDIN : 23108945BGPZTX1206

Place: Kolhapur
Date: 02nd May, 2023

Balance Sheet as at 31st March, 2023

			Note	As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
I	**ASSETS**				
1	**Non-current Assets**				
	(a)	Property, plant and equipment	3	**7,141,043**	**7,523,972**
	(b)	Right of use asset	4	**718,386**	**726,006**
	(c)	Intangible assets	5	**46,797**	**333,067**
	(d)	Capital work-in-progress		**5,754,546**	**5,497,867**
	(e)	Financial assets			
		(i) Other financial assets	6	**124,000**	**124,000**
	(f)	Other non-current assets	7	**100,000**	**100,000**
	(g)	Income tax assets (net)	8	**45,356**	**43,033**
				13,930,128	**14,347,945**
2	**Current Assets**				
	(a)	Inventories	9	**7,505,137**	**8,161,316**
	(b)	Financial Assets			
		(i) Trade receivables	10	**2,041,638**	**5,270,565**
		(ii) Cash and cash equivalents	11	**353,132**	**334,453**
		(iii) Other financial assets	12	**10,771,790**	**10,782,554**
	(c)	Other Current Assets	13	**485,622**	**836,242**
				21,157,319	**25,385,129**
		TOTAL		**35,087,447**	**39,733,074**
II	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a)	Equity Share Capital	14	**1,632,260**	**1,632,260**
	(b)	Other Equity		**(3,281,783)**	**(3,545,348)**
				(1,649,523)	**(1,913,088)**
2	**Non-current Liabilities**				
	(a)	Financial liabilities			
		(i) Long term Borrowings	15	**2,619,600**	**3,204,584**
	(b)	Other non-current liabilities	16	**2,800,000**	**2,800,000**
	(c)	Deferred tax liabilities (Net)	17	**(168,800)**	**(168,800)**
				5,250,800	**5,835,784**
3	**Current Liabilities**				
	(a)	Financial liabilities			
		(i) Short term borrowings	18	**20,238,739**	**16,397,924**
		(ii) Trade payables			
		Dues of micro enterprises and small enterprises	19		
		Dues of creditors other than micro enterprises and small enterprises	19	**6,947,560**	**10,613,073**
		(iii) Other financial liabilities	20	**-**	**143,425**
	(b)	Other current liabilities	21	**4,299,871**	**8,655,956**
				31,486,171	**35,810,378**
		TOTAL		**35,087,447**	**39,733,074**
	Significant accounting policies and notes forming an integral part of the financial statements		1 to 41		

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945
UDIN : 23108945BGPZTX1206

Place : Kolhapur
Date : 02-05-2023

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 02-05-2023

Statement of Profit and Loss for the year ended 31st March, 2023

		Note No.	Year ended 31st March, 2023 ₹	Year ended 31st March, 2022 ₹
I	Revenue from Operations	22	**12,009,690**	**6,721,452**
II	Other Income	23	**460,297**	**207**
III	**TOTAL INCOME**		**12,469,987**	**6,721,659**
IV	**EXPENSES**			
	Cost of Material Consumed	24	**2,870,419**	**322,033**
	Changes in inventories of Finished Goods	25	**1,271,565**	**(2,691,822)**
	Employee Benefit Expenses	26	**4,006,197**	**6,396,094**
	Finance Costs	27	**683,928**	**640,817**
	Depreciation & Amortisation Expense	28	**683,337**	**785,268**
	Other Expenses	29	**2,766,112**	**2,516,054**
	TOTAL EXPENSES		**12,281,557**	**7,968,444**
V	**Loss before tax**		**188,430**	**(1,246,786)**
VI	**Tax (Expense)/Savings**			
	Current tax			
	Deferred tax		**-**	**168,800**
			-	**168,800**
VII	**Loss for the Year**		**188,430**	**(1,077,986)**
VII	**OTHER COMPREHENSIVE INCOME**			
	Total other comprehensive income, net of tax		**-**	**-**
VIII	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**188,430**	**(1,077,986)**
IX	**Earnings per share (of ₹ 10/- each):**			
	Basic	34	1.15	6.60
	Diluted	34	1.15	6.60
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 41		

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945
UDIN : 23108945BGPZTX1206

Place : Kolhapur
Date : 02-05-2023

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 02-05-2023

Cashflow Statement for the year ended 31st March, 2023

		Year ended 31st March, 2023 ₹	Year ended 31st March, 2022 ₹
I.	**Cashflow from operating activities**		
	Loss before tax	**188,430**	**(1,246,786)**
	Add :		
	Depreciation	**683,337**	**785,268**
	Interest on bank borrowings	**484,551**	**399,354**
	Income tax expenses	**199,377**	**189,543**
	Prior period errors - Bonus paid		**-**
		1,555,695	**127,379**
	Less :		
	Interest on income tax	**(460,297)**	**(207)**
	Operating loss before working capital changes		**127,172**
	Movements in working capital :		
	Increase / (decrease) in trade payables	**-**	**(114,926)**
	Increase / (decrease) in other current liabilities	**-**	**(5,139,511)**
	Increase / (decrease) in other non current liabilities	**-**	**-**
	(Increase) / decrease in trade receivable	**2,041,638**	**(716,350)**
	(Increase) / decrease in other current assets	**485,622**	**(241,415)**
	(Increase) / decrease in other current financial assets	**10,771,790**	**(357,819)**
	(Increase) / decrease in inventories	**7,505,137**	**5,469,033**
		20,804,187	**(1,100,989)**
	Cash generated from operations	**20,804,187**	**(973,817)**
	Direct taxes paid (net of refunds)	**-**	**(184,876)**
	Net cashflow used in operating activities	**20,804,187**	**(1,158,693)**
II.	**Cashflow from investing activities**		
	Purchase of property, plant and equipment (including capital work in progress)	**(7,141,043)**	**(4,973,815)**
	Purchase of intangible assets	**6,426,135**	**1,501,059**
	Net cashflow used in investing activities	**(714,908)**	**(3,472,756)**
III.	**Cashflow from financing activities**		
	Proceeds from issue of equity shares	**3,281,783**	**1,077,986**
	Proceeds from /(Repayment of) short term borrowings	**20,238,739**	**1,070,718**
	Proceeds from /(Repayment of) long term borrowings	**-**	**-**
	Interest on bank borrowings	**(484,551)**	**(399,354)**
	Net cashflow from financing activities	**23,035,971**	**1,749,350**
IV.	**Net increase / (Decrease) in cash and cash equivalents (I+II+III)**	**43,125,250**	**(2,882,099)**
V.	**Cash and cash equivalents at the beginning of the year**	**334,453**	**67,748**
VI.	**Cash and cash equivalents at the end of the year**	**43,459,703**	**-2,814,351**

	Year ended 31st March, 2023 ₹	Year ended 31st March, 2022 ₹
Components of cash and cash equivalents :		
Balances with banks		
In current accounts	**335,077**	**315,948**
Cash on hand	**18,055**	**18,505**
	353,132	**334,453**
Significant accounting policies and notes forming an integral part of the financial statements	1 to 41	

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945
UDIN : 23108945BGPZTX1206

Place : Kolhapur
Date : 02-05-2023

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 02-05-2023

Statement of changes in equity for the year ended 31st March, 2023

a. Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	**₹**	**Nos.**	**₹**
Equity shares of ₹ 10/- each issued, subscribed and fully paid up				
As at the beginning of the year	**163,226**	**1,632,260**	**163,226**	**1,632,260**
Equity shares issued during the year	**-**	**-**	**-**	**-**
As at the end of the year	**163,226**	**1,632,260**	**163,226**	**1,632,260**

b. Other equity

	Reserves and surplus		
	Securities premium	**Retained earnings**	**Total**
	₹	₹	₹
Balance as at 1st April, 2019	-	60,843	60,843
Changes in other equity for the year ended 31st March, 2020			
Received for shares issued during the period	2,912,910	-	2,912,910
Loss for the year	-	-	(592,905)
Balance as at 31st March, 2020	2,912,910	60,843	2,380,848
Changes in other equity for the year ended 31st March, 2021			
Prior period errors - Bonus paid	**-**	**(37,950)**	**(37,950)**
Loss for the period		**(4,810,260)**	**(4,810,260)**
Balance as at 31st March, 2021	**2,912,910**	**(4,787,367)**	**(2,467,362)**
Changes in other equity for the year ended 31st March, 2022			
Prior period errors - Bonus paid		**(1,077,986)**	**(1,077,986)**
Loss for the period			**-**
Balance as at 31st March, 2022	**2,912,910**	**(5,865,353)**	**(3,545,348)**
Changes in other equity for the year ended 31st March, 2023			
Unpaid Bonus Reversed	**75,135**		**75,135**
Profit (Loss) for the period	**-**	**-**	**188,430**
	2,988,045	**(5,865,353)**	**(3,281,783)**
Significant accounting policies and notes forming an integral part of the financial statements	1 to 41		

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945
UDIN : 23108945BGPZTX1206

Place : Kolhapur
Date : 02-05-2023

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 02-05-2023

Notes forming part of the financial statements for the year ended 31st March, 2023.

1 Corporate information :

Eternus Performance Materials Private Limited is a private limited company incorporated on 18th July, 2012. The Company is engaged in the business of manufacturing composite materials. The Company is deemed to be a public limited company within the meaning of section 2(71) of the Companies, Act, 2013.

2 Significant accounting policies :

2.1 Basis of accounting and preparation of financial statements :

These 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 thereafter and the provisions of the Companies Act, 2013.

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Rupee.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

2.5 Revenue recognition :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services 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 no. 37.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract Assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note no. 2.15.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 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 or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

2.7 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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:

i 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

ii 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.

2.8 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment proerty are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset			**Estimated useful life**
i)		Factory buildings	
ii)		Computer and data processing equipments	30 years
	(a)	Servers and networks	6 years
	(b)	Other end user devices	3 years
iii)		Furnitures and fixtures	10 years
iv)		Office equipment	5 years
v)		Plant and machinery	15 years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 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.

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.

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.

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset	Estimated useful life
i) Software	3 years

2.10 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Finished goods :

Finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the weighted average method.

2.11 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

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 measurement 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:

Type of Asset	Estimated useful life
i) Leasehold land	95 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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized 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 incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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.

2.12 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.13 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.14 Retirement and other employee benefits :

a) Short-term Employee Benefits :

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognised during the year when the employees render the service.

b) Post Employment Benefits :

No separate provisions of retirement benefits or privilege leave benefits of such employees are recognized in the books of the Company.

2.15 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 ‘other expenses’ in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

ii Loans and borrowings

This is the category most relevant to the Company. 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.16 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

2.17 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.18 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.19 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.20 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.22 Estimation of uncertainties relating to the global health pandemic from COVID-19

The spread of COVID-19 has severely impacted business and there have been severe disruption to regular business operations due to lockdown and other emergency measures. This may impact the Company's operations. As at the date of approval of these financial statements the Company has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its assets and liabilities including possible obligations arising from any ongoing negotiations with customers, vendors and has concluded that there are no material adjustments required in the financial statements. The management believes that it has assessed and taken all the possible impacts known from these events wherever possible outcome is known. However, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial statements.

3 Property, plant and equipment :

FIXED ASSET MOVEMENT CHART AS ON 31-03-2023

	Leasehold land	Factory building	Computers and printers	Plant and equipment	Furniture and fixtures	Electrical installation	Total
	₹	₹	₹	₹	₹	₹	₹
GROSS BLOCK, AT COST :							
As at 1st April, 2019	724,461	7,375,318	59,459	513,971	226,494	403,848	9,303,551
Additions	-	-	111,535	66,462	179,450	-	357,447
Disposals	-	-	-	-	-	-	-
Reclassification on account of adoption of IND AS 116	(724,461)	-	-	-	-	-	(724,461)
As at 31st March, 2020	-	7,375,318	170,994	580,433	405,944	403,848	8,936,537
Adjustment	**-**	**-**	**-**	**(3,157)**	**3,157**	**-**	**-**
Additions	**-**	**-**	**-**	**347,500**	**-**	**-**	**347,500**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2021	**-**	**7,375,318**	**170,994**	**924,776**	**409,101**	**403,848**	**9,284,037**
Adjustment							
Additions	-	-	-	726,552	63,550	-	-
Disposals	-	-	-	-	-	-	-
As at 31st March, 2022	**-**	**7,375,318**	**170,994**	**1,651,328**	**472,651**	**403,848**	**10,074,139**
Adjustment							
Additions	-	-	-	-	6,508	-	-
Disposals	-	-	-	-	-	-	-
As at 31st March, 2023	**-**	**7,375,318**	**170,994**	**1,651,328**	**479,159**	**403,848**	**10,080,647**
DEPRECIATION AND AMORTIZATION :							
As at 1st April, 2019	74,295	995,497	56,486	72,335	79,838	163,402	1,441,853
Disposals	-	-	-	-	-		-
Reclassification on account of adoption of IND AS 116	(74,295)	-	-	-	-	-	(74,295)
For the year	-	236,680	31,810	34,799	35,228	38,837	377,354
Upto 31st March, 2020	-	1,232,177	88,296	107,134	115,066	202,239	1,744,912
Disposals	**-**	**-**	**-**	**-**	**-**		**-**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**236,033**	**35,709**	**41,447**	**39,490**	**38,730**	**391,409**
As at 31st March, 2021	**-**	**1,468,210**	**124,005**	**148,581**	**154,556**	**240,969**	**2,136,321**
Disposals							
Adjustments							
For the year		233,440	35,316	66,055	40,721	38,304	-
As at 31st March, 2022	**-**	**1,701,650**	**159,321**	**214,636**	**195,277**	**279,273**	**2,550,157**
Disposals							
Adjustments							
For the year		**233,440**	**8,829**	**69,356**	**39,518**	**38,304**	**389,447**
As at 31st March, 2023	**-**	**1,935,090**	**168,150**	**283,992**	**234,795**	**317,577**	**2,939,604**
NET BLOCK :							
As at 31st March, 2020	-	6,143,141	82,698	473,299	290,878	201,609	7,191,625
As at 31st March, 2021	**-**	**5,907,108**	**46,989**	**776,195**	**254,545**	**162,879**	**7,147,716**
As at 31st March, 2022	**-**	**5,673,668**	**11,673**	**1,436,692**	**277,374**	**124,575**	**7,523,972**
As at 31st March, 2023	**-**	**5,440,228**	**2,844**	**1,367,336**	**244,364**	**86,271**	**7,141,043**

4 Right of used assets :

	Right of use asset	Total
	₹	₹
GROSS BLOCK, AT COST :		
As at 1st April, 2019.	-	-
Additions	-	-
Disposals	-	-
Reclassification on account of adoption of Ind AS 116	724,461	
As at 31st March, 2020	724,461	724,461
Additions	**99,400**	**99,400**
Disposals	**-**	**-**
As at 31st March, 2021	**823,861**	**823,861**
Additions		
Disposals		
As at 31st March, 2022	**823,861**	**823,861**
Additions	-	-
Disposals	-	-
As at 31st March, 2023	**823,861**	**823,861**
DEPRECIATION AND AMORTIZATION :		
Upto 1st April, 2019	-	-
Disposals	-	-
Reclassification on account of adoption of Ind AS 116	74,295	74,295
For the year	7,620	7,620
Upto 31st March, 2020	81,915	81,915
Disposals	**-**	**-**
For the year	**8,320**	**8,320**
Up to 31st March, 2021	**90,235**	**90,235**
Disposals		
For the year	**7,620**	**7,620**
Up to 31st March, 2022	**97,855**	**97,855**
Disposals		
For the year	**7,620**	**7,620**
Up to 31st March, 2023	**105,475**	**105,475**

NET BLOCK :		
As at 31st March, 2020	642,546	642,546
As at 31st March, 2021	**733,626**	**733,626**
As at 31st March, 2022	**726,006**	**726,006**
As at 31st March, 2023	**718,386**	**718,386**

5 Intangible assets :

	Softwares	Total intangible assets
	₹	₹
GROSS BLOCK, AT COST :		
As at 1st April, 2019	417,000	417,000
Additions	918,136	918,136
Disposals	-	-
Reclassification on account of adoption of Ind AS 116		
As at 31st March, 2020	1,335,136	1,335,136
Additions	-	-
Disposals	-	-
As at 31st March, 2021	**1,335,136**	**1,335,136**
Additions		
Disposals		
As at 31st March, 2022	**1,335,136**	**1,335,136**
Additions		
Disposals		
As at 31st March, 2023	**1,335,136**	**1,335,136**
DEPRECIATION AND AMORTIZATION :		
Upto 1st April, 2019	17,206	17,206
Disposals	-	-
Reclassification on account of adoption of Ind AS 116	-	-
For the year	199,004	199,004
Upto 31st March, 2020	216,210	216,210
Disposals	-	-
For the year	**422,047**	**422,047**
Up to 31st March, 2021	**638,257**	**638,257**
Disposals		
For the year	**363,812**	**363,812**
Up to 31st March, 2022	**1,002,069**	**1,002,069**
Disposals		
For the year	**286,270**	**363,812**
Up to 31st March, 2023	**1,288,339**	**1,288,339**
NET BLOCK :		
As at 31st March, 2020	1,118,926	1,118,926
As at 31st March, 2021	**696,879**	**696,879**
As at 31st March, 2022	**333,067**	**333,067**
As at 31st March, 2023	**46,797**	**46,797**

			As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
6	**Other financial assets (Non-current, good) :**			
	Security deposits[(a)]		124,000	**124,000**
		TOTAL :	**124,000**	**124,000**
	(a) Financial assets carried at amortized cost			
7	**Other non-current assets (good) :**			
	Capital Advances		**100,000**	**100,000**
		TOTAL :	**100,000**	**100,000**
8	**Income tax assets :**			
	Taxes paid in advance, net of provisions		**45,356**	**43,033**
		TOTAL :	**45,356**	**43,033**
9	**Inventories :**			
	(As taken, valued and certified by the Directors)			
	Finished Goods		**3,634,435**	**4,906,000**
	Raw Material		**3,870,702**	**3,255,316**
		TOTAL :	**7,505,137**	**8,161,316**
10	**Trade receivables :**			
	(Unsecured)			
	Credit impaired			
	Others		**2,041,638**	**5,270,565**
	(including related party receivables)			
		TOTAL :	**2,041,638**	**5,270,565**
	For terms and conditions relating to related party receivables, refer note no. 33			
11	**Cash and cash equivalents :**			
	Balances with banks			
	In current accounts		**335,077**	**315,948**
	Cash on hand		**18,055**	**18,505**
		TOTAL :	**353,132**	**334,453**
12	**Other financial assets (Current), good :**			
	Government grant receivable		**10,771,790**	**10,782,554**
		TOTAL :	**10,771,790**	**10,782,554**

		As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
13	**Other current assets, good :**		
	Balances with government authorities		
	Customs duty	**62,871**	**62,871**
	Goods and services tax		**567,706**
	Advances to suppliers	**221,000**	**65,664**
	Advances to employees	**201,751**	**140,000**
	TOTAL :	**485,622**	**836,242**

				As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
14	**Equity share capital :**				
	Authorised :				
	200,000	200,000	Equity shares of ₹ 10/-, each	**2,000,000**	**2,000,000**
	200,000	200,000		**2,000,000**	**2,000,000**
	Issued, Subscribed and Paid up :				
	163,226	163,226	Equity Shares of ₹ 10/-, each, fully paid up	**1,632,260**	**1,632,260**
	163,226	163,226		**1,632,260**	**1,632,260**

(a) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

(b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) The reconciliation of the number of shares outstanding and the amount of paid-up share capital as at 31st March, 2023 and 31st March, 2022 is set out below.

	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	**Amount in ₹**	**No. of Shares**	**Amount in ₹**
Balance at the beginning of the year	**163,226**	**1,632,260**	**163,226**	**1,632,260**
Add: Shares issued during the year	**-**	**-**		**-**
Balance at the close of the year	**163,226**	**1,632,260**	**163,226**	**163,226**

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	As at 31st March, 2023		As at 31st March, 2022	
	No. of Shares	**% age**	**No. of Shares**	**% age**
Bharat Forge Ltd.$	**83,226**	**51.00**	**83,226.00**	**51.00**
Vyankoji Shinde	**40,000**	**24.50**	**40,000.00**	**24.50**
Rahul Pangre	**40,000**	**24.50**	**40,000.00**	**24.50**

$ The Holding Company

	As at 31st March, 2023		As at 31st March, 2022	
	Current ₹	**Non - Current** ₹	**Current** ₹	**Non - Current** ₹
15 Long-term borrowings :				
Secured :				
Term Loans[a] :		**2,619,600**		**3,204,584**
Less : Shown under "Other Financial Liabilities" (Refer Note No. 20)			-	-
TOTAL :	-	**2,619,600**	-	**3,204,584**

(a) Term loan from IDBI Bank Limited :
The Term Loan taken from IDBI Bank Limited is secured by exclusive charge by way of equitable mortgage on leasehold land and by the personal guarantees given by the Directors. Rate of Interest applicable is 3.45% over Base Rate (i.e RLLR(Y)), p.a. The loan is repayable in 84 monthly installments.

	As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
16 Non-current liabilities :		
Deferred government grant	**2,800,000**	**2,800,000**
TOTAL :	**2,800,000**	**2,800,000**
17 Deferred tax liabilities (net) :		
Deferred tax liabilities :		
Timing differences for		
Depreciation	**683,337**	**737,900**
Less : Deferred tax assets :		
Timing differences for		
Disallowances and unabsorbed depreciation	**683,337**	**737,900**
TOTAL :	**-**	**-**

		As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
18	**Short term borrowings :**		
	Secured		
	Cash credit[(a)]		-
	Overdraft[(b)]	**992,901**	**984,500**
	Unsecured		
	Loan from directors and their relatives[(c)]	**19,245,838**	**15,413,424**
	TOTAL :	**20,238,739**	**16,397,924**

For terms and conditions relating to related party receivables, refer note no. 33

(a) Cash credit from IDBI Bank Limited :
The cash credit facility taken from IDBI Bank Limited under the Pradhan Mantri Mudra Yojana, is secured by first and exclusive charge by way of hypothecation of stocks of raw materials, finished goods and book debts. Rate of Interest applicable is 1.10% over Base Rate (i.e RBMLR), p.a. The loan is covered under Credit Guarantee Fund for Micro Units.

(b) Overdraft from IDBI Bank Limited :
The overdraft taken from IDBI Bank Limited is secured by exclusive charge by way of equitable mortgage on leasehold land and by the personal guarantees given by the Directors. Rate of Interest applicable is 3.45% over Base Rate (i.e RLLR(Y)), p.a.

(c) Loans from directors and their relatives are interest free and repayable on demand.

		As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
19	**Trade payables :**		
	Total outstanding dues of micro enterprises and small enterprises		-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**6,947,560**	**10,613,073**
	TOTAL :	**6,947,560**	**10,613,073**
20	**Other financial liabilities :**		
	Current maturities of long term loan (Refer note no. 15)		-
	Creditors for capital expenditure	**-**	**143,425**
	TOTAL :	**-**	**143,425**
21	**Other current liabilities :**		
	Statutory liabililties	**141,657**	**986,216**
	Contract liabilities - Advances from customers	**4,158,214**	**7,669,740**
	TOTAL :	**4,299,871**	**8,655,956**

		For the year ended 31st March, 2023 ₹	For the year ended 31st March, 2022 ₹
22	**Revenue from operations :**		
	Sale of products	**12,009,690**	**6,721,452**
	Other operating revenues		**-**
	TOTAL :	**12,009,690**	**6,721,452**

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2023 and 31st March, 2022 by offerings and contract type.

	Revenue by offerings :		
	Sale of products	**12,009,690**	**6,721,452**
	TOTAL :	**12,009,690**	**6,721,452**
	Revenue by geographical segments :		
	Within India	**12,009,690**	**6,721,452**
	Outside India		
	TOTAL :	**12,009,690**	**6,721,452**
	Revenue by contract type :		
	Fixed price contracts	**6,721,452**	**6,721,452**
	TOTAL :	**6,721,452**	**6,721,452**
23	**Other Income :**		
	Interest on income tax refund		**-**
	Sundry balances written back	**460,297**	**207**
	TOTAL :	**460,297**	**207**
24	**Cost of raw material and components consumed :**		
	Inventory at the beginning of the year	**3,255,316**	**478,105**
	Add: Purchases	**3,485,805**	**3,099,244**
		6,741,121	**3,577,349**
	Less: Inventory at the end of the year (Refer note 9)	**(3,870,702)**	**(3,255,316)**
	Cost of raw material and components consumed : TOTAL :	**2,870,419**	**322,033**

	For the year ended 31st March, 2023 ₹	For the year ended 31st March, 2022 ₹
25 Changes in inventories :		
Inventories at the beginning of the year		
Finished Goods	**(4,906,000)**	**2,214,178**
	(4,906,000)	**2,214,178**
Inventories at the close of the year		
Finished Goods	**3,634,435**	**(4,906,000)**
	3,634,435	**(4,906,000)**
TOTAL :	**(1,271,565)**	**(2,691,822)**
26 Employee benefit expenses :		
(Including Directors' remuneration)		
Salaries and Wages	**3,907,206**	**6,317,001**
Staff welfare expenses	**98,991**	**79,093**
TOTAL :	**4,006,197**	**6,396,094**

For terms and conditions relating to related party receivables, refer note no. 33

27 Finance costs :		
Interest on bank borrowings	**484,551**	**399,354**
Other interest paid	**199,377**	**189,543**
Loan Processing Fees		**51,920**
TOTAL :	**683,928**	**640,817**
28 Depreciation and Amortization :		
On property, plant and equipment	**389,447**	**413,836**
On intangible assets	**286,270**	**363,812**
On right of use asset	**7,620**	**7,620**
TOTAL :	**683,337**	**785,268**

		For the year ended 31st March, 2023 ₹	For the year ended 31st March, 2022 ₹
29	**Other expenses :**		
	Factory expenses	**175,676**	**138,995**
	Labour charges	**404,760**	**996,680**
	Electricity charges	**461,490**	**303,901**
	Communication	**7,238**	**4,241**
	Travelling and conveyance	**145,122**	**253,966**
	Transport and freight	**272,094**	**88,434**
	Rates and taxes	**12,000**	**12,004**
	Repairs and maintenance - others	**63,986**	**103,254**
	Bank charges	**20,697**	**14,142**
	Printing and stationery	**32,350**	**87,574**
	Payment to auditors	**290,687**	**100,000**
	Testing and certification charges	**142,260**	**45,000**
	Legal and professional fees	**67,000**	**59,000**
	Share issue expenses		**-**
	Bad debts		**-**
	Sales promotion expenses	**551,457**	**281,224**
	Foreign exchange loss	**11,455**	**-**
	Miscellaneous expenses	**107,840**	**27,639**
	TOTAL :	**2,766,112**	**2,516,054**

30 Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The company's activities involve predominantly in manufacturing of composite items, which is considered to be a single business segment since these are subject to similar risks and returns. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

31 Capital commitments :

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities

	As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
For Property, plant and equipment	-	-

32 Leases :

Company as a lessee :

The Company has entered into a lease agreement for Plot No. D71, Kagal Hatkanangale Five Star MIDC, Tal. Hatkanangale, Kolhapur, commencing from 17th July, 2009 upto 16th July, 2104. The Company is constructing factory building on the plot. The Company is restricted from assigning and subleasing the leased assets.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land	
	31st Match, 2023	**31st Match, 2022**
	₹	₹
Opening balance	**726,006**	**733,626**
Reclassification on account of adoption of Ind AS 116	**-**	-
Additions	**-**	**-**
Depreciation	**(7,620)**	**(7,620)**
As at 31st March, 2021	**718,386**	**726,006**

The following are the amounts recognised in profit or loss:

	For the year ended 31st March, 2023	**For the year ended 31st March, 2022**
	₹	₹
Depreciation expense of right-of-use assets	**7,620**	7,620
Interest expense on lease liabilities	**-**	-
Expense relating to short-term leases (included in administrative expenses)	**-**	-
Expense relating to leases of low-value assets (included in administrative expenses)	**-**	-
Variable lease payments (included in cost of sales)	**-**	-
Total amount recognised in profit or loss	**7,620**	7,620

33 Related Party Disclosure :

A. Related Parties and their relationships :

a) Holding company : Bharat Forge Limited

b) Key managerial personnel : Mr. Vyankoji Shinde, Whole Time Director; Mr. Rahul Pangre, Whole Time Director

c) Relatives of key managerial personnel : Mr. Ajitshingh Shinde; Mrs. Roma Vyankoji Shinde; Mrs. Tina Rahul Pangre

d) Enterprises controlled or significantly influenced by key managerial personnel : Aeternus

B. Transactions with Related Parties :

Particulars	Terms and Conditions (Refer foot note no.)	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises controlled or significantly influenced by Key Managerial Personnel	Total
		₹	₹	₹	₹
Remuneration	(a)	**-**	**-**	**-**	**-**
		(3,400,000)	-	-	(3,400,000)
Procceds of loan taken	(b)	**2,554,791**	**-**	**-**	**2,554,791**
		300,000	-	-	300,000
Repayment of loan taken	(b)	**-**	**-**	**-**	**-**
		(1,365,000)	-	-	(1,365,000)
Reimbusement of expneses received	(c)	**740,200**	**-**	**-**	**740,200**
		-	-	(40,000)	(40,000)
Reimbusement of expneses paid	(d)	**248,366**	**-**	**-**	**248,366**
		(523,289)	-	-	(523,289)
Sale of products	(e)	**-**	**-**	**-**	**-**
		-	-	(5,303,751)	(5,303,751)

(Figures in bracket indicate previous year)

(a) Remuneration paid to the key managerial personnel as per terms of appointment

(b) The loans taken from key managerial personnel and their relatives are repayable on demand and carries no interest.

(c) Expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

(d) Expenses incurred by the related parties on behalf of the Company are reimbursable at cost on demand.

(e) The Company has sold products to its related party at arms' length price and on normal credit terms.

C. Balances with related parties:

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises controlled or significantly influenced by Key Managerial Personnel	Total
	₹	₹	₹	₹
Trade receivables	**-**	**-**	**-**	**-**
	-	-	-	-
Loans taken	**-**		**-**	**-**
	(13,103,423)	(2,310,000)	-	(15,413,423)
Amounts payable	**-**	**-**	**-**	**-**
	(6,869,408)	-	-	(6,869,408)

(Figures in bracket indicate previous year)

34 Earning per Share (Face Value of ₹ 10 Each) :

	Year ended 31st March, 2022	Year ended 31st March, 2022
	₹	₹
Loss for the year after taxation	**188,430**	**(1,077,986)**
Weighted average number of equity shares, outstanding during the year	**163,226**	**163,226**
Basic Earning per Share in ₹	**1.15**	**(6.60)**
Diluted Earning per Share in ₹	**1.15**	**(6.60)**

35 Income tax :

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2022 and 31st March, 2021:

	Year ended 31st March, 2023	Year ended 31st March, 2022
	₹	₹
Accounting loss before tax	**188,430**	**(1,246,786)**
At India's enacted tax rate of 25.168% (31 March 2022 : 22.88%)	**-**	-
Deferred tax savings on unabsorbed depreciation	**-**	**168,800**
Income tax expense reported in the statement of profit and loss	**-**	**168,800**

36 Dues to micro and small enterprises:

As per the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the company has sent confirmations to all its suppliers. Based upon the confirmations received as of 30th April 2022 and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

37 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's 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 financial statements

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.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

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.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Revenue recognition

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

38 Fair values :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

		Carrying value		**Fair value**	
		As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
		₹	₹	**₹**	₹
I)	**Financial assets**				
	Others non current financial assets				
	Security Deposits	**124,000**	124,000	**124,000**	124,000
	Other financial assets (Current)				
	Government grant receivable	**10,771,790**	10,782,554	**10,771,790**	10,782,554
		10,895,790	10,906,554	**10,895,790**	10,906,554
II)	**Financial liabilities**				
	Long term borrowings				
	Term loan	**2,619,600**	3,204,584	**2,619,600**	3,204,584
	Short term borrowings				
	Cash Credit	**-**	-	**-**	-
	Overdraft	**992,901**	984,500	**992,901**	984,500
	Demand loans from related parties	**19,245,838**	15,413,424	**19,245,838**	15,413,424
	Other financial liabilties				
	Creditors for capital expenditure	**-**	-	**-**	143,425
		22,858,339	19,602,508	**22,858,339**	19,745,933

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

39 Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed					
Other financial assets (Non-current)					
Security Deposits	**31-Mar-23**	**-**	**-**	**124,000**	**124,000**
Other financial assets (Current)					
Government grant receivable	**31-Mar-23**	**-**	**-**	**10,771,790**	**10,771,790**
Liabilities for which fair value has been disclosed					
Long term borrowings					
Term loan	**31-Mar-23**	**-**	**-**	**2,619,600**	**2,619,600**
Short term borrowings					
Overdraft	**31-Mar-23**	**-**	**-**	**992,901**	**992,901**
Demand loans from related parties	**31-Mar-23**	**-**	**-**	**19,245,838**	**19,245,838**
Other financial liabilties					
Creditors for capital expenditure	**31-Mar-23**	**-**	**-**	**-**	**-**
Assets for which fair value has been disclosed					
Other financial assets (Non-current)					
Security Deposits	31-Mar-22	-	-	124,000	124,000
Other financial assets (Current)					
Government grant receivable	31-Mar-22	-	-	10,782,554	10,782,554
Liabilities for which fair value has been disclosed					
Short term borrowings					
Cash Credit	31-Mar-22	-	-	-	-
Demand loans from related parties	31-Mar-22	-	-	15,413,424	15,413,424
Other financial liabilties					
Creditors for capital expenditure	31-Mar-22	-	-	143,425	143,425

40 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances 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 Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2022 and 31st March, 2021 including the effect of hedge accounting (if any)

i) Intererst rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

B) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

C) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
As at 31st March, 2023						
Term loan	**-**	**142,857**	**428,571**	**2,857,143**	**(808,971)**	**2,619,600**
Overdraft	**992,901**	**-**	**-**	**-**	**-**	**992,901**
Demand loans from related parties	**19,245,838**	**-**	**-**	**-**	**-**	**19,245,838**
Creditors for capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**
	20,238,739	**142,857**	**428,571**	**2,857,143**	**-808,971**	**22,858,339**
As at 31st March, 2022						
Cash Credit	-	-	-	-	-	-
Demand loans from related parties	15,413,424	-	-	-	-	15,413,424
Creditors for capital expenditure	-	-	-	-	-	-
	15,413,424	**-**	**-**	**-**	**-**	**15,413,424**

41 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

	As at 31st March 2023	As at 31st March 2022
	₹	₹
b) Changes in Contract Assets are as under :		
Balance at the beginning of the year	**-**	-
Revenue recognised during the year	**-**	-
Invoices raised during the year	**-**	-
Balance at the end of the year	**-**	-

	As at 31st March 2023 ₹	As at 31st March 2022 ₹
c) Changes in Contract Liabilities are as under :		
Balance at the beginning of the year	**2,339,991**	37,832
Revenue recognised from unearned advance from customers at the beginning of the year	**-**	-
Increased due to advance received during the year	**-**	2,302,159
Balance at the end of the year	**2,339,991**	2,339,991

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The Company does not have any performance obligations that are completely or partially unsatisfied as at 31st March, 2022 and 31st March, 2021, other than those meeting the exclusion criteria mentioned above.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

	Year ended 31st March, 2023 ₹	Year ended 31st March, 2022 ₹
Revenue recognised as per Statement of Profit & loss		
Sale of products	**12,009,690**	**6,721,452**
Add : Adjustments	**-**	-
Contract Price **TOTAL :**	**12,009,690**	**6,721,452**

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945
UDIN : 23108945BGPZTX1206

Place : Kolhapur
Date : 02-05-2023

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 02-05-2023

Ferrovia Transrail Solutions Pvt. Ltd.

Directors
Mr. Madan Lal
Mr. Rohit Gogia

Auditors
RMA & Associates LLP
Chartered Accountants
95, First Floor, National Park,
Lajpat Nagar, Part – IV,
New Delhi 110 024

Registered Office
14th Floor, Antariksh Bhavan,
22, Kasturba Gandhi Marg,
New Delhi 110 001 (IN)

Independent Auditor's Report

To the Members of **Ferrovia Transrail Solution Private Limited**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Ferrovia Transrail Solution Private Limited** ("the Company"), which comprise the **Balance Sheet as at March 31, 2023**, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances [but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls]. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by 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, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2022 ("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 A** statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (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;

   (c) The Balance Sheet, 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 Rule 7 of the Companies (Accounts) Amendment Rules, 2016and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

   (e) On the basis of written representations received from the directors as on March 31, 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B" to this report**;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 to the standalone Ind AS financial statements, if any.

      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. This clause is omitted

      v. 1) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, 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(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 company("ultimate beneficiary") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

         2) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities("Funding

Parties") 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 beneficiary") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries; and

3) Based on such audit procedures that we have 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 (1) and (2) contain any material mis-statement.

vi. The company has not declared or paid any dividend during the year

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N/N500062

CA Rahul Vashishth
Partner
Membership No 097881
UDIN: 23097881BGRLDB9500

Place of Signature: New Delhi
Date: 28-04-2023

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended **31th March, 2023**:

1. There is no Property, Plant & Equipment in the name of company thus clause 3 (i) (a) to (i) (e) are not applicable
2. There is no inventory in the company thus clause 3 (ii) (a) and (ii) (b) are not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act and also granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (iii) (f) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues on the last day of the financial year concerned (31.03.2023) for a period of more than six months from the date they became payable.

   (b) As per the above discussion, there is no any disputes is pending with any of the concerned authority.
8. No transactions have been recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
9. In our opinion and according to the information and explanations given to us, the Company has not availed any loans or other borrowings from banks or financial institutions; hence this clause 3 (ix) (a) to (ix) (f) is not applicable on it.
10. (a) Based on the audit procedures performed and information and explanations given to us by the management, the company has not raised moneys raised by way of initial public offer or further public offer (including debt instruments) an term loans .Hence the provisions of clause 3(x)(a) of the Order are not applicable to the company.

    (b) Based on the audit procedure performed and information and explanations given to us by the management, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence the provisions of clause 3(x) (b) of the Order are not applicable to the company.
11. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year. Hence the provisions of clause 3(xi) of the Order are not applicable to the company.
12. The Company is not a Nidhi Company. Hence this clause 3 (xii) of the order are not applicable on it to the company.

13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. The same is shown in "Schedule 24 Related Party Disclosures as per Ind AS 34'.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the company are not required to gets is accounts audited by the internal auditor appointed under Section 139 of Companies Act, 2013.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.
17. According to the information and explanations given to us and based on our examination of the records of the Company, The Company has incurred cash losses amounting to Rs.32,19,864/-in the Current Financial Year and in the immediately preceding financial year there are no cash losses were incurred.
18. There has been no resignation of the statutory auditors during the year.
19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is 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.
20. According to the information and explanations given to us and based on our examination of the records of the Company, the company is not required to comply with the provisions of section 135 (i). Hence clause 3 (xx) is not applicable of the Order are not applicable to the company.
21. According to the information and explanations given to us and based on our examination of the records of the Company, there have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N/N500062

CA Rahul Vashishth
Partner
Membership No 097881
UDIN: 23097881BGRLDB9500

Place of Signature: New Delhi
Date: 28-04-2023

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Ferrovia Transrail Solution Private 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 over financial reporting of Ferrovia Transrail Solution Private Limited as of 31th March, 2023 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. 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 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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) Povide 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 authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31th March, 2023, based on our audit procedures.

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N/N500062

CA Rahul Vashishth
Partner
Membership No 097881
UDIN: 23097881BGRLDB9500

Place of Signature: New Delhi
Date: 28-04-2023

Balance Sheet as at 31st March, 2023

(In ₹ Thousands)

Balance Sheet	Notes	As at 31st March 2023	As at 31st March 2022
ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	3	-	-
(b) Other intangible assets	4	-	-
(c) Investment in Associates and Joint Ventures			
(d) Financial assets	5	-	-
(e) Income Tax Assets			
(f) Other non-current assets	6	5,396.25	5,132.11
(g) Deferred Tax Assets	7	-	-
II Current assets			
(a) Financial assets			
(i) Trade Receivables	8	1,18,863.01	1,18,863.01
(ii) Cash and cash equivalents	9	258.76	2,827.79
(iii) Other Financial Assets	10	5.00	5.00
Total Assets		**1,24,523.01**	**1,26,827.91**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	100.00	100.00
(b) Other equity	12	(17,745.21)	(14,568.24)
Equity attributable to equity holders of the parent			
LIABILITIES			
I Non-current liabilities			
(a) Financial liabilities			
(b) Lease Liabilities			
(c) Provisions	13	74.37	147.80
(d) Deferred tax liabilities (net)	7	23.68	47.16
II Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1,41,746.82	1,40,661.33
(ii) Trade payables	15	300.04	403.07
(iii) Other current financial liabilities	16	21.06	31.97
(b) Provisions	13	2.26	4.82
Total Equity and Liabilities		**1,24,523.01**	**1,26,827.91**

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Rahul Vashishth
Partner
Membership No 097881
UDIN: 23097881BGRLDB9500

Place: New Delhi
Date: 28-04-2023

Madan Lal
Director
DIN: 01479277

Place: Noida
Date: 28-04-2023

Rohit Gogia
Director
DIN: 07467654

Place: Noida
Date: 28-04-2023

Profit and Loss Account for the Year Ended March 31, 2023

(In ₹ Thousands)

Profit and Loss	Note	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
Continuing Operations			
Revenue from operations	17	-	19,226.50
Other income	18	-	12,161.00
Total Income (i)		**-**	**31,387.50**
Expenses			
Project Expenses	19	-	-
Employee benefits expense	20	952.00	1,047.32
Finance costs	21	29.20	1.57
Other expenses	22	2,238.67	6,653.56
Total expenses (ii)		**3,219.86**	**7,702.45**
Profit before share of profit/(loss) of associates, joint ventures, exceptional items and tax from continuing operations(i - ii)		**(3,219.86)**	**23,685.05**
Profit before exceptional items and tax from continuing operations		**(3,219.86)**	**23,685.05**
Exceptional Items-(Loss)/Gain	26	**-**	**(18,500.00)**
Profit after exceptional items and tax from continuing operations		**(3,219.86)**	**5,185.05**
Profit before tax from continuing operations		(3,219.86)	5,185.05
Tax expenses			
Current Tax		-	
Deferred tax		(23.48)	0.86
Total tax expense		(23.48)	0.86
Profit for the year from continuing operations		**(3,196.38)**	**5,184.20**
Discontinued Operations			
Share of Profit /(Loss) of joint ventures			-
		-	-
Profit for the year		**(3,196)**	**5,184**
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Re-measurement gain/(losses) on defined benefit plans	23	19.41	23.48
Share of other comprehensive income in associates and joint ventures			-
Share of other comprehensive income arising from discontinued operations			-
Income tax effect			-
		19.41	**23.48**
Other comprehensive income for the year, net of tax		**19.41**	**23.48**
Total comprehensive income for the year, net of tax		**(3,176.97)**	**5,207.67**
Earnings per equity share:			
[Nominal Value of share Rs. 10 (March 31 , 2023 Rs. 10)			
Basic		(0.32)	0.52
Diluted			-
Total Profit/(Loss) for the Period		**(3,177)**	**5,208**

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Rahul Vashishth
Partner
Membership No 097881
UDIN: 23097881BGRLDB9500

Place: New Delhi
Date: 28-04-2023

Madan Lal
Director
DIN: 01479277

Place: Noida
Date: 28-04-2023

Rohit Gogia
Director
DIN: 07467654

Place: Noida
Date: 28-04-2023

Cash Flow Statement for the Year Ended March 31, 2023

(In ₹ Thousands)

Sr. No.	Particulars	For The Year Ended March 31, 2023		For The Year Ended March 31, 2022	
A	**Cash Flow from Operations**				
	Profit/(Loss) before Taxation		(3,219.86)		5,185.06
	Adjustments for:				
	Depreciation	-		-	
	Finance Charges	29.20		11.67	
	Items that will not be reclassified to Profit and loss	19.41		23.48	
	Losson Sale of Fixed Assets	-		-	
	Provision for Tax	-	48.61	-	35.15
	Operating Profit before Working Capital Changes		**(3,171.26)**		**5,220.20**
	(Increase)/Decrease in Current Assets				
	Trade Receivables	-		57,133.68	
	Other Current Assets	-		-	
	Other Non-current Assets	(264.13)		1,601.80	
	Other Financial Assets	-	**(264.13)**	0.00	**58,735.48**
	Increase/(Decrease) in Current Liabilities				
	Trade Payables	(103.03)		27.18	
	Other Current Liabilities	(10.91)		(80.13)	
	Long Term Provision	(73.43)		(2.04)	
	Short Term Provision	(2.56)	**(189.93)**	4.82	**(50.18)**
	Cash Inflow/(Outflow) from Operations		**(3,625.32)**		**63,905.51**
	Direct Taxes Paid				
	Income Tax Paid		-		-
	Income Tax for Earlier years Written Back		-		-
	Net Cash Inflow/ (Outflow) from Operation (A)		**(3,625.32)**		**63,905.51**
B	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets		-		-
	Sale of Fixed Asset and Adjustments		-		-
	Net Cash Inflow/(Outflow) from Investing Activities (B)		**-**		**-**
C	**Cash Flow from Financing Activities**				
	Increase in Share Capital				
	Increase/(Decrease) in Borrowings		1,085.48		(61,167.99)
	Finance Charges		(29.20)		(11.67)
	Net Cash Inflow/(Outflow) from Financing Activities (C)		**1,056.29**		**(61,179.66)**
	Net Change in Cash or Cash Equivalents during the Year		(2,569.03)		2,725.85
	Cash and Cash Equivalents at the beginning of the year		2,827.79		101.94
	Cash and Cash Equivalents at the end of the year		**258.76**		**2,827.79**

For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Rahul Vashishth
Partner
Membership No 097881
UDIN: 23097881BGRLDB9500

Place: New Delhi
Date: 28-04-2023

Madan Lal
Director
DIN: 01479277

Place: Noida
Date: 28-04-2023

Rohit Gogia
Director
DIN: 07467654

Place: Noida
Date: 28-04-2023

Notes to Financial statements for the year ended March 31, 2023

1 Corporate information

Ferrovia Transrail Solutions Private Limited (FTSPL) is promoted by PNC Infratech Limited and BF Infrastructure Limited holding 51% and 49% stake respectively. FTSPL has emerged out of the cordial relations joint efforts of the abovementioned two companies.

FTSPL has been formed for the purpose of carrying out the Project of Design, Procurement, Construction of track and track related works and it's testing & commissioning for double track electrified railway line on a Design Build Lump Sum Basis from New Karwandiya (Rly. Km. 564) to Durgawati (Rly. Km. 630) approx. 66 KMs on Mughalsarai-Sonnagar Section of Eastern Dedicated Freight Corridor (Project) as floated by the Dedicated Freight Corridor Corporation of India Limited (DFCCIL).

BF Infrastructure Ltd. duly acquired the PNC Stake of 51% on 28.02.2023 and hence FTSPL is now 100% Subsidiary of BF Infrastructure Ltd. The company's CIN is U45300DL2012PTC239645.

2 Significant accounting policies

2.1 Basis of preparation

These 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 thereafter.

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Summary of significant 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 equivalents 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.

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 financial statements are presented in INR, which is also its functional currency.

Transactions and balance

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

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 recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

Further, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

c. Investment in subsidiaries and joint ventures

The Company has accounted for its investment in subsidiaries and joint ventures at cost less accumulated impairment.

d. Fair value measurement

The Company measures financial instruments at fair value on initial recognition.

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 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 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.

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.

- Disclosures for valuation methods, significant estimates and assumptions
- Financial instruments (including those carried at amortised cost)

e. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

f. Construction Contracts

Project Revenue is recognized by applying percentage of completion method only when the outcome of the construction activity can be estimated reliably. Project revenue and project cost associated to project related activity is recognized as revenue and expense respectively by reference to stage of completion. The stage of completion is either determined with reference to proportion of cost incurred for work performed to the estimated total cost respectively, or with respect to completion of physical proportion of the contract work. Project revenue is recognized when the stage of completion of the project reaches a significant level as compared to the total estimated cost of the project.

Revenue earned in excess of billing is reflected under "Other Current Assets". Billing to customer in excess of revenue earned is reflected under "Current Liabilities".

g. Sale of goods

Revenue from the domestic sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

h. Interest income

The Company recognizes the Interest income on accrual basis, Interest income is included in other income in the statement of profit and loss.

i. Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

j. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and 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.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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 recognised outside the statement of profit and loss is recognised outside the statement of profit and 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

k. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured property, plant and equipment are capitalised at cost, including non- cenvatable excise duty, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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 the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives; the remaining asset is deprecated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Type of assets	**Estimated useful life**
Office Equipment	5 years
Furniture & Fixture	10 years
Computer	3 years
Software	3 years
Website	3 years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

l. 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.

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.

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

m. 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 cost.

n. Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realizable value.

Dies are valued at cost or net realisable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

o. Provisions and contingent liabilities

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. A 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 beyond 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 disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only 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 arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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.

p. 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 expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

q. 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

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

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.

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 designated as hedging instruments in an effective hedge, 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. 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/ loss 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.

r. Cash and cash equivalents

Cash and cash equivalents 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.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

s. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 (consolidation of shares) 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 and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(In ₹ Thousands)

		As at 31st March 2023	As at March 31, 2022
5.	**Financial Assets**		
	Non-Current		
	Mob Advance to Vendors	-	-
	Total	**-**	**-**
6.	**Other assets**		
	Balances with Customs, Excise and Other Govt authorities	5,396.25	5,132.11
	Total	**5,396.25**	**5,132.11**
7.	**Deferred Tax Liability/Assets**		
	Deferred Tax Liability		
	On account of timing difference in		
	Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting		
	Deferred Tax Asset		
	On account of timing difference in	23.68	47.16
	Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting		
	Net Deferred Tax Liability / Asset	**23.68**	**47.16**
	Deferred Tax Assets/(Liabilities) recognized in Statement of Profit & Loss Account	**23.48**	**(0.86)**
	WDV As Per IT Act.	-	-
	WDV As Per Companies Act	-	-
		-	**-**
	Provision for Gratuity	35.89	66.05
	Provision for Leave Encashment	40.73	86.57
		76.63	**152.62**
	Deferred Tax (Liability)/Assets @ 30.9%	23.68	47.16
	Reversal of DTL	(47.16)	(46.30)
	Deferred Tax Liability / (Asset)	**(23.48)**	**0.86**

(In ₹ Thousands)

		As at 31st March 2023	As at March 31, 2022
8.	**Trade Receivables**		
	Trade Receivables	118,863.01	118,863.01
	Total	**118,863.01**	**118,863.01**

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	**-**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	**-**
(iv) Disputed Trade Receivables–considered good	-	-	-	-	118,863	**118,863**
(v) Disputed Trade Receivables – which have significant increase in credit risk*	-	-	-	-		**-**
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	**-**

* Arbitration has decided the case in Company's favour but Party "Dedicated Freight Corridor Corporation of India Limited" has moved to High Court.

(In ₹ Thousands)

		As at 31st March 2023	As at March 31, 2022
9.	**Cash and Bank Balances**		
	Cash and cash equivalents		
	Balances with banks		
	In Current accounts	214.74	2,764.47
	Cash on hand	44.02	63.31
	Total	**258.76**	**2,827.79**
10.	**Other financial assets**		
	Current		
	Security Deposits	-	-
	Other Receivables	5.00	5.00
	Total	**5.00**	**5.00**

	As at 31st March 2023	As at March 31, 2022
		(In ₹ Thousands)
11. Share Capital		
Equity Share Capital		
AUTHORISED	100	100
10,000.00 shares of par value of Rs.10/- each (Previous year 10,000 shares of par value of Rs.10/- each)		
ISSUED, SUBSCRIBED AND PAID-UP	100	100
10,000.00 shares of par value of Rs.10/- each (Previous year 10,000 shares of par value of Rs.10/- each)		

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Equity Shares	As at 31st March 2023		As at March 31, 2022	
	No.	In Rs.	No.	In Rs.
At the begining of the year	10,000	100	10,000	100
Issued During the year	-	-	-	-
Outstanding at the year end	10,000	100	10,000	100

(b) Terms rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

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

(c) Shares held by holding/ultimate holding company and/or their subsidiaries/ associates

Out of Equity and Preference shares issued by the company , shares held by its holding company are as below :

Details of Equity Shares held by holding company

Particulars	As at 31st March 2023		As at March 31, 2022	
	No.	% Holding	No.	% Holding
PNC Infratech Limited	-	0%	5,100	51%
BF Infrastructure Limited	10,000	100%	4,900	49%
Total	**10,000**	**100%**	**10,000**	**100%**

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding reporting date.

(e) Details of Equity Shareholders holding more that 5% shares in the company

Particulars	As at 31st March 2023		As at March 31, 2022	
	No.	% Holding	No.	% Holding
PNC Infratech Limited	-	0%	5,100	51%
BF Infrastructure Ltd.	10,000	100%	4,900	49%
Total	**100**	**100%**	**100**	**100%**

Shares held by promoters at the end of the year

Promoter name	No. of Shares	%of total shares	% Change during the year
1. PNC Infratech Limited	-	0%	-51.00%
2. BF Infrastructure Limited	10,000	100%	51.00%
Total	**10,000**	**100%**	**-**

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(1) Current reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
100	0	0	0	100

(2) Previous reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
100	0	0	0	100

B. Other Equity

(1) Current reporting period

	Share application money pending allotment	Equity component of compounded financial instruments	Reserves and Surplus										Money received against share warrants	Total
			Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreing operation	Other items of Other Comprehensive Income (specify nature)		
Balance at the beginning of the current reporting period						(14,568.24)						19.41		(14,548.83)
Changes in accounting policy/prior period errors														-
Restated balance at the beginning of the current reporting period														-
Total Comprehensive Income for the current year						(3,196.38)						-		(3,196.38)
Dividends														-
Transfer to retained earnings														-
Any other change (to be specified)														-
Balance at the end of the current reporting period	**-**	**-**	**-**	**-**	**-**	**(17,764.62)**	**-**	**-**	**-**	**-**	**-**	**19.41**	**-**	**(17,745.21)**

(2) Previous reporting period

	Share application money pending allotment	Equity component of compounded financial instruments	Reserves and Surplus										Money received against share warrants	**Total**
			Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreing operation	Other items of Other Comprehensive Income (specify nature)		
Balance at the beginning of the current reporting period						(19,775.91)								**(19,775.91)**
Changes in accounting policy/prior period errors														**-**
Restated balance at the beginning of the current reporting period														**-**
Total Comprehensive Income for the current year						5,184.20						23.48		**5,207.67**
Dividends														**-**
Transfer to retained earnings														**-**
Any other change (to be specified)														**-**
Balance at the end of the current reporting period	**-**	**-**	**-**	**-**	**-**	**(14,591.72)**	**-**	**-**	**-**	**-**	**-**	**23.48**	**-**	**(14,568.24)**

(In ₹ Thousands)

		As at 31st March 2023	As at March 31, 2022
13.	**Provisions**		
	Provision for employee benefits		
	Non Current		
	Provision for gratuity	35.89	66.05
	Provision for jubilee scheme	-	-
	Provision for leave Encashment	38.47	81.75
	Provision for early retirement	-	-
	Total	**74.37**	**147.80**
	Current		
	Provision for leave benefits	2.26	4.82
	Provision for gratuity Short Term		-
	Total	**2.26**	**4.82**
14.	**Borrowings**		
	BF Infrastructure Limited	141,746.82	140,661.33
	Total current borrowings	**141,746.82**	**140,661.33**
15.	**Trade and Other payables**		
	Trade payables	126.54	231.45
	Expenses Payable	173.50	171.63
	Total	**300.04**	**403.07**

Trade Payables aging schedule (In ₹ Thousands)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	**-**
(ii) Others	300.04	-	-	-	**300.04**
(iii) Disputed dues – MSME	-	-	-	-	**-**
(iii) Disputed dues – OTHERS	-	-	-	-	**-**

(In ₹ Thousands)

		As at 31st March 2023	As at March 31, 2022
16.	**Other financial liabilities**		
	Securities Held	-	-
	Dedicated Freight Corridor Corporation of India	-	-
	Duties & Taxes	21.06	31.97
	Total	**21.06**	**31.97**
17.	**Revenue from Operations**		
	Arbitration Award		19,226.50
	Total	**-**	**19,226.50**
18.	**Other income**		
	Scrap Sale	-	-
	Other Income	-	12,161.00
	Creditors Written Off	-	-
	Amount written off	-	-
	Total	**-**	**12,161.00**
19.	**Project Expenses**		
	Site Expenses	-	-
	Testing & Commissioning	-	-
	Total	**-**	**-**
20.	**Employee benefits expense**		
	Salaries, wages and bonus (including managing and whole time director's remuneration)	941.73	1,036.61
	Contributions to provident and other funds / scheme		
	Gratuity Expense	10.27	10.71
	Total	**952.00**	**1,047.32**
21.	**Finance costs**		
	Bank Charges & Other Expenses	29.20	1.57
	Total	**29.20**	**1.57**

(In ₹ Thousands)

		As at 31st March 2023	As at March 31, 2022
22.	**Other expenses**		
	Repairs and maintenance	94.55	35.26
	Rates and taxes	4.53	-
	Legal and professional fees	366.69	382.57
	Payment to Auditors (Refer note 31(a))	165.00	165.00
	Miscellaneous expenses	817.89	1,824.40
	Consultancy Fees	-	1,042.18
	Management Consultancy Fees	790.00	1,005.00
	Write-Off		2,194.15
	Retainership Fee	-	5.00
	Total	**2,238.67**	**6,653.56**
23.	**Other Comprehensive Income**		
	Foreign exchange revaluation differences		
	Currency forward contracts		
	Reclassified to statement of profit and loss		
	Re-measurement gains (losses) on defined benefit plans	19.41	23.48
		19.41	**23.48**

24. Related Party Disclosure as per IND AS-24

Name of related Parties and related parties relationship

Holding Company	BF Infrastructure Limited
Fellow Subsidiary of Holding Company	BF-NTPC Energy Systems Limited
Key Managerial Persons	Mr. Madan Lal (Director)
	Mr. Anil Kumar Rao (Director till 02.03.2023)
	Mr. Pankaj Kumar Agarwal (Director till 02.03.2023)
	Mr. Rohit Gogia (Director appointed with effect from 02.03.2023)

(In ₹ Thousands)

S.N.	Nature of Transaction	Name of Related Party and Nature of Relationship	31-Mar-23	31-Mar-22
1	**Services Received**	**Holding Company**		
		1. BF Infrastructure Limited	-	-
		Total	**-**	**-**
2	**Reimburshment of Expenses**	**Holding Company**		
		1. BF Infrastructure Limited	790.00	1,005.00
		Total	**790.00**	**1,005.00**
S.N.	**Balance Outstanding as at year ended**			
1	**Payable towards Services Received**	**Holding Company**		
		1. BF Infrastructure Limited	790.00	1,005.00
		Total	**790.00**	**1,005.00**
2	**Loan Outstanding**	**Holding Company**		
		1. BF Infrastructure Limited	1,40,956.82	1,40,661.33
		Total	**1,40,956.82**	**1,40,661.33**

25. Gratuity and other Post-employment benefits plans

The company has a defined gratuity plan. Under the gratuity plan every employee who has completed at least five years of service gets a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance in the form of a qualifying insurance poliy.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for respective plan.

Table Showing Change in Present Value of Obligation :

(In ₹ Thousands)

For the Period	As at 31st March 2023	As at March 31, 2022
Projected Benefit Obligatons (PBO) at the beginning of the year	66.05	59.20
Interest Cost	3.25	4.14
Service Cost	10.27	10.71
Benefits paid	(45.37)	-
Actuarial (gain) loss on obligations	1.69	(8.01)
PBO at the end of the year	35.89	66.05

(In ₹ Thousands)

Break Up of Service Cost

For the Period	As at 31st March 2023	As at March 31, 2022
Past Service Cost	-	-
Current Service Cost	10.27	10.71
Curtailment Cost / (Credit) on plan amendments	-	-
Settlement Cost / (Credit) on plan amendments	-	-

TABLE SHOWING CHANGES IN FAIR VALUE OF PLAN ASSETS

For the Period	As at 31st March 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the period	71.01	17.43
Adjustment to Fund	-	-
Transfer In / (Out)	-	-
Interest Income	3.62	1.99
Contributions	-	21.90
Mortality Charges and Taxes	-	-
Benefits paid	(45.37)	-
Amount paid on settlement	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(2.82)	29.69
Fair value of plan assets at the end of the period	26.44	71.01
Actual return on plan assets	0.81	31.68

NET INTEREST (INCOME)/EXPENSE

For the Period	As at 31st March 2023	As at March 31, 2022
Interest (Income) / Expense – Obligation	3.25	4.14
Interest (Income) / Expense – Plan assets	(3.62)	(1.99)
Net interest (Income) / Expense for the year	(0.37)	2.16

REMEASUREMENTS FOR THE YEAR (ACTUARIAL (GAIN) / LOSS)

For the Period	As at 31st March 2023	As at March 31, 2022
Experience (Gain) / Loss on plan liabilities	3.07	(4.35)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	(1.38)	(3.66)
Experience (Gain) / Loss on plan assets	3.06	(29.64)
Financial (Gain) / Loss on plan assets	(0.24)	(0.06)

AMOUNTS RECOGNISED IN STATEMENT OF OTHER COMPREHENSIVE INCOME (OCI)

(In ₹ Thousands)

For the Period	As at 31st March 2023	As at March 31, 2022
Opening amount recognised in OCI outside profit and loss account	(251.91)	(214.20)
Remeasurement for the year -obligation (Gain) / Loss	1.69	(8.01)
Remeasurement for the year -plan asset (Gain) / Loss	2.82	(29.69)
Total Remeasurements Cost / (Credit) for the year recognised in OCI	4.51	(37.71)
Closing amount recognised in OCI outside profit and loss account	(247.40)	(251.91)

THE AMOUNTS TO BE RECOGNISED IN THE BALANCE SHEET

For the Period	As at 31st March 2023	As at March 31, 2022
Present value of obligation at the end of period	35.89	66.05
Fair value of the plan assets at the end of period	26.44	71.01
Surplus / (Deficit)	(9.45)	4.96
Current liability	9.45	1.01
Non-current liability	26.44	65.04
Amount not recognised due to asset ceiling	-	-
Net asset / (liability) recognised in balance sheet	(9.45)	4.96

EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

For the Period	As at 31st March 2023	As at March 31, 2022
Service Cost	10.27	10.71
Acquisition (Gain) / Loss	-	-
Past service cost	-	-
Net interest (Income)/ Expense	(0.37)	2.16
Curtailment (Gain) / Loss	-	-
Settlement (Gain) / Loss	-	-
Transfer In / (Out)	-	-
Net periodic benefit cost recognised in the statement of profit & loss at the end of period	9.90	12.87

RECONCILIATION OF NET ASSET / (LIABILITY) RECOGNISED

(In ₹ Thousands)

For the Period	As at 31st March 2023	As at March 31, 2022
Net asset / (liability) recognised at the beginning of the period	4.96	(41.78)
Company contributions	-	21.90
Benefits directly paid by Company	-	-
Amount recognised outside profit & loss for the year	(4.51)	37.71
Expense recognised at the end of period	(9.90)	(12.87)
Mortality Charges and Taxes	-	-
Impact of Transfer (In) / Out	-	-
Net asset / (liability) recognised at the end of the period	(9.45)	4.96

MAJOR CATEGORIES OF PLAN ASSETS (AS A % OF TOTAL PLAN ASSETS)

For the Period	As at 31st March 2023	As at March 31, 2022
Funds managed by insurer	100%	100%

SENSITIVITY ANALYSIS

(A) Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

	As at 31st March 2023		As at March 31, 2022	
	Discount Rate		Discount Rate	
	6.30%	43.45	6.00%	79.21
	8.30%	29.82	8.00%	55.37

(B) Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

	As at 31st March 2023		As at March 31, 2022	
	Salary increment rate		Salary increment rate	
	5.00%	29.98	5.00%	55.68
	7.00%	43.08	7.00%	78.51

(C) Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

	As at 31st March 2023		As at March 31, 2022	
	Withdrawal rate		Withdrawal rate	
	0.00%	34.57	0.00%	64.18
	2.00%	37.05	2.00%	67.68

(In ₹ Thousands)

		As at 31st March 2023	As at March 31, 2022
26.	**Exceptional Items**		
	Write back of Current Liabilities of borrowings from BF Infrastructure Limited	-	(18,500)
	Total	**-**	**(18,500)**
27.	**EPS Calculation**		
	A. Numerator for Basic and Diluted EPS		
	i. Net profit after tax attributable to shareholders from continuing operations	(3,177)	5,208

28. Significant accounting estimates and assumptions

The preparation of the financial statements of the Company requires management to make estimates and assumptions that affect the reported amounts of 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.

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. The key estimates and assumptions used in the preparation of financial statements are as follows:

The Company has elected to use carrying amount of all its property, plant and equipment as deemed cost as measured in previous GAAP and use that as deemed cost on the date of transition. In respect of assets elected to as per the Ind AS 16. However, the management performed an impairment evaluation of the property, plant and equipement and observed the relisable value / value in use of the property, plant and equipement are more than the carrying value.

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Rahul Vashishth
Partner
Membership No 097881
UDIN: 23097881BGRLDB9500

Place: New Delhi
Date: 28-04-2023

Madan Lal
Director
DIN: 01479277

Place: Noida
Date: 28-04-2023

Rohit Gogia
Director
DIN: 07467654

Place: Noida
Date: 28-04-2023

THIS PAGE IS INTENTIONALLY LEFT BLANK

J S Auto Cast Foundry India Private Limited

Directors

Mr. Sanjeev Nimkar

Mr. S. Rajhagopalan

Mr. Varun Shah

Auditors

ANRK & Associates LLP

Chartered Accountants

2nd Floor, Shreeram Apartments,

1244-B, Apte Road, Deccan Gymkhana,

Pune 411 004

Registered Office

SF No. 165/1, Sembagounden

Pudur Kuppepalayam NA

Coimbatore TN 541 107 IN

Independent Auditors' Report

To the Members of

J S Auto Cast Foundry India Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of J S Auto Cast Foundry India Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year ended, and notes to the Ind AS financial statements, including a summary of the significant 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 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 31 March 2023, its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 SAs are further described in the 'Auditor's Responsibilities for the Audit of the 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 opinion on the Ind AS financial statements.

Other Information

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 Ind AS financial statements and our auditor's report thereon. Our opinion on the 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 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.

Management's responsibility for the 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 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 specified under Section 133 of the Act, read with 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS financial statements, the management and the Board of Directors are 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.

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Ind AS 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 auditors' 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 Ind AS financial statements, including the disclosures, and whether the 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 Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement

on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

2. (A) As required by Section 143 (3) of the Act, we report 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.

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid 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 31 March 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

(B) 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 Ind AS financial statements – Refer Note 39 to the 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. (i) The management has represented that to the best of it's knowledge and belief, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, 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;

(ii) The management has represented that to the best of it's knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, recorded in writing or otherwise, that the Company shall, 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

(iii) Based on such audit procedures which we have 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 (i) and (ii) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

(C) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid/ provided for by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of J S Auto Cast Foundry India Private Limited on the Ind AS financial statements for the year ended 31 March 2023)

(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 intangible assets.

(b) The Company has a regular program of physical verification of its Property, Plant and Equipment, by which all the Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties disclosed in the Ind AS financial statements (other than those properties where the Company is the lessee and the lease agreements are 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, Right of Use assets, or intangible assets during the year.

(e) In our opinion and according to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for Holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) As explained to us, the inventory has been physically verified at reasonable intervals by the management during the year including the inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification by the management is appropriate. There were no cases where the discrepancies exceeded 10% or more in aggregate for each class of inventory which were noticed during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned fresh working capital limits in aggregate, exceeding five crore rupees from a bank 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 Ind AS financial statements, the periodical statements filed by the Company with such bank are in agreement with books of accounts of the Company.

(iii) In our opinion and according to the information and explanations given to us, the Company has not made any investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties during the year. Accordingly, paragraph 3 (iii) of the order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments in or provided guarantee or security to which the provisions of section 185 or section 186 of the Act apply. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and rules made there under relating to the acceptance of deposits are not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act, in respect of the products manufactured by the Company and are of the opinion that prima facie, such accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other material statutory dues were in arrears as at 31 March 2023, for a period of more than six months from the date they became payable.

(b) In our opinion and according to the information and explanations given to us, there are no dues of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other material statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transactions which were not recorded in the books of accounts as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lenders.

(c) In our opinion and according to the information and explanations given to us, the term loans availed during the year were applied for the purpose for which the loans was obtained.

(d) In our opinion and according to the information and explanations given to us, the funds raised on short term basis were not utilized for long term purposes.

(e) In our opinion and according to the information and explanations given to us, the Company does not have any subsidiaries, joint venture or associate companies. Accordingly, paragraph 3 (ix) (e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us, the Company does not have any subsidiaries, joint venture or associate companies. Accordingly, paragraph 3 (ix) (f) of the Order is not applicable to the Company.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year.

(xi) (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all the transactions with related parties are in compliance with section 188 of the Act and the details, as required by the applicable accounting standards, have been disclosed in the Ind AS financial statements. The provisions of Section 177 are not applicable to the Company.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have reviewed the reports of the internal auditors for the period under audit, however we have not placed reliance on the work done by the internal auditor.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of section 192 of the act are not applicable to the Company.

(xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to register itself under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) (a)(b) and (c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, the Company does not have a CIC as a part of the Group.

(xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) During the year, the previous auditors have resigned during the year. The previous auditors have not raised any issues, concerns or objections in their communication with us.

(xix) On the basis of the financial ratios, 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 the management plans presented before us, we are of the opinion that no material uncertainty exists as on the date of the audit report that the Company is 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.

(xx) In our opinion and according to the information and explanations given to us, in respect of ongoing project, the Company has not transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Companies Act, 2013 till the date of our report. However, the time period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report.

(xxi) The paragraph 3 (xxi) of the Order is not applicable to the standalone financial statements of the Company.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of J S Auto Cast Foundry India Private Limited on the Ind AS financial statements for the year ended 31 March 2023)

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 over financial reporting of J S Auto Cast Foundry India Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting ("IFC-FR)" 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 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by ICAI 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 and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 over financial reporting with reference to Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, 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.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

Balance Sheet as at 31 March 2023

(All amounts are in indian Rupees millions, unless otherwise stated)

	Notes	31 March 2023	31 March 2022	1 April 2021
ASSETS				
I. Non-current assets				
Property, plant and equipment	4a	**1,455.12**	1,439.46	1,319.84
Capital work-in-progress	4a and 4b	**69.91**	37.26	40.10
Other intangible assets	5	**3.67**	4.54	5.83
Right-of-use assets	6	**213.68**	149.06	158.14
Financial assets				
(i) Other investments	7	**0.01**	18.10	18.10
(ii) Other financial assets	8	**64.46**	43.64	37.29
Other non-current assets	9	**257.25**	15.11	2.50
Income tax assets	26	**0.48**	-	-
		2,064.58	1,707.17	1,581.80
II. Current assets				
Inventories	10	**596.67**	529.58	363.53
Financial assets				
(i) Current investments	11	**-**	1.30	0.75
(ii) Trade receivables	12	**1,000.89**	652.04	603.51
(iii) Cash and cash equivalent	13	**1.32**	13.38	6.80
(iv) Other bank balances		**-**	10.39	20.15
(v) Other financial assets	14	**15.47**	3.44	3.97
Other current assets	15	**114.61**	215.67	222.74
		1,728.96	1,425.80	1,221.45
		3,793.54	3,132.97	2,803.25
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	**39.68**	39.68	39.68
Other equity	17	**819.54**	720.16	659.47
		859.22	759.84	699.15
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	18	**999.55**	439.87	704.56
(ii) Lease liabilities	6	**103.19**	43.20	55.11
Long term provisions	19	**184.91**	165.68	29.11
Deferred tax liabilities (net)	20	**48.62**	55.48	92.52
		1,336.27	704.23	881.30
Current liabilities				
Financial liabilities				
(i) Borrowings	21	**642.55**	588.47	543.38
(ii) Trade payables	22			
- Dues to micro enterprises and small enterprises		**329.57**	487.98	318.18
- Dues to other than micro enterprises and small enterprises		**496.05**	389.80	279.28
(iii) Lease liabilities	6	**23.74**	16.16	11.13
(iv) Derivative instruments	23	**4.58**	-	-
Other current liabilities	24	**84.65**	75.32	50.21
Short term provisions	25	**16.91**	53.20	1.57
Current tax liabilities	26	**-**	57.97	19.05
		1,598.05	1,668.90	1,222.80
		2,934.32	2,373.13	2,104.10
		3,793.54	3,132.97	2,803.25
Significant accounting policies	1- 2			
Notes to the financial statements	3 - 51			

The accompanying notes form an integral part of the financial statements.
As per our report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number : 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

For and on behalf of the Board of Directors of
J S Auto Cast Foundry India Private Limited

Rajhagopalan Sudharssanam
Director
DIN: 09657337

Place: Pune
Date: 26 April 2023

Sanjeev Maruti Nimkar
Director
DIN : 07869394

Place: Pune
Date: 26 April 2023

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 26 April 2023

Statement of Profit and Loss for the year ended 31 March 2023

(All amounts are in indian Rupees millions, unless otherwise stated)

	Notes	31 March 2023	31 March 2022
Income			
Revenue from operations	27	**4,379.86**	4,104.34
Other income	28	**63.61**	69.58
Total income		**4,443.47**	4,173.92
Expenses			
Cost of raw material consumed	29	**2,008.26**	1,736.81
(Increase) in inventories of finished goods and work-in-progress	30	**(23.80)**	(46.11)
Employee benefits	31	**606.09**	566.02
Depreciation and amortisation	32	**145.11**	141.07
Finance costs	33	**179.09**	195.72
Other expenses	34	**1,368.70**	1,288.35
Total expenses		**4,283.45**	3,881.86
Profit before exceptional items and tax		**160.02**	292.06
Exceptional items	35	**19.92**	173.28
Profit before tax		**140.10**	118.78
Tax expense	20		
Current tax		**52.92**	84.66
Earlier year taxes		**(12.51)**	1.20
MAT credit entitlement		**-**	2.34
Deferred tax		**(5.07)**	(35.29)
		35.34	52.91
Profit for the year		**104.76**	65.87
Other comprehensive income			
Items that will not be reclassified to Statement of Profit and Loss in subsequent years			
- Re-measurement losses on defined benefit plans		**(2.60)**	(6.92)
- Income tax effect on above		**0.65**	1.74
		(1.95)	(5.18)
Items that will be reclassified to Statement of Profit and Loss in subsequent years			
- Net loss on cash flow hedge		**(4.58)**	-
- Income tax effect on above		**1.15**	-
		(3.43)	-
Other comprehensive loss for the year (net of tax)		**(5.38)**	(5.18)
Total comprehensive income for the year (net of tax)		**99.38**	60.69
Basic and diluted earnings per equity share of face value Rupees 10/- each	36	**26.40**	16.60
Significant accounting policies	1- 2		
Notes to the financial statements	3 - 51		

The notes referred to above form an integral part of financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number : 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

For and on behalf of the Board of Directors of
J S Auto Cast Foundry India Private Limited

Rajhagopalan Sudharssanam
Director
DIN: 09657337

Place: Pune
Date: 26 April 2023

Sanjeev Maruti Nimkar
Director
DIN : 07869394

Place: Pune
Date: 26 April 2023

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 26 April 2023

Consolidated Cash Flow Statement for the year ended March 31, 2023

(All amounts are in indian Rupees millions, unless otherwise stated)

	Particulars	As at March 31, 2023	As at March 31, 2022
A	**Cash flow from operating activities**		
	Profit before tax	**140.10**	118.78
	Adjustments for :		
	Add :		
	Depreciation and amortization expense	145.11	141.07
	Interest and other finance cost	179.09	195.72
	Provision for doubtful trade receivables	22.00	0.80
	Interest income	(2.32)	(2.30)
	Unrealised foreign exchange (gain)	(11.43)	-
	(Profit)/loss on sale of property, plant and equipment (net)	(0.41)	2.11
	Operating profit before working capital changes	**472.14**	**456.18**
	Adjustments for changes in :		
	Increase in trade receivables	(359.42)	(49.33)
	Increase in inventories	(67.09)	(166.05)
	Increase in financial assets	(32.85)	(5.82)
	Decrease in other asset	101.06	7.07
	(Decrease)/ increase in trade payables	(52.16)	280.32
	(Decrease)/ increase in provisions	(17.06)	188.20
	Increase in other liabilities	6.73	18.19
	Working capital changes	**(420.79)**	**272.58**
	Income Taxes paid	(98.86)	(49.28)
	Net cash (used in) / generated from operating activities	**(47.51)**	**679.48**
B	**Cash flow from investing activities**		
	Purchase of fixed assets inluding capital-work-in-progess	(416.65)	(317.09)
	Proceeds from sale of fixed assets	4.64	54.88
	Sale of investment in equity instruments (unquoted)	18.10	-
	Purchase of investment in equity instruments (unquoted)	(0.01)	-
	Sale / (purchase) of mutual fund investments	1.30	(0.55)
	Interest income	2.32	2.30
	Net cash flow used in investing activities	**(390.30)**	**(260.46)**

(All amounts are in indian Rupees millions, unless otherwise stated)

	Particulars	As at March 31, 2023	As at March 31, 2022
C	**Cash Flow from financing activities**		
	Proceeds from / (repayment of) non-current borrowings (net)	559.68	(264.69)
	Proceeds from current borrowings (net)	54.08	45.09
	Payment of lease liabilities	(26.32)	(12.68)
	Interest paid on other than lease liabilities	(172.08)	(189.92)
	Net cash flow from / (used in) financing activities	**415.36**	**(422.20)**
	Net decrease in cash and cash equivalents	**(22.45)**	**(3.18)**
	Opening cash and cash equivalents	**23.77**	**26.95**
	Closing cash and cash equivalents	**1.32**	**23.77**
D	**Components of cash and cash equivalents**		
	In cash credit and current accounts	**0.90**	**12.71**
	Balances in Current account	**0.42**	**0.67**
	Deposits with Banks held as margin money	**-**	**10.39**
		1.32	**23.77**

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' set out in Indian Accounting Standard (Ind AS) - 7 on Cash Flow Statements.
2. Prior year comparatives have been reclassified to conform with current year's presentation, wherever applicable.
3. Figures in brackets represent out flows of cash and cash equivalents.

The accompanying notes are an integral part of these financial statements.
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number : 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

For and on behalf of the Board of Directors of
J S Auto Cast Foundry India Private Limited

Rajhagopalan Sudharssanam
Director
DIN: 09657337

Place: Pune
Date: 26 April 2023

Sanjeev Maruti Nimkar
Director
DIN : 07869394

Place: Pune
Date: 26 April 2023

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 26 April 2023

Notes to the financial statements for the year ended 31 March 2023

1. Corporate Information

J S Auto Cast Foundry India Private Limited ("the Company") is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Bharat Forge Limited is the ultimate holding Company and BF Industrial Solutions Limited is the holding Company of the Company. The Company is engaged in the manufacturing and selling of raw and machined castings. The Company caters to both domestic and international markets. The registered office of the Company is located at SF No. 165/1 Sembagounden Pudur, Kuppepalayam, Coimbatore 641107. The Company's CIN is U27310TZ2004PTC011284. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 26 April 2023.

2. Significant Accounting Policies

2.1 Basis of preparation and transition to Ind AS

These 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 to the financial statements of the Company.

For all periods up to and including the year ended March 31, 2022, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 (Indian GAAP). These financial statements for the year ended March 31, 2023 are the first the Company has prepared in accordance with Ind AS. Refer to note 47 for information on how the Company adopted Ind AS.

The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Summary of significant accounting policies

a) Current and 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:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalents 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:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Company classifies all other liabilities as non-current.

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 financial statements are presented in Indian Rupees, which is also its functional currency.

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

c) Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries at cost less accumulated impairment [Refer note 2.2(m)].

d) Fair value measurement

The Company measures financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received on sell of 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 best economic 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 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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 summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 46)
- Quantitative disclosures of fair value measurement hierarchy (note 46)
- Investment in unquoted equity shares (note 6)
- Financial instruments (including those carried at amortised cost) (note 46)

e) Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 15 to 180 days upon delivery.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any.

Export incentives

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days for completion and accordingly, revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected Cash Flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "Other income" in the Statement of Profit and Loss.

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2 (p) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs the obligation as per the contract.

f) 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 or subsidy relates to revenue, it is recognized as income/netted off with expenses on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to Statement of Profit and Loss over the periods and in the proportions in which depreciation on those assets is charged.

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income ("OCI") 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. 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 recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income ("OCI") 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.

Indirect taxes paid on acquisition of assets or on incurring expense

Expenses and assets are recognised net of the amount of indirect 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.

h) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured property, plant and equipment are capitalised at cost, including GST for which credit is not available, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

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 the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on :

- useful lives determined based on internal technical evaluation,
- residual value of respective assets, which are not more than 5% of the original cost of the asset.

Type of asset	**Schedule II life (years)**	**Useful lives estimated by the management (years)**
Building – factories	30	30
Buildings – others (including roads)	5 to 60	10 to 15
Plant and machineries (including electrical installations)	15	8 to 25
Plant and machineries – computers	3	3
Office equipment	5	10
Furniture and fixtures	10	10
Vehicles – Four wheelers	8	8

The Company, based on technical assessment made by a 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 Act. 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.

Freehold land is carried at cost.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 Statement of Profit and Loss in the period in which the expenditure is incurred.

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.

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 and Loss when the asset is derecognised.

Acquired intangible assets which comprise expenditure incurred on acquisition of user licenses for computer software's are amortised over the estimated useful life (say 3 years) on a straight-line basis. The useful life of intangible assets is reviewed by management at each Balance Sheet date.

j) 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.

k) 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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(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 (say 99 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 (m) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate, are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

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.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months 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 that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized 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 incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

l) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realizable value.

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

m) 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, 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.

Intangible assets under development are tested for impairment annually.

Impairment losses of continuing operations including impairment on inventories, are recognised in the Statement of Profit and Loss.

For the assets, 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 exceeds 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 and Loss.

n) Provisions and contingent liabilities

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. A 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 beyond 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 disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only 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 arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

o) Post-employment and other employee benefits

Provident fund

The Company contributes regularly towards the provident fund of its employees to the Government administered pension fund which 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 expenditure, when an employee renders the related service.

Gratuity and other long term benefits

The Company operates a defined benefits plan for its employee’s viz. gratuity scheme and loyalty bonus scheme. Payment for present liability of future payment of gratuity and loyalty bonus is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out for the plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, 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 as asset / liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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.

Financial assets

<u>Initial recognition and measurement</u>

All financial assets except trade or other receivables that result from transactions within scope of IND AS 115, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Trade and other receivables arising as a result of transactions within scope of IND AS 115 are initially recorded at transaction price.

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

<u>Subsequent measurement</u>

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

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through Profit or Loss ('FVTPL')
- Equity instruments are measured at fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss (FVTPL).

Debt instruments at amortized cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual Cash Flows, and

b) 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 other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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 at FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or as at 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 Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity investments not held for trading, 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 investment 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 the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity investment included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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:

a) Financial assets that are debt instruments and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets that are measured at FVTOCI

c) Lease receivables under Ind AS 116

d) 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 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables 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.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

- Debt instruments measured at FVTOCI:

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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.

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, 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.

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 designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and 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.

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 and Loss.

Offsetting of financial instruments

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

q) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. 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. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects statement of profit and 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.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedge

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts and range forward contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs. (refer to note 44).

Amounts recognised as OCI are transferred to statement of profit and loss when the hedged transaction affects profit and loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

r) Cash and cash equivalents

Cash and cash equivalents 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.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

s) Dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

u) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 (consolidation of shares) 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 and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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, including 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 financial statements:

Revenue from contracts with customers

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

a) Identifying contracts with customers

The management of the Company has exercised judgement to determine contract with customers for the purpose of Ind AS 115 and for identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Company enters into contract with customers for goods and services. The Company determined that both the goods and services are capable of being distinct. The Company also determined that the promises to transfer these goods and services are distinct within the context of the contract.

c) Determination of timing of satisfaction of performance obligation

The Company concluded that revenue from sale of goods to be recognised at a point in time and revenue from sale of services to be recognised over a period of time. The Company has applied judgement in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices.

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.

1) Impairment of non-financial assets (tangible and intangible)

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's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the 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 risks specific to the asset. In determining the fair value less costs to 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 or other available fair value indicators.

2) Defined benefit plans

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 43.

3) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

2.4 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards and are effective 1 April 2023. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Title	Key requirements
Disclosure of Accounting Policies- Amendments to Ind AS 1, Presentation of financial statements	The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
Definition of Accounting Estimates- Amendments to Ind AS 8, Accounting policies, changes in accounting estimates and errors	The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
Deferred tax related to assets and liabilities arising from a single transaction- Amendments to Ind AS 12, Income taxes	The amendment requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

Statement of Changes in Equity for the year ended 31 March 2023

(All amounts are in indian Rupees millions, unless otherwise stated)

A. Equity share capital:

Equity shares of Rs. 10 each issued, subscribed and paid up

	Amount
As at April 1 , 2021	39.68
As at March 31, 2022	39.68
As at March 31, 2023	**39.68**

B. Other equity

	Security premium	**Retained earnings**	**Cash flow hedge reserve**	**Total**
Balance as at 1 April 2021	47.83	611.64	-	659.47
- Profit for the year	-	65.87	-	65.87
- Other Comprehensive Income				
- Remeasurement of post employment benefit obligations	-	(5.18)	-	(5.18)
Total comprehensive income	-	60.69	-	60.69
Balance as at 31 March 2022	47.83	672.33	-	720.16
Balance as at 1 April 2022	**47.83**	**672.33**	**-**	**720.16**
- Profit for the year	**-**	**104.76**	**-**	**104.76**
- Other Comprehensive Income				
- Remeasurement of post employment benefit obligations (net of tax)	**-**	**(1.95)**	**-**	**(1.95)**
- Net loss on cash flow hedge (net of tax)	**-**	**-**	**(3.43)**	**(3.43)**
Total comprehensive income	**-**	**102.81**	**(3.43)**	**99.38**
Balance as at 31 March 2023	**47.83**	**775.14**	**(3.43)**	**819.54**

The notes referred to above form an integral part of financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number : 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

For and on behalf of the Board of Directors of
J S Auto Cast Foundry India Private Limited

Rajhagopalan Sudharssanam
Director
DIN: 09657337

Place: Pune
Date: 26 April 2023

Sanjeev Maruti Nimkar
Director
DIN : 07869394

Place: Pune
Date: 26 April 2023

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 26 April 2023

4(a) Property, plant and equipment

(All amounts are in indian Rupees millions, unless otherwise stated)

Particulars	Freehold Land	Building	Plant and equipment	Electrical installations	Furniture and fixtures	Computers	Office equipments	Vehicles	Total	Capital work-in-progress
Deemed cost										
Balance as at 1 April 2021	31.11	243.93	938.44	43.70	22.62	3.49	5.28	31.27	1,319.84	40.10
Additions	-	129.57	127.03	3.71	3.12	0.28	-	3.22	266.93	-
Disposals	-	-	(25.25)	(0.47)	(3.36)	(0.58)	(0.81)	(8.07)	(38.54)	-
Capitalised during the year	-	-	-	-	-	-	-	-	-	(2.84)
Balance as at 31 March 2022	31.11	373.50	1,040.22	46.94	22.38	3.19	4.47	26.42	1,548.23	37.26
Additions	**-**	**8.26**	**108.70**	**10.80**	**4.07**	**4.12**	**-**	**2.05**	**138.00**	**32.65**
Reclassified from right-of-use assets	**-**	**-**	**7.60**	**-**	**-**	**-**	**-**	**-**	**7.60**	**-**
Disposals	**-**	**(0.13)**	**(0.80)**	**(0.01)**	**-**	**-**	**-**	**(2.65)**	**(3.59)**	**-**
Balance as at 31 March 2023	**31.11**	**381.63**	**1,155.72**	**57.73**	**26.45**	**7.31**	**4.47**	**25.82**	**1,690.24**	**69.91**
Accumulated depreciation										
Balance as at 1 April 2021	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	12.88	96.01	5.98	4.05	1.93	0.61	5.76	127.22	-
Disposals	-	-	(11.60)	(0.23)	(1.49)	(0.54)	(0.28)	(4.31)	(18.45)	-
Balance as at 31 March 2022	-	12.88	84.41	5.75	2.56	1.39	0.33	1.45	108.77	-
Charge for the year	**-**	**13.23**	**96.32**	**6.75**	**3.82**	**1.36**	**0.54**	**4.97**	**126.99**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.64)**	**(0.64)**	**-**
Balance as at 31 March 2023	**-**	**26.11**	**180.73**	**12.50**	**6.38**	**2.75**	**0.87**	**5.78**	**235.12**	**-**
									-	
Net block										
Balance as at 1 April 2021	31.11	243.93	938.44	43.70	22.62	3.49	5.28	31.27	1,319.84	40.10
Balance as at 31 March 2022	31.11	360.62	955.81	41.19	19.82	1.80	4.14	24.97	1,439.46	37.26
Balance as at 31 March 2023	**31.11**	**355.52**	**974.99**	**45.23**	**20.07**	**4.56**	**3.60**	**20.04**	**1,455.12**	**69.91**

(b) Capital work in progress ageing schedule

(All amounts are in indian Rupees millions, unless otherwise stated)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1 April 2021					
Projects in progress	40.10	-	-	-	40.10
Projects temporarily suspended	-	-	-	-	-
Total	40.10	-	-	-	40.10
31 March 2022					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	37.26	-	-	37.26
Total	-	37.26	-	-	37.26
31 March 2023					
Projects in progress	**32.65**	**-**	**-**	**-**	**32.65**
Projects temporarily suspended	**-**	**37.26**	**-**	**-**	**37.26**
Total	**32.65**	**37.26**	**-**	**-**	**69.91**

5 Intangible assets

Particulars	Computer and software	Total
Deemed Cost		
Balance as at 1 April 2021	5.83	5.83
Purchase	1.76	1.76
Disposals	-	-
Balance as at 31 March 2022	**7.59**	**7.59**
Purchase	**1.62**	**1.62**
Disposals	-	-
Balance as at 31 March 2023	**9.21**	**9.21**
Amortisation and impairment		
Balance as at 1 April 2021		-
Amortisation	3.05	3.05
Disposals	-	-
Balance as at 31 March 2022	**3.05**	**3.05**
Amortisation	**2.49**	**2.49**
Disposals	-	**-**
Balance as at 31 March 2023	**5.54**	**5.54**
Net block		
Balance as at 1 April 2021	5.83	5.83
Balance as at 31 March 2022	4.54	4.54
Balance as at 31 March 2023	**3.67**	**3.67**

(All amounts are in indian Rupees millions, unless otherwise stated)

6 Leases

(a) Company as lessee

The Company leases factory shed, residential premises, office spaces and plant and equipments, the lease term of which varies from 3 to 9 years for factory shed and 2 to 4 years for residential preises and plant and equipments.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Plant and machinery	Leasehold land	Buildings	Total
As at 1 April 2021	23.25	77.18	57.71	158.14
Additions	-	-	1.72	1.72
Depreciation	(1.78)	(0.80)	(8.22)	(10.80)
As at 31 March 2022	**21.47**	**76.38**	**51.21**	**149.06**
Additions	**24.16**	**-**	**62.72**	**86.88**
Reclassified to property, plant and equipment	**-**	**-**	**(7.60)**	**(7.60)**
Depreciation	**(4.07)**	**(0.80)**	**(10.76)**	**(15.63)**
Depreciation on reclassification	**-**	**-**	**0.97**	**0.97**
As at 31 March 2023	**41.56**	**75.58**	**96.54**	**213.68**

Below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	**31 March 2023**	31 March 2022
Opening Balance	**59.36**	66.24
Additions	**79.16**	1.72
Accretion of Interest	**7.01**	5.80
Payments	**18.60**	14.40
Closing Balance	**126.93**	59.36
Current	**23.74**	16.16
Non Current	**103.19**	43.20

The effective interest rate for lease liabilities is 7.75% p.a. (31 March 2022, 1 April 2021 : 9.03% p.a.)

The Company had total cash outflows for leases of Rs. 19.13 million (31 March 2022: Rs. 15.50 million)

The following are the amounts recognised in statement of profit and loss:

	31 March 2023	31 March 2022
Depreciation expense of right-of-use assets	**15.63**	10.80
Interest expense on lease liabilities	**7.01**	5.80
Expense relating to short-term leases (included in other expenses)	**7.47**	7.85
Total amount recognised in statement of profit or loss	**30.11**	24.45

(All amounts are in indian Rupees millions, unless otherwise stated)

Below are the undiscounted potential future rental payments relating to leases liabilities recognised and outstanding at the end of the year :

Particulars	Within 5 years	More than 5 years	Total
31 March 2023	**128.94**	**23.82**	**152.76**
31 March 2022	67.30	65.87	133.17
01 April 2021	59.41	36.98	96.39

The Company has certain leases of various assets with lease terms of 12 months or less and 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. Accordingly, the amounts recognised in Statement of Profit and Loss (included as a part of "Other expenses") is as under :

Particulars	31 March 2023	31 March 2022
Expense relating to short-term leases	**7.47**	7.85

		31 March 2023	31 March 2022	1 April 2021
7	**Other non-current investments**			
	(at cost, unless otherwise stated)			
	Unquoted			
	Investments designated at fair value through profit or loss (FVTPL)			
	Investment in 600,000 (31 March 2022 : 600,000; 1 April 2021 : 600,000) Class B equity shares of Suryadev Alloys and Power Private Limited	**-**	18.10	18.10
	14% (31 March 2022 : Nil) share in SPI Power LLP	**0.01**	-	-
		0.01	18.10	18.10
8	**Other non-current financial assets**			
	(at amortised cost)			
	Security deposits	**64.46**	43.64	37.29
		64.46	43.64	37.29
9	**Other non-current assets**			
	Capital advances	**257.25**	15.11	-
	MAT Credit Entitlement	**-**	-	2.50
		257.25	15.11	2.50

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022	1 April 2021
10	**Inventories**			
	(valued at lower of cost of net realisable value)			
	Raw materials and components	**195.73**	170.75	110.09
	Work-in-progress	**200.41**	167.67	189.14
	Finished goods	**86.04**	94.98	27.41
	Stores, spares and loose tools	**108.85**	90.59	36.89
	Packing materials	**5.64**	5.59	-
		596.67	529.58	363.53

		31 March 2023	31 March 2022	1 April 2021
11	**Current investments**			
	Unquoted			
	Investments designated at fair value through profit or loss (FVTPL)			
	Investments in mutual funds			
	Nil (31 March 2022: 6,855.429, 1 April 2021: Nil) units SBI Small Cap Fund Regular Growth	**-**	0.71	-
	Nil (31 March 2022: 2,547.47, 1 April 2021: 2,547.16) units SBI Focused Equity Fund Regular Growth	**-**	0.59	0.75
		-	1.30	0.75
	Aggregate value of unquoted investments	**-**	1.30	0.75
12	**Trade receivables**			
	Unsecured (undisputed)			
	Considered good	**1,032.69**	661.84	612.51
	Significant increase in credit risk	**-**	-	-
	Credit impaired	**-**	-	-
	Less: Impairment allowance (including allowance for bad debts and expected credit loss)	**(31.80)**	(9.80)	(9.00)
		1,000.89	652.04	603.51
		1,000.89	652.04	603.51

(All amounts are in indian Rupees millions, unless otherwise stated)

Trade receivable ageing schedule

As at 31 March 2023

Particulars	**Outstanding for following periods from due date of payment**						**Total**
	Not due	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed dues							
(a) Considered good	**905.59**	**127.10**	**-**	**-**	**-**	**-**	**1,032.69**
(b) Which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(c) Credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**905.59**	**127.10**	**-**	**-**	**-**	**-**	**1,032.69**

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues							
(a) Considered good	507.08	154.57	0.19	-	-	-	661.84
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	-	-
Total	507.08	154.57	0.19	-	-	-	661.84

As at 1 April 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues							
(a) Considered good	375.86	228.17	2.61	5.27	0.43	0.17	612.51
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	-	-
Total	375.86	228.17	2.61	5.27	0.43	0.17	612.51

There are no dues from directors, other officers of the Company, either severally or jointly with any other person. Also, there are no dues from firms or private companies in which any director is a partner or a director or a member.

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022	1 April 2021
13	**Cash and bank balances**			
	Cash and bank equivalents			
	Cash in hand	**0.42**	0.67	2.77
	Balance with banks			
	In cash credit and current accounts	**0.90**	12.71	4.03
		1.32	13.38	6.80
	Other bank balances			
	Margin money deposits with original maturity more than three months and remaining maturity less than 12 months	**-**	10.39	20.15
		-	10.39	20.15
	Details of bank balances/deposits			
	Bank balances available on demand	**0.90**	12.71	4.03
	Margin money deposits with original maturity less than three months	**-**	10.39	20.15
		0.90	23.10	24.18
14	**Other current financial assets**			
	(at amortised cost)			
	Security deposits	**13.68**	1.80	2.91
	Loan to employees	**1.79**	1.64	1.06
		15.47	3.44	3.97
15	**Other assets**			
	Balances with government authorities	**77.45**	181.84	205.18
	Advance to suppliers	**33.63**	30.01	17.56
	Prepayments	**3.53**	3.82	-
		114.61	215.67	222.74
16	**Equity share capital**			
	Authorized capital:			
	9,000,000 (31 March 2022, 1 April 2021 : 9,000,000) equity shares of Rs. 10/- each	**90.00**	90.00	90.00
	Issued, subscribed & paid up capital:	**39.68**	39.68	39.68
	3,968,330 (31 March 2022, 1 April 2021 : 3,968,330) equity shares of Rs. 10/- each			
		39.68	39.68	39.68

(All amounts are in indian Rupees millions, unless otherwise stated)

(a) Rights, preference and restrictions attached to the equity shares

The Company has a single class of equity shares having a par value of Rs. 10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	**31 March 2023**		31 March 2022		1 April 2021	
	Number of shares	**Rs. In Millions**	Number of shares	Rs. In Millions	Number of shares	Rs. In Millions
At the beginning of the year	**3,968,330**	**39.68**	3,968,330	39.68	3,968,330	39.68
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**3,968,330**	**39.68**	3,968,330	39.68	3,968,330	39.68

(c) Details of shares held by holding Company

Equity Shares	**31 March 2023**		31 March 2022		1 April 2021	
	Number of shares	**Rs. In Millions**	Number of shares	Rs. In Millions	Number of shares	Rs. In Millions
BF Industrial Solutions Limited*	**3,968,330**	**39.68**	-	-	-	-

*Holding % is calculated considering shares held as nominees of the Ultimate Holding Company.

(d) Details of shareholding of promoters

Name of the promoter	**Number of share held at 31 March 2023**	**% of total shares**	**% Change during the year**
BF Industrial Solutions Limited	**3,968,324**	**100.00%**	**100.00%**
	3,968,324	**100.00%**	**100.00%**

Name of the promoter	Number of share held at 31 March 2022	% of total shares	% Change during the year
S.Jeevanatham	3,024,830	76.22%	0.00%
J. Shanthininala	943,500	23.78%	0.00%
	3,968,330	100.00%	-

Name of the promoter	Number of share held at 1 April 2021	% of total shares	% Change during the year
S.Jeevanatham	3,024,830	76.22%	0.00%
J. Shanthininala	943,500	23.78%	0.00%
	3,968,330	100.00%	-

(e) Details of shareholders holding more than 5% shares in the company

	31 March 2023		31 March 2022		1 April 2021	
	Numbers	**% holding**	Numbers	% holding	Numbers	% holding
BF Industrial Solutions Limited	**3,968,324**	**100.0%**	-	-	-	-
S.Jeevanatham	**-**	**-**	3,024,830	76.22%	3,024,830	76.22%
J. Shanthininala	**-**	**-**	943,500	23.78%	943,500	23.78%
	3,968,324	**100%**	3,968,330	100%	3,968,330	100%

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
17	**Other equity**		
	Securities premium	**47.83**	47.83
	Retained earnings		
	As at the beginning of the year	**672.33**	611.64
	Profit for the year	**104.76**	65.87
	Items of other comprehensive income for the year		
	- Re-measurement losses on defined benefit plans	**(2.60)**	(6.92)
	Less: Income tax effect on above	**0.65**	1.74
		775.14	672.33
	Cash flow hedge reserve		
	As at the beginning of the year	**-**	-
	Add: Net loss on cash flow hedge for the year	**(4.58)**	-
	Less: Income tax effect on above	**1.15**	-
		(3.43)	-
		819.54	720.16

		31 March 2023	31 March 2022	1 April 2021
18	**Borrowings**			
	Non-current			
	Secured *			
	Term loans from banks (refer note A and D)	**885.50**	234.33	301.30
	Term loan from financial institutions (refer note D)	**-**	205.54	392.31
	Unsecured			
	Inter-corporate deposits from ultimate holding Company (refer note B)	**114.05**	-	-
	Loan from directors (refer note C)	**-**	-	10.95
		999.55	439.87	704.56

* For note on current maturities of long term borrowings, refer note 21

Details of interest, terms of repayment and securities provided in respect of long term borrowings :

Note A : Term loans from banks availed during the year

Term loans availed from ICICI bank and IndusInd Bank are repayable in 16 to 20 variable quarterly installments. The quarterly installment amount varies from Rs. 6.00 millions to Rs. 33.00 millions and carries an interest rate ranging from 7.63% p.a. to 7.90% p.a. chargeable seperately.

Out of above, term loan from IndusInd Bank amounting to Rs. 700.00 millions with an initial moratorium of 12 months, was sanctioned by the bank in the month of February 2023, out of which Rs. 239.35 millions were disbursed during the financial year 2022-2023. Accordingly, adjustments are made to the installment amount and current portion of long term borrowings. The term loans are secured by,

(a) Exclusive charge by way of hypothecation on plant and equipment of the Company funded by the respective banks; and

(b) First Pari Passu charge over other plant and machinery of the Company.

Note B : Inter-corporate deposits from Ultimate Holding Company

Inter corporate deposits accepted from the Holding Company are repayable in single bullet payment at the end of 3 years with an option to prepay either partially or fully with one month notice without any penalty. The inter corporate deposits carries an interest of 8.50% p.a.

Note C : Loan from erstwhile directors

Unsecured loans from erstwhile directors are long term in nature and does not carry interest

Note D : Term loans from banks availed during the earlier years

- Term loan from DCB Bank Ltd Rs. Nil (31 March 2022: Rs.194.26 million, 31 March 2021: Rs.244.04 million) was secured by way of exclusive charge on the assets acquired out of the loan, 1st paripassu charge by way of equitable mortgage of residential land at Palladam and the factory land and Building at Kuppepalayam. The loan was guaranteed by erstwhile promoter directors and was repayable in 66 equal installments along with interest rate of 10.6% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from Bharat Forge Limited ("BFL").

- Term loan from DCB Bank Limited Rs. Nil (31 March 2022: Rs.73.80 million, 31 March 2021: Rs.75.89 million) was secured by way of exclusive charge on the assets acquired out of the loan, 1st paripassu charge by way of equitable mortgage of residential land at Palladam & the factory land and building at Kuppepalayam. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments along with interest rate 9.25% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from DCB Bank Ltd Rs. Nil (31 March 2022: Rs.0.01 million, 31 March 2021: Rs.18.61 million) was secured by way of exclusive charge on the assets acquired out of the loan and newly constructed factory building along including factory land in paripassu basis with SBI. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments along with interest rate of 12.34% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Guarantee equitable mortgage emergency credit line from State Bank Of India Rs. Nil (31 March 2022: Rs.23.90 million, 31 March 2021: Rs. Nil) was secured by hypothecation of stocks and receivables and other current assets. The loan was guaranteed by all the erstwhile promoter directors and Mrs.Sundarambal Palanimuthu and was repayable in 48 equal installments along with interest rate of 7.95% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Kotak Mahindra Bank Limited Rs. Nil (31 March 2022: Rs.1.12 million, 31 March 2021: Rs.5.17 million) was secured by personal guarantee of erstwhile promoter directors. The loan was repayable in 24 equal installments along with interest rate of 16% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Bajaj Finance Limited Rs. Nil (31 March 2022: Rs.43.41 millions, 31 March 2021: Rs.44.95 millions) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest rate of 10.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Mahindra and Mahindra Financial Servcies Limited Rs. Nil (31 March 2022: Rs.4.50 million, 31 March 2021: Rs.6.88 million) was secured by personal guarantee of erstwhile promoter directors. The loan was repayable in 51 equal installments along with interest rate of 12.5% p.a.

This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from OXYZO Financial Services Pvt ltd Rs. Nil (31 March 2022: Rs.0.22 million, 31 March 2021: Rs.3.3 million) was secured by personal guarantee of erstwhile promoter directors. The loan was repayable in 36 equal installments along with interest rate of 18% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.12.00 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments along with interest of 11.95% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Sundaram Finance Limited Rs. Nil (31 March 2022: Rs.9.40 million, 31 March 2021: Rs.11.28 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Sundaram Finance Limited Rs. Nil (31 March 2022: Rs.8.99 million, 31 March 2021: Rs.11.34 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Sundaram Finance Limited Rs. Nil (31 March 2022: Rs.1.21 million, 31 March 2021: Rs.1.46 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Sundaram Finance Limited Rs. Nil (31 March 2022: Rs.11.31 million, 31 March 2021: Rs.14.51 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Sundaram Finance Limited Rs. Nil (31 March 2022: Rs.2.30 million, 31 March 2021: Rs.2.77 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Sundaram Finance Limited Rs. Nil (31 March 2022: Rs.6.52 million, 31 March 2021: Rs.8.05 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Sundaram Finance Limited Rs. Nil (31 March 2022: Rs.7.14 million, 31 March 2021: Rs.8.76 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.15.45 million, 31 March 2021: Rs.16.27 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in

60 equal installments along with interest of 11.25% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.7.44 million, 31 March 2021: Rs.13.03 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.8.78 million, 31 March 2021: Rs.13.59 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 11% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.1.35 million, 31 March 2021: Rs.1.91 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.14.31 million, 31 March 2021: Rs.20.84 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.3.16 million, 31 March 2021: Rs.4.85 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments alonf with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.3.46 million, 31 March 2021: Rs.4.86 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 11.29% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Siemens Financial Services Pvt Ltd Rs. Nil (31 March 2022: Rs.5.99 million, 31 March 2021: Rs.8.17 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 48 equal installments along with interest of 12.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.3.18 million, 31 March 2021: Rs.4.70 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 63 equal installments along with interest of 13.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.1.56 million, 31 March 2021: Rs.2.66 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 57 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.4.28 million, 31 March 2021: Rs.6.25 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 57

equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.2.95 million, 31 March 2021: Rs.5.04 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 57 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.3.10 million, 31 March 2021: Rs.5.30 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 57 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.2.41 million, 31 March 2021: Rs.5.04 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 44 equal installments along with interest of 14.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.2.31 million, 31 March 2021: Rs.4.84 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 44 equal installments along with interest of 14.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.58 million, 31 March 2021: Rs.0.96 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 63 equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.1.42 million, 31 March 2021: Rs.2.10 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 63 equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.1.46 million, 31 March 2021: Rs.2.49 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 61 equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.1.23 million, 31 March 2021: Rs.4.50 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 24 equal installments along with interest of 16% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.60.51 million, 31 March 2021: Rs.79.58 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 12% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.47 million, 31 March 2021: Rs.0.79 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 63

equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.3.33 million, 31 March 2021: Rs.7.78 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 54 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.62 million, 31 March 2021: Rs.1.03 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 63 equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.12.04 million, 31 March 2021: Rs.16.55 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.68 million, 31 March 2021: Rs.1.19 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 60 equal installments along with interest of 13.25% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.1.15 million, 31 March 2021: Rs.1.70 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 70 equal installments along with interest of 13% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.38 million, 31 March 2021: Rs.0.38 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 35 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.38 million, 31 March 2021: Rs.0.38 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 43 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.4.61 million, 31 March 2021: Rs.4.61 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 57 equal installments along with interest of 12% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.1.00 million, 31 March 2021: Rs.1.00 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 51 equal installments along with interest of 12.25% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.16 million, 31 March 2021: Rs.0.16 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 36

equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.66 million, 31 March 2021: Rs.0.66 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 28 equal installments along with interest of 15% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.10 million, 31 March 2021: Rs.0.10 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 44 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.33 million, 31 March 2021: Rs.0.33 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 36 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.02 million, 31 March 2021: Rs.0.02 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 35 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.15 million, 31 March 2021: Rs.0.15 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 37 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.79 million, 31 March 2021: Rs.0.79 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 30 equal installments along with interest of 14.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.19 million, 31 March 2021: Rs.0.19 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 44 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.09 million, 31 March 2021: Rs.0.09 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 43 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.44 million, 31 March 2021: Rs.0.44 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 45 equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.0.15 million, 31 March 2021: Rs.0.15 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 35

equal installments along with interest of 14% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.39.22 million, 31 March 2021: Rs.40.93 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 61 equal installments along with interest of 12% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs.4.12 million, 31 March 2021: Rs.6.17 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 63 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.13 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 54 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.31 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 54 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.4.37 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 24 equal installments along with interest of 12% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.42 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 24 equal installments along with interest of 12.25% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.20 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 54 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.47 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 54 equal installments along with interest of 13.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.03 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 12 equal installments along with interest of 14.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.18 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 14 equal

installments along with interest of 12% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.04 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 8 equal installments along with interest of 12.25% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.19 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 13 equal installments along with interest of 12% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Tata Capital Financial services Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.07 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by erstwhile promoter directors and was repayable in 14 equal installments along with interest of 14.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.2.66 million, 31 March 2021: Rs.2.78 million) was secured by way of exclusive charge on the assets in the name of Diectors Mr.Jeevanantham and Mrs.Shanthinimala.The loan was guaranteed by erstwhile promoter directors and was repayable in 180 equal installments along with interest of 9.85% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.2.69 million, 31 March 2021: Rs.2.82 million) was secured by way of exclusive charge on the assets in the name of Diectors Mr.Jeevanantham and Mrs.Shanthinimala.The loan was guaranteed by erstwhile promoter directors and was repayable in 180 equal installments along with interest of 8.6% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.4.58 million, 31 March 2021: Rs.4.78 million) was secured by way of exclusive charge on the assets in the name of Diectors Mr.Jeevanantham and Mrs.Shanthinimala.The loan was guaranteed by erstwhile promoter directors and was repayable in 180 equal installments along with interest of 10.1% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.14 million, 31 March 2021: Rs.0.33 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 10% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.1.04 million, 31 March 2021: Rs.1.69 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 47 equal installments along with interest of 9.85% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.2.87 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 47 equal installments along with interest of 8.01% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.25 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 47 equal installments along with interest of 8.01% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.39 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 48 equal installments along with interest of 11% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.35 million, 31 March 2021: Rs.0.71 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 47 equal installments along with interest of 9.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.46 million, 31 March 2021: Rs.0.91 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 47 equal installments along with interest of 9.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.15 million, 31 March 2021: Rs.0.48 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 9.01% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.69 million, 31 March 2021: Rs.1.05 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 35 equal installments along with interest of 8.71% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.76 million, 31 March 2021: Rs.1.17 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 35 equal installments along with interest of 8.71% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.57 million, 31 March 2021: Rs.0.84 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 35 equal installments along with interest of 8.71% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.02 million, 31 March 2021: Rs.0.13 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 13.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.25 million, 31 March 2021: Rs.0.59 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 9.51% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.35 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 48 equal installments along with interest of 11% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.22 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 48 equal installments along with interest of 11% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.1.15 million, 31 March 2021: Rs.1.46 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 62 equal installments along with interest of 9.35% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.2.28 million, 31 March 2021: Rs.3.47 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 45 equal installments along with interest of 11% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.26 million, 31 March 2021: Rs.0.51 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 47 equal installments along with interest of 9.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.26 million, 31 March 2021: Rs.0.51 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 47 equal installments along with interest of 9.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.0.15 million, 31 March 2021: Rs.0.36 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 9.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs.1.82 million, 31 March 2021: Rs.1.19 million) was secured by way of exclusive charge on the assets acquired out of the loan. The loan was guaranteed by one promoter directors and was repayable in 45 equal installments along with interest of 11% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.1.03 million) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 48 equal installments along with interest of 7.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.26 million) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 11.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.13 million) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 48 equal installments along with interest of 8.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.32 million) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 9.01% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.21 million) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 9.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.83 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 30 equal installments along with interest of 11% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.16 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 18 equal installments along with interest of 10.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.63 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 48 equal installments along with interest of 10.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from State Bank Of India Rs. Nil (31 March 2022: Rs.0.24 million, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 36 equal installments along with interest of 10.75% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from HDFC Bank Limited Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.4.03 million) was secured by personal guaranteed by erstwhile promoter directors and was repayable in 24 equal installments along with interest of 15% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from RBL Bank Ltd Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.1.92 million) was secured by personal guarantee of promoter directors and was repayable in 36 equal installments along with interest of 16% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Capital Float Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.59 million) was secured by personal guarantee of promoter directors and was repayable in 40 equal installments along with interest of 16% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.
- Term loan from Skoda Financial Services Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs.0.13 million) was secured by way of exclusive charge on the assets acquired out of the loan.The loan was guaranteed by one promoter directors and was repayable in 48 equal installments along with

interest of 8.62% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

- Term loan from DMG Mori Finance GmbH Rs. Nil (31 March 2022: Rs. Nil, 31 March 2021: Rs. Nil) was secured by way of exclusive charge on the assets acquired out of the loan..The loan was repayable in 61 equal installments along with interest of 2.5% p.a. This loan was repaid in full during FY 2022-23 out of the proceeds received from inter-corporate deposits accepted from BFL.

(All amounts are in indian Rupees millions, unless otherwise stated)

	31 March 2023	31 March 2022	1 April 2021
19 Long term provisions			
Provision for gratuity (refer note 43)	**53.70**	42.24	29.11
Provision for employee benefits (refer note 43)	**131.21**	123.44	-
	184.91	165.68	29.11

20 Deferred tax liabilities (net) and income taxes

The major components of income tax expense for the years ended 31 March 2023, 31 March 2022 and 1 April 2021 are :

	31 March 2023	31 March 2022
(A) Statement of Profit and Loss:		
Current income tax :		
Current tax	**52.92**	84.66
Earlier year taxes	**(12.51)**	1.20
MAT credit entitlement	**-**	2.34
Deferred tax :		
Deferred tax	**(5.07)**	(35.29)
Income tax expense reported in the statement of profit and loss	**35.34**	52.91
(B) Deferred tax related to items recognised in other comprehensive income:		
- Re-measurement losses on defined benefit plans	**0.65**	1.74
- Net gain on FVTOCI equity securities	**1.15**	-
Income tax charged to other comprehensive income	**1.80**	1.74

(All amounts are in indian Rupees millions, unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended 31 March 2023 and 31 March 2022	**31 March 2023**	31 March 2022
Profit before tax	**140.10**	118.78
Enacted income tax rate	**25.17%**	29.12%
Applicable income tax rate of 25.168% (31 March 2022: 29.12%)	**35.26**	34.59
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Tax effect on right-of-use asset	**(2.47)**	0.02
Tax rate change impact	**-**	5.82
Other allowances	**10.90**	-
Other disallowances	**2.26**	11.88
Earlier year tax adjustment	**(12.51)**	1.20
MAT credit entitlement	**-**	(2.34)
Others	**1.90**	1.74
Total	**35.34**	52.91

Major components of deferred tax as at 31 March 2023, 31 March 2022 and 1 April 2021 are :

Deferred tax liability (net)	**Balance Sheet**		
	31 March 2023	31 March 2022	1 April 2021
Deferred tax relates to the following:			
Property, plant and equipment	**95.58**	93.39	82.89
Right-of-use assets	**19.38**	19.65	19.62
Allowance for doubtful debts - trade receivables	**(8.00)**	(2.47)	(2.27)
Allowance for inventory	**(7.55)**	-	-
Provision for expenses allowable on payment basis	**(36.08)**	(43.61)	-
Provision for retirement benefits	**(14.71)**	(11.48)	(7.72)
Net deferred tax liabilities	**48.62**	55.48	92.52

Major components of deferred tax for the year ended 31 March 2023, 31 March 2022 and 1 April 2021:

Reflected in the balance sheet as follows			
Deferred tax assets	**(66.34)**	(57.56)	(9.99)
Deferred tax liabilities	**114.96**	113.04	102.51
Deferred tax liabilities (net)	**48.62**	55.48	92.52

(All amounts are in indian Rupees millions, unless otherwise stated)

Reconciliation of deferred tax liabilities (net)	31 March 2023	31 March 2022
Opening balance	**55.49**	92.52
Tax expense income during the period recognised in profit or loss	**(5.07)**	(35.29)
Tax expense during the period recognised in other comprehensive income	**(1.80)**	(1.74)
Net deferred tax expense for the year	**(6.87)**	(37.03)
Closing balance	**48.62**	55.49

Deferred tax expense/(income)	Statement of Profit and Loss	
Deferred tax relates to the following:	**31 March 2023**	31 March 2022
Property, plant and equipment	**2.19**	10.50
Right-of-use assets	**(0.27)**	0.03
Allowance for doubtful debts - trade receivables	**(5.53)**	(0.20)
Allowance for inventory	**(7.55)**	-
Provision for expenses allowable on payment basis	**7.53**	(43.61)
Provision for retirement benefits	**(3.24)**	(3.75)
Deferred tax expense	**(6.87)**	(37.03)

		31 March 2023	31 March 2022	1 April 2021
21	**Current borrowings**			
	Secured			
	From banks (refer note 18(A) and 18(D))	**492.27**	240.00	239.92
	From financial institutions (refer note 18(D))	**-**	140.48	199.55
	Current maturities of long term borrowings	**150.28**	207.99	103.91
		642.55	588.47	543.38

Details of interest, terms of repayment and securities provided in respect of secured short term borrowings :

Note A : Current borrowings outstanding at end of the year

Working capital loans from banks includes export bill discounting, working capital demand loan and Cash Credit facilities availed from ICICI Bank Limited that carries an interest rate equivalent to 6 month bank MLCR plus 0.75%p.a. and are repayable on demand. The facilities are secured by first parri passu charge by way of hypothecation on all current assets, including but not limited to inventories and trade receivables, of the subsidiary which has availed the facilities.

		31 March 2023	31 March 2022	1 April 2021
22	**Trade payables**			
	Due to micro enterprises and small enterprises (MSME) (refer note 38)	**329.57**	487.98	318.18
	Due to others	**496.05**	389.80	279.28
		825.62	877.78	597.46

(All amounts are in indian Rupees millions, unless otherwise stated)

Trade payables ageing schedule

As at 31 March 2023

Particulars	**Outstanding for following periods from due date of payment**					**Total**
	Not due	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed						
MSME	**210.91**	**117.65**	**1.01**	**-**	**-**	**329.57**
Others	**216.89**	**200.14**	**0.31**	**-**	**-**	**417.34**
Unbilled *	**-**	**-**	**-**	**-**	**-**	**78.71**
Total	**427.80**	**317.79**	**1.32**	**-**	**-**	**825.62**

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed						
MSME	252.74	218.70	13.25	2.46	0.83	487.98
Others	205.80	133.13	4.84	1.51	4.79	350.07
Unbilled *	-	-	-	-	-	39.73
Total	458.54	351.83	18.09	3.97	5.62	877.78

As at 1 April 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed						
MSME	64.24	239.72	12.00	2.22	-	318.18
Others	162.79	61.10	4.98	5.87	0.69	235.43
Unbilled *	-	-	-	-	-	43.85
Total	227.03	300.82	16.98	8.09	0.69	597.46

*Unbilled represents accural for expenses

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022	1 April 2021
23	**Derivative instruments**			
	Forward contracts designated as cash flow hedge	**4.58**	-	-
		4.58	-	-
24	**Other current liabilities**			
	Employee contributions and recoveries payable	**25.94**	24.69	16.48
	Salaries and wages payable	**32.15**	26.86	24.88
	Other interest	**0.70**	-	-
	Intererst accured and due towards micro and small suppliers	**16.12**	11.74	-
	Statutory dues	**9.74**	12.03	8.85
		84.65	75.32	50.21
25	**Short term provisions**			
	Provision for gratuity (refer note 43)	**4.76**	3.36	1.57
	Provision for employee benefits (refer note 43)	**12.15**	49.84	-
		16.91	53.20	1.57

		31 March 2023	31 March 2022	1 April 2021
26	**Income taxes**			
	Income tax assets	**0.48**	-	-
	Income tax liabilities	**-**	57.97	19.05
		0.48	(57.97)	(19.05)

		31 March 2023	31 March 2022
27	**Revenue from operations**		
	Sale of goods	**4,299.33**	3,989.89
	Sale of services	**-**	0.31
	Other operating revenue:		
	Sale of scrap	**32.98**	33.78
	Export incentives	**43.73**	75.50
	Others	**3.82**	4.86
		4,379.86	4,104.34
	(a) Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**1,838.46**	1,749.83
	Revenue from within India	**2,541.40**	2,354.51
	Total Revenue from operations	**4,379.86**	4,104.34

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
	(b) Revenue recognised from contract liabilities outstanding at the beginning of the year :	**-**	-
	(c) Reconciliation of the revenue as per contracted price with revenue recognised in the Statement of Profit and Loss :		
	Revenue from operations	**4,379.86**	4,104.34
	Less : Export incentives from government	**(43.73)**	(75.50)
	Revenue from contract with customers	**4,336.13**	4,028.84
	Add : Discounts allowed to customers	**-**	-
	Add : Sales rejections/returns	**64.97**	24.27
	Revenue as per contracted price	**4,401.10**	4,053.11
28	**Other income**		
	Net gain on fair valuation of financial instruments ("FVTPL")	**-**	0.55
	Gain on sale of property, plant and equipment	**0.48**	0.35
	Interest Income	**2.32**	2.30
	Foreign exchange gain (net)	**60.81**	66.38
		63.61	69.58
29	**Cost of raw materials and components consumed**		
	Inventory of raw materials at the beginning of the year	**176.34**	110.09
	Add: Purchases	**2,033.29**	1,803.06
	Less: Inventory of raw materials at the end of the year	**(201.37)**	(176.34)
	Cost of raw materials and components consumed	**2,008.26**	1,736.81
30	**(Increase) in finished goods and work-in-progress**		
	Inventory at the beginning of the year :		
	Finished goods	**94.98**	27.40
	Work in progress	**167.67**	189.14
		262.65	216.54
	Inventory at the end of the year :		
	Finished goods	**86.04**	94.98
	Work in progress	**200.41**	167.67
		286.45	262.65
		(23.80)	(46.11)

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
31	**Employee benefits expense**		
	Salaries, wages and bonus	**565.84**	533.01
	Contribution to provident and other funds	**27.60**	23.34
	Gratuity expenses	**12.65**	9.67
		606.09	566.02
32	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	**126.99**	127.22
	Depreciation of right-of-use assets	**15.63**	10.80
	Amortisation of intangible assets	**2.49**	3.05
		145.11	141.07
33	**Finance costs**		
	Interest on lease liabilities	**7.01**	5.80
	Interest to MSME vendors	**4.38**	11.74
	Interest on term loans	**103.06**	87.36
	Interest on working capital demand loans	**64.07**	89.89
	Interest on other loans	**0.57**	0.93
		179.09	195.72

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2023	31 March 2022
34	**Other expenses**		
	Consumption of stores and spares	**276.55**	193.99
	Labour charges	**245.16**	277.29
	Power and fuel	**386.14**	363.69
	Repairs and maintenance		
	- Machinery	**87.84**	118.27
	- Vehicles	**18.56**	18.14
	- Building	**58.16**	63.14
	Lease rent	**7.47**	7.85
	Selling and distribution expenses	**176.22**	182.99
	Rates and taxes	**32.01**	7.39
	Communication expenses	**1.70**	1.55
	Printing and stationery expenses	**4.00**	3.91
	Legal and professional fees	**25.90**	18.89
	Travelling and conveyance	**9.74**	4.27
	Websiteand software expenses	**10.65**	13.30
	Loss on sale of assets	**0.07**	2.46
	Provision for doubtful debts	**22.00**	0.80
	Net loss on fair valuation of financial instruments (FVTPL)	**0.55**	-
	Payment to auditors [Refer note (a) below]	**1.93**	1.05
	Expenditure towards Corporate Social Responsibity ('CSR') (refer note 41)	**1.24**	4.52
	Miscellaneous expenses	**2.81**	4.85
		1,368.70	1,288.35
	(a) Payment to auditors		
	Statutory audit	**1.18**	0.75
	Limited review	**0.60**	-
	Tax audit	**-**	0.20
	Others	**0.15**	0.10
		1.93	1.05

35	**Exceptional items**		
	Loyalty bonus expenses	**19.92**	173.28
		19.92	173.28

Note:

The Company has designed a scheme of loyalty bonus to be paid to certain employees at the time of acquisition of the Company by BF Industrial Solutions Limited which was recognised as per the provisions of Ind AS 19 - Employee Benefits.

(All amounts are in indian Rupees millions, unless otherwise stated)

36 Earnings per share ('EPS')

Earnings per share has been computed as under :

	Particulars		31 March 2023	31 March 2022
A	Profit after tax	INR million	**104.76**	65.87
B	Weighted average number of equity shares outstanding during the year	Nos.	**3,968,330**	3,968,330
C	Nominal value of each share	in Rs.	**10.00**	10.00
D	Basic and diluted earning / (loss) per share (A/B)	INR	**26.40**	16.60

37 Segment information

Reportable segments

The Board of Directors have been identified as the Chief Operating Decision-Maker who examine the Company's performance both from a product and geographic perspective. The Chief Operating Decision Maker has identified only one reportable segment of "Foundry and Castings" comprising of castings and machined components for different sectors/industries. Hence the revenue, expenses, results, assets and liabilities disclosed in the financial statements of the Company are allocable to one segment.

Geographical information

(i) Segment revenue from customers		
- within India	**2,541.40**	2,354.51
- outside India	**1,838.46**	1,749.83
	4,379.86	4,104.34

	31 March 2023	31 March 2022	1 April 2021
(ii) Segment assets			
- within India	**1,999.63**	1,645.43	1,526.41
- outside India (trade receivables)	**776.32**	549.24	738.51
	2,775.95	2,194.67	2,264.92

(All amounts are in indian Rupees millions, unless otherwise stated)

38 Disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSME')

Particulars	31 March 2023	31 March 2022	01 April 2021
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as below			
- Principal amount due to micro and small enterprises	**329.57**	487.98	318.18
- Interest due on above balance	**4.38**	11.74	-
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprises Development Act, 2006, along with the amounts of the payments made to supplier beyond the appointed day during each accounting year.	**-**	-	-
(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 Micro and Small Enterprise Development Act, 2006.	**-**	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	**16.12**	11.74	-
(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 enterprise for the purpose of purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprises Developments Act, 2006.	**-**	-	-

39 Contingent liabilities

Contingent liabilities (to the extent not provided for):

	31 March 2023	31 March 2022	01 April 2021
Claims against Company not acknowleged as debts	**18.20**	-	-

40 Capital and other commitments

	31 March 2023	31 March 2022	01 April 2021
Capital and other commitments	**209.46**	34.53	31.93

41 Corporate Social Responsibility ('CSR')

As per provisions of section 135 of the Companies Act, 2013, the Company was required to spend INR 4.11 million, (31 March 2022 : INR 3.43 million) being 2% of average net profits of the last three financial years, in pursuance to its Corporate Social Responsibility policy on the activities specified in Schedule VII of the Act. The Company has spent INR 2.17 million (31 March 2022: INR 4.40 million) towards Corporate Social Responsibility activities. The break-up of expenditure incurred on Corporate Social Responsibility activities is as follows:

	31 March 2023	31 March 2022
Gross amount required to be spent during the year	4.11	3.43
Amount spent during the year in cash on:		
(i) construction / acquisition of any asset	-	-
(ii) on purposes other than (i) above (including excess spent of earlier year)	2.17	4.40
Total amount unspent, if any*	1.94	-

*The Company has utilised the excess contribution of Rs. 0.97 million of previous year towards Corporate Social Responsibility against Corporate Social Responsibility obligation of current year

(All amounts are in indian Rupees millions, unless otherwise stated)

42 Related party transactions

A. Enterprises exercising control over the Company

Bharat Forge Limited	Ultimate Holding Company
BF Industrial Solutions Limited	Holding Company

B. Individuals exercising control over the Company

Sanjeev Nimkar	Additional Director (from 1 July 2022)
Varun Shah	Additional Director (from 1 July 2022)
Rajhagopalan Sudharssanam	Additional Director (from 1 July 2022)
Jeevanantham Subramanian	Managing Director (till 1 July 2022)
Shanthinimala Jeevanantham	Director (till 1 July 2022)
Chandramohan Madhan	Chief Financial Officer (from 5 October 2021)

C. Enterprises over which the Company or the key managerial personnel ('KMP') of the Ultimate Holding Company exercises control or significant influence :

Kalyani Powertrain Limited	Subsidiary of the ultimate holding company
BF Industrial Technology & Solutions Limited	Company where KMPs of Ultimate Holding Company exercise control

D. Transactions with the above related parties and balances as at and for the year :

S.N.	Name of the related party	31 March 2023		31 March 2022		1 April 2021
		Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)	Balance receivable/ (payable) (Rs.)
1	**BF Industrial Solutions Limited**					
	Other expenses	**0.70**	**(0.01)**	-	-	-
	Reimbursement of expenses received	**0.64**	**-**	-	-	-
2	**Bharat Forge Limited**					
	Intercorporate deposit accepted	**950.00**	**(114.05)**	-	-	-
	Intercorporate deposit repaid	**835.95**	**-**			
	Interest on inter corporate deposit	**27.61**	**-**	-	-	-
	Sale of goods	**0.12**	**0.14**	-	-	-
3	**BF Industrial Technology & Solutions Limited**					
	Purchase of property, plant and equipment	**3.93**	**-**	-	-	-
4	**Kalyani Powertrain Limited**					
	Sale of goods	**0.13**	**-**	-	-	-
5	**Jeevanantham Subramanian**					
	Sale of property, plant and equipment	**-**	**-**	23.97	-	-
	Unsecured loan accepted	**-**	**-**	3.50	-	(9.95)
	Unsecured loan repaid	**-**	**-**	2.70	-	-
	Trade receivable	**-**	**-**	-	-	15.74
	Remuneration paid	**1.05**	**-**	4.20	-	-
6	**Shanthinimala Jeevanantham**					
	Unsecured loan accepted	**-**	**-**	0.80	-	(1.00)
	Unsecured loan repaid	**-**	**-**	0.18	-	-
	Remuneration paid	**1.95**	**-**	7.80	-	-
7	**Chandramohan Madhan**					
	Remuneration paid	**6.14**	**(0.77)**	6.50	-	-

(All amounts are in indian Rupees millions, unless otherwise stated)

43 Details of employee benefits as required by the IND AS 19 Employee benefits :

(A) Defined Contribution Plan

The Company makes provident fund contributions to defined contributions plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 24.01 million (31 March 2022 : Rs. 20.08 million) for Provident Fund contribution in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

(B) Defined Benefit Plan

Defined benefit plans comprises of Post-employment benefits plan mainly gratuity and other long term employee benefits mainly comprising of compensated absences. These are measured at each Balance Sheet date based on actuarial valuation carried out by an independent actuary using projected unit credit method. The breakup is as follows:

Particulars	**31 March 2023**	31 March 2022	01 April 2021
Non-current	**53.70**	42.24	29.11
Current	**4.76**	3.36	1.57
Gratuity	**58.46**	45.60	30.68
Non-current	**131.21**	123.44	-
Current	**12.15**	49.84	-
Loyalty bonus	**143.36**	173.28	-

(C) The defined benefit plan comprise of gratuity plan under which an employee, who has rendered at least five years of continuous, service, to receive fifteen by twenty-six days salary for each year of completed service at the time of retirement/exit. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan :

	31 March 2023	31 March 2022	01 April 2021
a) Statement showing changes in present value of obligation as at the end of the year			
Present value of defined benefit obligation as at the beginning of the year	**45.60**	30.68	24.80
Current service cost	**8.68**	7.56	4.58
Interest cost	**3.97**	2.11	1.61
Benefits paid	**(2.39)**	(1.67)	(2.89)
Actuarial (gains) / losses	**2.60**	6.92	2.58
Present value of defined benefit obligation as on Balance Sheet date.	**58.46**	45.60	30.68
b) Fair value of net assets as at the end of the year	**-**	-	-
c) Analysis of defined benefit obligation :			
Present value of defined benefit obligation	**58.46**	45.60	30.68
Fair value of plan assets	**-**	-	-
Net liability recognized in the Balance Sheet	**58.46**	45.60	30.68

(All amounts are in indian Rupees millions, unless otherwise stated)

	31 March 2023	31 March 2022
d) Expenses recognized in the Statement of Profit and Loss		
Current service cost	**8.68**	7.56
Interest cost (net of interest income from plan assets)	**3.97**	2.11
Gratuity expense recognized in the Statement of Profit and Loss	**12.65**	9.67
e) Expenses recognized in Other Comprehensive Income		
Actuarial losses / (gains)	**(2.60)**	(6.92)
Gratuity expense recognized in the Statement of Profit and Loss	**(2.60)**	(6.92)

f) Actuarial assumptions

i) Discount Rate (%)	**7.48%**	7.48%	7.08%
ii) Salary Escalation (%)	**5.00%**	5.00%	5.00%
iii) Withdrawal Rate (%)	**5.00%**	5.00%	5.00%
iv) Retirement age (In years)	**58**	58	58
v) Mortality rate	**Indian Assured Lives Mortality (2012-14) Ult.**	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.

g) Sensitivity analysis of present value of defined benefit obligation to 1% change in key assumptions

Particulars	31 March 2023		31 March 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	**(5.27)**	**6.21**	4.93	(4.17)
Salary Escalation rate	**5.77**	**(5.00)**	4.66	(4.06)
Withdrawal rate	**0.96**	**(1.10)**	0.79	(0.91)

h) Expected cash flows

Particulars	31 March 2023	31 March 2022	01 April 2021
Year 1	**4.66**	3.36	1.57
Year 2	**4.11**	2.61	2.04
Year 3	**3.23**	3.00	1.51
Year 4	**2.80**	2.31	1.83
Year 5	**2.46**	1.98	1.24
Year 6 - 10	**9.98**	7.63	-

B) Other long term employee benefits

Other long term employee benefits mainly comprises of loyalty bonus payable to employees in future years. They are measured at each Balance Sheet date based on actuarial valuation carried out by an independent actuary using projected unit credit method. Following amount has been charged to the Consolidated Statement of Profit and Loss on account of the same:

Particulars	31 March 2023	31 March 2022
Loyalty bonus	**19.92**	173.28
Total	**19.92**	173.28

(All amounts are in indian Rupees millions, unless otherwise stated)

44 Financial Risk Management

The Company's principal financial liabilities comprises of loans, borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and bank balances that is derived directly from its operations.

The Company is exposed to market risks, credit risks and liquidity risks. The Company's management oversees the management of these risks. The management of the Company ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's risk objectives. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

(A) Market risks

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments in mutual funds and trade receivables.

(i) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Particulars	**31 March 2023**			31 March 2022			1 April 2021		
	Weighted average interest rate	**Balance (INR millions)**	**% of total loans**	Weighted average interest rate	Balance (INR millions)	% of total loans	Weighted average interest rate	Balance (INR millions)	% of total loans
Term loan from bank	**7.75%**	**1,377.77**	**100%**	7.75%	1,028.34	100%	7.75%	1,247.94	100%

Sensitivity

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of change interest rates

Impact on profit after tax	31 March 2023	31 March 2022	1 April 2021
Interest rates - increase by 50 basis points *	**68.89**	5.14	62.40
Interest rates - decrease by 50 basis points *	**(68.89)**	(5.14)	(62.40)

* Holding all other variables constant.

(ii) Foreign currency risks

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and Company's net investment in foreign subsidiaries. The Company does not hedge its foreign currency exposures.

The Company's management frequently monitors the trade receivables in foreign currency on a regular basis. The credit period extended to the foreign customers is restricted to not more than 180 days, thus ensuring that the exchange rate fluctuations does not materially affect the cash inflows in functional currency (INR).

(All amounts are in indian Rupees millions, unless otherwise stated)

The Company's exposure to the foreign currency risk is as follows :

Particulars	Currency	31 March 2023		31 March 2022		1 April 2021	
		Amount in foreign currency	**Amount in INR**	Amount in foreign currency	Amount in INR	Amount in foreign currency	Amount in INR
Financial assets							
Foreign currency trade receivables	USD	**5.95**	**489.21**	4.04	302.17	4.12	297.47
	Euro	**3.21**	**287.11**	2.93	247.08	5.10	441.04
Financial liabilities							
Borrowings	USD	**(0.45)**	**(36.05)**	(0.24)	(15.73)	(0.36)	(24.42)
Trade payables	USD	**(0.02)**	**(1.88)**	(0.05)	(3.86)	(0.05)	(4.24)
Trade payables	Euro	**-**	**(0.09)**	-	(0.09)	-	(0.09)
Net exposure to foreign currency risks	USD	**5.48**	**451.28**	3.75	282.58	3.71	268.81
Net exposure to foreign currency risks	Euro	**3.21**	**287.02**	2.93	246.99	5.10	440.95

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	31 March 2023		31 March 2022		1 April 2021	
		Impact on profit		Impact on profit		Impact on profit	
		Increase by 5%	**Decrease by 5%**	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Net exposure to foreign currency risks	**USD**	**(22.56)**	**22.56**	(14.13)	14.13	(13.44)	13.44
Net exposure to foreign currency risks	**Euro**	**(14.35)**	**14.35**	(12.35)	12.35	(22.05)	22.05

Other price risks

The Company has a policy of investing its surplus funds in mutual funds, interest bearing term deposits and other highly marketable debt investments . The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company’s investment policy approved by the Board of Directors.

Cash flow hedges

To effectively manage the foreign currency risk, the Company has entered into foreign exchange forward contracts that are measured at fair value through OCI (i.e) forward contracts are designated as hedging instruments in cash flow hedges against highly probable forecast sales transactons in US Dollar and Euro.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

(All amounts are in indian Rupees millions, unless otherwise stated)

Particulars	March 31, 2023		March 31, 2022		1 April 2021	
	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	**-**	**4.58**	-	-	-	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Purpose	Currency	March 31, 2023		March 31, 2022		1 April 2021	
			Foreign Currency In Million *	**In Rs. Million ***	Foreign Currency In Million *	In Rs. Million *	Foreign Currency In Million *	In Rs. Million *
Forward Contracts	Hedging of highly probable forecast sales	USD	**(1.20)**	**(99.05)**	-	-	-	-
Forward Contracts		EURO	**(1.50)**	**(133.28)**	-	-	-	-

*Amount in INR and foreign currency represents the amount of forward contracts purchased.

The cash flow hedges of the expected future sales during the year ended 31 March 2023 had a net unrealised loss of Rs. 4.58 millions (31 March 2022: Rs. Nil), with a deferred tax charge/credit of Rs. 1.15 millions (31 March 2022 : Rs. Nil) relating to the hedging instruments, is included in other comprehensive income.

(B) Credit risks

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 and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. At 31 March 2023, receivable from Company's top 5 customers accounted for approximately 40.67 % (31 March 2022 : 48.11 %, 1 April 2021: 54.56%) of all the receivable outstanding. An impairment analysis is performed at each reporting date on an individual basis for major customers. The calculation is based on historical data and subsequent expectation of receipts. 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) Other receivables, deposits with banks, mutual funds and loans granted

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with reputed banks and financial institutions were the counterparty risk is minimum.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2023, 31 March 2022 and 1 April 2021 is the carrying amounts as illustrated in the respective notes.

(C) Liquidity risks

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations as they fall due, due to insufficient availability of cash or cash equivalents. The Company's approach to managing liquidity is to ensure, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to Company's reputation.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2023, 31 March 2022 and 1 April 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in liquid mutual funds, interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of the Company’s financial liabilities

(All amounts are in indian Rupees millions, unless otherwise stated)

Particulars	Less than 1 year	1 - 5 Years	More than 5 years	Total
31 March 2023				
Borrowings	**642.55**	**999.55**	**-**	**1,642.10**
Lease liabilities	**23.74**	**82.89**	**20.30**	**126.93**
Trade payables	**825.62**	**-**	**-**	**825.62**
Derivative instruments	**4.58**	**-**	**-**	**4.58**
Total	**1,496.49**	**1,082.44**	**20.30**	**2,599.23**
31 March 2022				
Borrowings	588.47	439.87	-	1,028.34
Lease liabilities	16.16	18.99	24.21	59.36
Trade payables	877.78	-	-	877.78
Total	1,482.41	458.86	24.21	1,965.48
1 April 2021				
Borrowings	543.38	704.56	-	1,247.94
Lease liabilities	11.13	26.68	28.43	66.24
Trade payables	597.46	-	-	597.46
Total	1,151.97	731.24	28.43	1,911.64

45 Capital management

For the purpose of the Company’s capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. 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.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 has adopted the objectives, policies or processes of Bharat Forge Limited (the ultimate holding company) for managing capital during the years ended 31 March 2023, 31 March 2022 and 1 April 2021

(All amounts are in indian Rupees millions, unless otherwise stated)

Particulars	31 March 2023	31 March 2022	01 April 2021
Equity share capital	**39.68**	39.68	39.68
Reserves and surplus	**819.54**	720.16	659.47
Total equity	**859.22**	759.84	699.15
Debt	**1,642.10**	1,028.34	1,247.94
Total debt	**1,642.10**	1,028.34	1,247.94
Net debt to equity ratio	**1.91**	1.35	1.78

46 Fair value measurement

A Financial instruments by category

The financial instruments are measured at Amortised cost, Fair Value through Profit and Loss ("FVTPL") and Fair Value through Other Comprehensive Income ("FVOCI")

	Particulars	31 March 2023			31 March 2022			1 April 2021		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
	Financial assets									
(a)	Non current investment	**0.01**	**-**	**0.01**	18.10	-	-	18.10	-	-
(b)	Current investment	**-**	**-**	**-**	1.30	-	-	0.75	-	-
(c)	Trade receivables	**-**	**-**	**1,000.89**	-	-	652.04	-	-	603.51
(d)	Loan to employees	**-**	**-**	**1.79**	-	-	1.64	-	-	1.06
(e)	Cash and cash equivalents	**-**	**-**	**1.32**	-	-	23.77	-	-	26.95
(f)	Security deposits	**-**	**-**	**78.14**	-	-	45.44	-	-	40.20
	Total financial assets	**0.01**	**-**	**1,082.15**	19.40	-	722.89	18.85	-	671.72
	Financial liabilities									
(a)	Long-term borrowings	-	**-**	**999.55**	-	-	439.87	-	-	704.56
(b)	Short-term borrowings	-	**-**	**642.55**	-	-	588.47	-	-	543.38
(c)	Lease liabilities	-	**-**	**126.93**	-	-	59.36		-	66.24
(d)	Derivative instruments	-	**4.58**	**-**	-	-	-	-	-	-
(e)	Trade payables	-	**-**	**825.62**	-	-	877.78	-	-	597.46
	Total financial liabilities	**-**	**4.58**	**2,594.65**	-	-	1,965.48	-	-	1,911.64

i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(All amounts are in indian Rupees millions, unless otherwise stated)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Total financial assets				
31 March 2023	**0.01**	**-**	**-**	**0.01**
31 March 2022	19.40	-	-	19.40
1 April 2021	18.85	-	-	18.85
Total financial liabilities				
31 March 2023	**4.58**	**-**	**-**	**4.58**
31 March 2022	-	-	-	-
1 April 2021	-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, lease liabilities, trade payables, long term borrowings, short term borrowings and all other financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

iii) Valuation technique used to determine fair value

Fair value of forward contracts outstanding as at the balance sheet date is determined using marked to market valuation received from bank.

iv) Valuation technique used to determine fair value

Fair value of market linked investments is determined using Net Asset Value ('NAV') report issued by mutual fund house.

47 First time adoption of Indian Accouting Standards

These financial statements, for the year ended 31 March 2023, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 1 April 2021, the Company has prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (‘Indian GAAP’).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2023, together with the comparative period data as at and for the year ended 31 March 2022, as described in the summary of significant accounting policies. In preparing these financial statements, the Company’s opening balance sheet was prepared as at 1 April 2021, the Company’s date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2021 and the financial statements as at and for the year ended 31 March 2021.

A. Exceptions applied

Ind AS 101 allows first time adopters certain exemptions and certain optional exceptions from the retrospective application of certain requirements under Ind AS as follows:

1) Estimates

The estimates at 1 April 2021 and at 31 March 2022 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

FVTOCI – unquoted and quoted equity shares

FVTPL – debt securities

Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2021, the date of transition to Ind AS and as of 31 March 2022.

2) Classification and measurement of financial assets

The Company has classified financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

3) Derecognition of financial assets and financial liabilities

The Company has elected to apply derecognition requirements for financial assets and financial liabilities as per Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1) Deemed cost for Property, plant and equipment and Intangible assets

The Company has elected to continue with the carrying value for all of its property, plant and equipment and Intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition.

B Reconciliations between previous GAAP and Ind AS

The following reconciliations provide the effect of transition to Ind AS from I GAAP in accordance with Ind AS 101

1 Balance sheet as at 1 April 2021 and 31 March 2022

2 Statement of profit and loss for the year ended 31 March 2022

3 Reconciliation of total equity as at 1 April 2021 and 31 March 2022

4 Reconciliation of total comprehensive income for the year ended 31 March 2022

5 Total comprehensive income for the year ended 31 March 2022

6 Cash flow statement for the year ended 31 March 2022

(All amounts are in indian Rupees millions, unless otherwise stated)

(i) Reconciliation of assets, liabilities and equity as previously reported under IGAAP to Ind AS

		As at 31 March 2022			As at 1 April 2021		
Particulars	**Note**	IGAAP *	Effects of transition to Ind AS	Ind AS	IGAAP *	Effects of transition to Ind AS	Ind AS
ASSETS							
I. Non-current assets							
Property, plant and equipment	2	1,553.80	(114.34)	1,439.46	1,438.15	(118.31)	1,319.84
Capital work-in-progress		37.26	-	37.26	40.10	-	40.10
Other intangible assets		4.54	-	4.54	5.83	-	5.83
Right-of-use assets	2	-	149.06	149.06	-	158.14	158.14
Financial assets							
(i) Other investments		18.10	-	18.10	18.10	-	18.10
(ii) Other financial assets	2	55.87	(12.23)	43.64	52.01	(14.72)	37.29
Other non-current assets		11.22	3.89	15.11	2.50	-	2.50
Total non-current assets		1,680.79	26.38	1,707.17	1,556.69	25.11	1,581.80
Current assets							
Inventories		529.58	-	529.58	363.53	-	363.53
Financial assets							
(i) Current investments		0.75	0.55	1.30	0.75	-	0.75
(ii) Trade receivables	1, 2	651.84	0.20	652.04	602.50	1.01	603.51
(iii) Cash and cash equivalent		13.38	-	13.38	6.80	-	6.80
(iv) Other bank balances		10.39	-	10.39	20.15	-	20.15
(v) Other financial assets		3.44	-	3.44	3.97	-	3.97
Other current assets		215.67	-	215.67	222.74	-	222.74
Total current assets		1,425.05	0.75	1,425.80	1,220.44	1.01	1,221.45
Total assets		3,105.84	27.13	3,132.97	2,777.13	26.12	2,803.25

(All amounts are in indian Rupees millions, unless otherwise stated)

Particulars	Note	As at 31 March 2022			As at 1 April 2021		
		IGAAP *	Effects of transition to Ind AS	Ind AS	IGAAP *	Effects of transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		39.68	-	39.68	39.68	-	39.68
Other Equity	1 - 7	718.27	1.89	720.16	740.14	(80.67)	659.47
		757.95	1.89	759.84	779.82	(80.67)	699.15
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Borrowings	6	656.62	(216.75)	439.87	825.24	(120.68)	704.56
(ii) Lease liabilities	2	-	43.20	43.20	-	55.11	55.11
Long term provisions	3	342.24	(176.56)	165.68	29.11	-	29.11
Deferred tax liabilities (net)	4	(45.88)	101.36	55.48	35.20	57.32	92.52
Total non-current liabilities		952.98	(248.75)	704.23	889.55	(8.25)	881.30
Current liabilities							
Financial liabilities							
(i) Borrowings							
(ii) Trade payables		487.98	-	487.98	318.18	-	318.18
- Dues to micro enterprises and small enterprises		389.80	-	389.80	279.28	-	279.28
- Dues to other than micro enterprises and small enterprises	2	380.48	207.99	588.47	439.47	103.91	543.38
(iii) Lease liabilities	2	-	16.16	16.16	-	11.13	11.13
(iv) Derivative instruments			-			-	
Other current liabilities		75.32	-	75.32	50.21	-	50.21
Short term provisions	3	3.36	49.84	53.20	1.57	-	1.57
Current tax liabilities (Net)		57.97	-	57.97	19.05	-	19.05
Total current liabilities		1,394.91	273.99	1,668.90	1,107.76	115.04	1,222.80
Total liabilities		2,347.89	25.24	2,373.13	1,997.31	106.79	2,104.10
Total equity and liabilities		3,105.84	27.13	3,132.97	2,777.13	26.12	2,803.25

* The I GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(All amounts are in indian Rupees millions, unless otherwise stated)

(ii) Reconciliation of Statement of Profit and Loss for the year ended 31 March 2022

		Year ended 31 March 2022		
Particulars	**Note**	IGAAP *	Effects of transition to Ind AS	Ind AS
Income				
Revenue from operations	2	4,100.20	4.14	4,104.34
Other income	1(b), 2	68.79	0.79	69.58
		4,168.99	4.93	4,173.92
Expenses				
Cost of raw materials and components consumed		1,736.81	-	1,736.81
Change in inventories of finished goods, work-in-progress, dies and scrap		(46.11)	-	(46.11)
Employee benefits expense	3 (a)	572.94	(6.92)	566.02
Depreciation and amortisation expenses	2	134.18	6.89	141.07
Finance costs	2, 6	187.89	7.83	195.72
Other expenses	1, 2	1,298.03	(9.68)	1,288.35
		3,883.74	(1.88)	3,881.86
Profit before exceptional items and tax [i - ii]		285.25	6.81	292.06
Exceptional items gain/ (loss)	3 (b)	300.00	(126.72)	173.28
Profit/ (Loss) before tax		(14.75)	133.53	118.78
Income tax expense/ (income)				
Current tax		84.66	-	84.66
Income Tax Relating To Previous Years		1.20	-	1.20
MAT Credit Entitlement - Current		2.34	-	2.34
Deferred tax	4	(81.08)	45.79	(35.29)
Tax expense		7.12	45.79	52.91
Profit for the year		(21.87)	87.74	65.87
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in				
subsequent periods (net of tax)				
- Re-measurement gains/(loss) on defined benefit plans	3 (a)	-	(6.92)	(6.92)
Income tax effect	3 (a)	-	1.74	1.74
Other comprehensive (loss) for the year (net of tax)		-	(5.18)	(5.18)
Total comprehensive (loss)/income for the year (net of tax)		(21.87)	82.56	60.69

* The I GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(All amounts are in indian Rupees millions, unless otherwise stated)

(ii) Reconciliations between Ind AS and previous GAAP for equity and profit or loss are given below

Particulars	Note	Profit Reconciliation	Equity Reconciliation	
		For the year ended 31 March 2022	As at 31 March 2022	As at 1 April 2021
Profit after tax/ total equity as per previous GAAP		(21.87)	757.95	779.82
Ind AS Adjustments [Increase in equity/(decrease in equity)]:				
a) Impact of amortisation of borrowing cost as per Ind AS 109	1, 6	2.11	4.46	2.35
b) Impact of expected credit loss as per Ind AS 109	1(a)	(0.80)	(9.80)	(9.00)
c) Impact of fair value gain on current investments as per Ind AS 109	1(b)	0.55	0.55	-
d) Impact of leases as per Ind AS 116	2	(1.98)	(18.68)	(16.70)
e) Impact of accounting of loyalty bonus as per Ind AS 19	3 (b)	126.72	126.72	-
f) Deferred tax effect on above	4	(44.04)	(101.36)	(57.32)
Total		**82.56**	**1.89**	**(80.67)**
g) Actuarial loss of employee benefits schemes transferred to other comprehensive income (net of tax)	3 (a)	5.18	-	-
Profit after tax/ Equity as per Ind AS		**65.87**	**759.84**	**699.15**

(iii) Reconciliation of Cash Flow for year ended 31 March 2022

Particulars	Note	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	5	348.20	331.28	679.48
Net cash flows from investing activities	5	(248.49)	(11.97)	(260.46)
Net cash flows from financing activities	5	(102.89)	(319.31)	(422.20)
Net increase/(decrease) in cash and cash equivalents	5	**(3.18)**	**(0.00)**	**(3.18)**
Opening Cash and cash equivalents	5	26.95	0.00	26.95
Effect of exchange rate change on the balance of cash held in foreign currency			-	
Closing Cash and cash equivalents		**23.76**	**0.00**	**23.77**

1. Financials Instrument

a. Trade receivables

Under Indian GAAP, the Company has created provision for impairment of receivables which consists only in respect of specific amount for probable losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to ECL model, the Company impaired its trade receivable by INR 9 million (net of related deferred tax) on 1 April 2021 which has been eliminated against other equity.

b. **Mutual fund**

Under Previous GAAP, current investments in instruments such as mutual funds are recognised at cost or net realisable value, whichever is lower. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in Statement of profit and loss for the year ended 31 March 2023, 31 March 2022 and 1 April 20221.

2. Leases

Under Previous GAAP, lease rentals were recognised as an expense after giving straight lining impact. Under Ind AS 116, the lessee shall recognise right of use assets and lease liabilities at the inception of lease. Right of use asset shall be depreciated over the lease period and lease liability shall be classified as financial liability and finance cost shall be charged on it for each reporting period. The above calculated amount is cumulative of depreciation on right-of-use assets, finance cost element and reversal of lease rent expenses. The Company recognised present value of lease payments as lease liability with corresponding recognition of right of use of assets (except for low value and short term leases).

3. Defined benefit liabilities

a. Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of Statement of Profit and Loss. There is no impact on total equity.

b. Loyalty Bonus: In Indian GAAP, the provision of loyalty bonus is recognsied as at the balance sheet date. Under Ind AS, the Company has discounted the present value of future cash flows for certain components of loyalty bonus and obtained based on actuarial valuation report for other components to recognise the loyalty bonus payable accrual at each balance sheet date.

4. Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. This has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in other equity or a separate component of equity.

5. Impact on cash flow

The transition from Previous GAAP to Ind AS has no material impact on the statement of cash flow except term loans and lease liabilities.

6. Borrowings

The Company recognized the transaction costs pertaining to the borrowings immediately in the statement of profit and loss under Indian GAAP. The unamortized portion of such cost was recognized as part of ‘prepaid expense’ on the date of transition to Ind AS. As per Ind AS 109, borrowings are measured at amortized cost and hence, unamortized portion of transaction costs has been adjusted against the amount of borrowings and not shown separately as part of assets and all the transaction costs are amortised over the period of loan.

48 Additional regulatory information required by Schedule III of the Act

(a) Title deeds of immovable property not held in name of the Company

The title deeds of all immovable properties (other than those properties where the Company is the lessee and the lease agreements are executed in favour of the lessee) are held in the name of the Company.

(b) Valuation of Property, plant and equipment

The Company has not revalued its Property, Plant and Equipment during the current or previous financial year. The Company does not hold any investment property.

(c) Loans or advances granted to promoters, directors, Key Managerial Personnel (KMPs) and the related parties

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person.

(d) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(e) Reconciliation of returns or statements submitted with banks or financial institution

The Company has availed borrowings from banks on the basis of security of current assets. The periodical statements of current assets filed by the Company with such banks are in agreement with books of accounts of the Company.

(f) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or other lenders.

(g) Relationship with struck off Companies

The Company has no transactions with companies struck off under the Companies Act, 2013 or the Companies Act, 1956.

(h) Registration of charges or satisfaction with Registrar of Companies

The Company does not have any charge which is yet to be registered or satisfied with Registrar of Companies beyond the statutory period.

(i) Compliance with number of layers of companies

The Company has complied with the rules related to the number of layers of subsidiary prescribed under the Act.

(All amounts are in indian Rupees millions, unless otherwise stated)

(j) Accounting ratios

	Ratio	31 March 2023	31 March 2022	% Change in ratio	Reasons
(a)	Current ratio	**1.08**	0.85	27%	Refer note (i)
(b)	Debt-Equity ratio	**1.91**	1.35	41%	Refer note (ii)
(c)	Debt Service Coverage ratio	**0.24**	0.36	-33%	Refer note (ii)
(d)	Return on equity ratio	**0.13**	0.09	43%	Refer note (iii)
(e)	Inventory turnover ratio	**3.52**	3.79	-7%	NA*
(f)	Trade receivables turnover ratio	**5.30**	6.54	-19%	NA*
(g)	Trade payables turnover ratio	**7.68**	9.24	-17%	NA*
(h)	Net Capital turnover ratio	**2.63**	2.65	-1%	NA*
(i)	Net Profit ratio	**0.02**	0.02	0%	NA*
(j)	Return on Capital employed ratio	**0.13**	0.17	-27%	Refer note (iii)
(k)	Return on investment ratio	**0.04**	0.04	14%	NA*

NA* - variance in ratio is not more than 25%, accordingly no explanation for variance is detailed out.
NA** - the Company neither holds any inventories nor has any debts, accordingly the ratios are not aplicable.

(a) Current Ratio = Current Assets / Current liabilities

(b) Debt-Equity Ratio = Total Debt / Total equity

(c) Debt Service Coverage Ratio = Earnings available for debt service / Debt service

(d) Return on Equity Ratio = Profit for the year / Average equity

(e) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

(f) Trade receivables turnover ratio = Revenue from operations / Average Trade receivables (including unbilled revenue)

(g) Trade payables turnover ratio = Other expenses / Average Trade payables

(h) Net capital turnover ratio = Revenue from operations / Average Working Capital (Current assets - current liabilities)

(i) Net profit ratio = Profit for the year / Revenue from operations

(j) Return on Capital employed = EBIT / (Tangible networth +Total debt)

(k) Return on investment = Profit for the year / (Debt + Total equity)

Ratios explanation :

(i) During the current financial year, Bharat Forge Limited acquired all the issued, subscribed and paid up capital of the Company from the erstwhile shareholders and obtained control w.e.f 01 July 2022. After the acquisition, the overall working capital positions and cash flows arising from operations improved on account of many factors including but not limited to : availability of working capital funding at reduced rates (compared to previous years), funds infused by BHarat Forge Limited byt way of Inter-corporate deposits, improved product margins and contribution. Accordingly, the current ratio improved significantly.

(ii) The management of the Company has planned future expansion programs and capital expenditure that will be mainly funded through debts. Accordingly, an additional term loan facility of Rs. 700.00 millions from InduInd bank was also sanctioned. This has resulted in an overall increase in debt equity ratio and simultaneous reduction in debt service coverage ratio.

(iii) During the previous financial year, a loyalty bonus scheme for certain employees was formulated and an exceptional items of Rs. 173.28 million was accounted for. Accordingly, the overall profitability of the Company was lower in the previous financial year as compared to the current financial year accordingly, the return on equity ratio of previous year was reduced.

(iv) The return on capital ratio has reduced significantly on account of simultaneous impacts of items mentioned in point (iii) and point (iv).

(k) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current year or previous year.

(l) Utilisation of borrowed funds and share premium

The Company has not advanced or granted any loan or invested funds to any other person(s) or entity(is), 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.

The Company has not received any fund from any person(s) or entity(is), 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.

(m) Undisclosed income

There is no income surrendered or disclosed as income, which is not recorded in books of accounts during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(n) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

49 During the year, the Company has entered into a Business Transfer Agreement with Indo Shell Mould Limited for acquisition of its SEZ unit situated at SIPCOT Engineering SEZ for a total consideration of INR 600.50 million, subject to fulfilment of certain conditions as set forth in the agreement. As at the end of the year, the transaction is not yet concluded as the transferee is in the process of completing the conditions set out in the agreement.

50 The audit of previous year was conducted by a firm other than ANRK & Associates LLP.

51 Prior year comparatives

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

As per our report of even date attached
For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number : 107739
UDIN: 23107739BGZMII2143

Place: Pune
Date: 26 April 2023

For and on behalf of the Board of Directors of
J S Auto Cast Foundry India Private Limited

Rajhagopalan Sudharssanam
Director
DIN: 09657337

Place: Pune
Date: 26 April 2023

Sanjeev Maruti Nimkar
Director
DIN : 07869394

Place: Pune
Date: 26 April 2023

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 26 April 2023

Kalyani Centre for Precision Technology Limited

Directors

Mr. Kedar Dixit

Mr. Nitin Mahajan

Mr. Sadashiv Patil

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

C/o Bharat Forge Ltd.

Pune Cantonment,

Mundhwa,

Pune 411 036 MH

Independent Auditor’s Report

To the Members of Kalyani Centre for Precision Technology Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kalyani Centre for Precision Technology Limited** (“the Company”) which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules thereunder, and We have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the Board’s Report including Annexures to Board’s Report, but does not include the financial statements and our auditor’s report thereon. The Board’s Report including Annexures to Board’s Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and We will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board’s Report including Annexures to Board’s Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, We give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN: 23142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI CENTRE FOR PRECISION TECHNOLOGY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the 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 and relevant details of right-of-use assets.

(B) The Company does not carry any intangible assets.

(b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising stock of Stores, spares, loose tools, scrap and work in progress was physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, The Company is required to submit bi-monthly budgeted cash flow statements to the bank. Since the statements are filed on budgeted basis, the figures mentioned in the statements do not necessarily agree with the books of account.

(iii) The Company has not made any investments in, provided any guarantee or security during the year to companies, firms, limited liability partnerships or any other parties. In respect of the loans or advances in the nature of loans, secured or unsecured, no amount has been granted by the Company during the year to companies, firms, limited liability partnerships or any other parties.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was found to be regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanation given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 any cash losses during the financial year covered by this report and also in the preceding financial year.

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN: 23142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI CENTRE FOR PRECISION TECHNOLOGY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Kalyani Centre For Precision Technology Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN: 23142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

Balance sheet as at 31st March, 2023

(In ₹ Thousands)

			Notes	As at 31st March, 2023	As at 31st March, 2022
I.	**ASSETS**				
1	**Non-current assets**				
	a)	Property, plant and equipment	3	**478,949.66**	462,783.94
	b)	Capital work in progress	3	**9,686.47**	44,881.04
	c)	Right of use assets	4	**288,262.41**	130,875.65
	d)	Financial assets			
		i) Other financial assets	5	**50.00**	105.13
	e)	Other non-current assets	6	**30,823.77**	59,137.14
	Income tax assets (net)		7	**11,579.55**	11,365.64
				819,351.86	709,148.54
2	**Current assets**				
	a)	Inventories	8	**63,717.01**	46,057.82
	b)	Financial assets			
		i) Trade receivable	9	**113,142.64**	78,259.59
		ii) Cash and cash equivalents	10	**1,716.20**	3,682.62
		iii) Bank balances other than (ii) above	10	**1.81**	2,695.99
		iv) Other financial assets	11	**85.39**	75.00
	c)	Other current assets	12	**71,207.46**	44,754.10
				249,870.51	175,525.12
		TOTAL :		**1,069,222.37**	884,673.66
II	**EQUITY AND LIABILITIES**				
1	**Equity**				
	a)	Equity share capital	13	**690,883.30**	690,883.30
	b)	Other equity	14	**39,060.29**	(13,712.27)
				729,943.59	677,171.03
2	**Non current liabilities**				
	a)	Financial liabilities			
		i) Lease liabilities	31	**234,460.05**	89,297.07
	b)	Provisions	15	**297.06**	107.98
	c)	Deferred tax liabilities (net)	16	**6,114.00**	1,282.00
				240,871.11	90,687.05
3	**Current liabilities**				
	a)	Financial liabilities			
		i) Borrowings	17	**-**	50,009.25
		ii) Lease liabilities	31	**32,492.32**	9,208.21
		iii) Trade payables	18		
		Dues to micro enterprises and small enterprises		**2,405.36**	1,643.06
		Dues to other than micro enterprises and small enterprises		**62,139.82**	54,826.38
		iv) Other financial liabilities	19	**149.50**	88.50
	b)	Provisions	20	**12.81**	4.40
	c)	Other current liabilities	21	**1,207.86**	1,035.78
				98,407.67	116,815.58
		TOTAL :		**1,069,222.37**	884,673.66
	Significant accounting policies and notes forming an integral part of the financial statements		**1 to 42**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 24th April, 2023

Statement of profit and loss for the year ended 31st March, 2023

(In ₹ Thousands)

		Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
I	**Revenue from operations**	21	**481,528.23**	265,172.10
II	**Other income**	22	**2,648.73**	2,054.45
III	**Total income**		**484,176.96**	267,226.55
IV	**Expenses**			
	Changes in inventories of work in progress and scrap	23	**(7,840.87)**	(1,330.53)
	Employee benefit expenses	24	**33,526.40**	16,007.95
	Finance costs	25	**20,166.69**	9,296.06
	Depreciation & amortisation expense	26	**83,240.71**	49,066.95
	Other expenses	27	**284,035.02**	181,225.00
	Total expenses		**413,127.95**	254,265.43
V	**Profit before tax**		**71,049.01**	12,961.12
VI	**Tax expenses**			
	Current tax		**13,425.00**	645.20
	Deferred tax		**4,836.90**	5,664.00
			18,261.90	6,309.20
VII	**Profit for the year**		**52,787.11**	6,651.92
VIII	**Other comprehensive income**			
	Other comprehensive income not to be reclassified to profit and loss in the subsequent period			
	- Remeasurement of (losses)/ Gains of defined benefit plans		**(19.45)**	(32.58)
	- Tax saving on above		**4.90**	8.20
	Total other comprehensive income, net of tax		**(14.55)**	(24.38)
IX	**Total Comprehensive Income for the year**		**52,772.56**	6,627.54
X	**Earnings per share (of ₹ 10/- each):**			
	(a) Basic (In ₹)	32	**0.76**	0.10
	(b) Diluted (In ₹)	32	**0.76**	0.10
	Significant accounting policies and notes forming an integral part of the financial statements	**1 to 42**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 24th April, 2023

Statement of changes in equity for the year ended 31st March, 2023

a Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	In ₹ Thousands	Nos.	In ₹ Thousands
As at beginning of the year	**69,088,330**	**690,883.30**	69,088,330	690,883.30
Changes in equity share capital due to prior period errors.	-	-	-	-
Restated balance at the beginning of the current reporting period.	**69,088,330**	**690,883.30**	69,088,330	690,883.30
Changes in equity share capital due to prior period errors.	-	-	-	-
Equity share capital issued during the year	-	-	-	-
As at end of the year	**69,088,330**	**690,883.30**	69,088,330	690,883.30

b Other equity (In ₹ Thousands)

	Retained Earnings	Total other equity
As at beginning of the year	(20,339.81)	(20,339.81)
Changes in equity share capital due to prior period errors.	-	-
Restated balance at the beginning of the current reporting period.	(20,339.81)	(20,339.81)
Total comprehensive income for the year	6,627.54	6,627.54
Balance as at 31st March, 2022	(13,712.27)	(13,712.27)
Changes in equity share capital due to prior period errors.	-	-
Restated balance at the beginning of the current reporting period.	**(13,712.27)**	**(13,712.27)**
Total comprehensive income for the year	**52,772.56**	**52,772.56**
Balance as at 31st March, 2023	**39,060.29**	**39,060.29**

c Total equity (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Equity share capital	**690,883.30**	690,883.30
Other equity	**39,060.29**	(13,712.27)
Total :	**729,943.59**	677,171.03
Significant accounting policies and notes forming an integral part of the financial statements	**1 to 42**	

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 24th April, 2023

Cash Flow Statement for the year ended 31st March, 2023

(In ₹ Thousands)

			Year ended 31st March, 2023	Year ended 31st March, 2022
(A)	**Cash flow from operating activities**			
	Profit before tax		**71,049.06**	12,961.08
	Adjusted for :			
	Depreciation and amortization expenses		**83,240.70**	49,066.95
	Interest received on bank and other deposits		**(234.37)**	(119.38)
	Interest paid on lease liabilties		**16,439.58**	9,281.50
	Interest paid on borrowings		**3,719.18**	10.27
	Remeasurement of (losses)/ Gains of defined benefit plans		**(19.45)**	(32.58)
	Operating profit(loss) before working capital changes :		**174,194.70**	71,167.84
	Movements in working capital :			
	(Increase) / decrease in other non-current assets		**28,313.36**	(53,216.54)
	(Increase) / decrease in inventory		**(17,659.19)**	(15,248.67)
	(Increase) / decrease in trade receivables		**(34,883.04)**	(28,388.97)
	(Increase) / decrease in other financial assets		**(10.39)**	688.64
	(Increase) / decrease in other current assets		**(26,453.37)**	40,369.60
	Increase / (decrease) in trade payables		**8,075.73**	23,044.78
	Increase / (decrease) in other current financial liabilities		**61.00**	(10,077.54)
	Increase / (decrease) in other current liabilities		**172.06**	415.32
	Increase / (decrease) in other provisions		**197.48**	112.38
			(42,186.36)	(42,301.00)
	Cash generation from operations :		**132,008.34**	28,866.84
	Direct taxes paid (net of refunds)		**(13,638.90)**	(10,341.01)
	Net Cash (used in)/from operating activities :	**(A)**	**118,369.44**	18,525.83
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**(31,623.63)**	(91,563.59)
	(Investment in) / maturity proceeds of fixed deposits		**2,749.31**	11,293.87
	Interest received from bank and other deposits		**234.37**	119.38
	Net cash (used in)/from investing activities :	**(B)**	**(28,639.95)**	(80,150.34)
(C)	**Cash flows from financing activities**			
	Preceeds from borrowing through ICD		-	50,000.00
	Repayment of borrowing through ICD		**(50,000.00)**	-
	Interest Paid on borrowings		**(3,728.43)**	(10.27)
	Interest paid on lease liabilities		**(16,439.58)**	(9,281.50)
	Payment of lease liability including interest		**(21,527.90)**	(8,418.50)
			-	-
	Cash (used in)/from financing activities :	**(C)**	**(91,695.91)**	32,289.73
(D)	**Net changes in cash and cash equivalents (A+B+C) :**		**(1,966.42)**	(29,334.78)
(E)	**Cash and cash equivalents at the beginning of the year**		**3,682.62**	33,017.40
(F)	**Cash and cash equivalents at the end of the year**		**1,716.20**	3,682.62

(In ₹ Thousands)

Components of cash and cash equivalents as at		As at 31st March, 2023	As at 31st March, 2022
Balances with banks in current accounts		**1,716.20**	3,682.62
	TOTAL	**1,716.20**	3,682.62

Significant accounting policies and notes forming an integral part of the financial statements **1 to 42**

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 24th April, 2023

Notes forming part of the financial statements for the year ended 31st March, 2023

1 **Corporate information:**

Kalyani Centre For Precision Technology Limited ("the Company") is a public limited company incorporated on 25th December, 2019 under the provisions of Companies Act, 2013. The Company is engaged in the business of manufacturing of machined components.

The Company is a wholly owned subsidiary of Bharat Forge Limited.

Operating Cycle of the Company is considered to be of 12 months.

These Financial statements were authorised for issue in accordance with resolution of the Board of Directors on 24th April, 2023.

2 **Significant accounting policies:**

2.1 **Basis of accounting and preparation of financial statements:**

The 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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the thousand rupee.

2.2 **Current versus non-current bifurcation:**

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

2.5 Revenue recognition :

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

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

b) Sale of Services :

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days for completion and accordingly revenue is recognised when products are sent to customer on which job work is completed. The normal credit period is 60 days.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.13.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 Taxes :

Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Indirect taxes paid, except:

i 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

ii 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.

2.7 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

Depreciation for Property, plant and equipment is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows :

Type of Asset	Useful lives estimated by the management
i) Plant and Machinery (including spares of capital nature)	7 to 10 years
ii) Plant and Machinery - Computer	3 years
iii) Furniture and Fixtures	10 years
iv) Office Equipments	5 years
v) Power line	7 years

The Company, based on technical assessment made by a technical expert and management estimate, depreciates certain items of building, 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.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets :

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

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.

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

2.9 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

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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 measurement 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:

Type of Asset	
i) Land and Building	10 Years
ii) Plant and equipment	7 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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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.

2.10 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Work-in-progress :

Work-in-progress are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the weighted average method.

2.11 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.12 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.13 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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 recognised in the statement of profit and loss.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. 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/ loss 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.

ii 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.

Original Classification	Revised Classification	Accounting Treatment
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.14 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.15 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.16 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.17 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.18 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.19 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Property, plant and equipment

(In ₹ Thousands)

	Plant and machinery	Furniture and fixtures	Office equipment	Power line	Total	Capital work in progress
Gross block, at cost :						
As at 31st March, 2021	253,195.57	1,204.30	812.79	10,000.00	265,212.66	186,873.55
Additions	233,556.10	-	-	-	233,556.10	109,668.91
Disposals	-	-	-	-	-	(251,661.42)
As at 31st March, 2022	486,751.67	1,204.30	812.79	10,000.00	498,768.76	44,881.04
Additions	**66,818.20**	**-**	**-**	**-**	**66,818.20**	**3,752.81**
Disposals	**-**	**-**	**-**	**-**	**-**	**(38,947.38)**
As at 31st March, 2023	**553,569.87**	**1,204.30**	**812.79**	**10,000.00**	**565,586.96**	**9,686.47**
Depreciation :						
Upto 31st March, 2021	3,321.90	4.07	5.50	473.58	3,805.05	-
Disposals	-	-	-	-	-	-
For the year	30,482.36	114.41	154.43	1,428.57	32,179.77	-
Upto 31st March, 2022	33,804.26	118.48	159.93	1,902.15	35,984.82	-
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**48,955.07**	**114.41**	**154.43**	**1,428.57**	**50,652.48**	**-**
Upto 31st March, 2023	**82,759.33**	**232.89**	**314.36**	**3,330.72**	**86,637.30**	**-**
Net Block :						
As at 31st March, 2022	452,947.41	1,085.82	652.86	8,097.85	462,783.94	44,881.04
As at 31st March, 2023	**470,810.54**	**971.41**	**498.43**	**6,669.28**	**478,949.66**	**9,686.47**

CWIP Ageing Schedule

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2023					
Projects in Progress	**5,386.95**	**-**	**4,299.52**	**-**	**9,686.47**
Total :	**5,386.95**	**-**	**4,299.52**	**-**	**9,686.47**
As at 31st March, 2022					
Projects in Progress	14,060.38	30,820.66	-	-	44,881.04
Total :	14,060.38	30,820.66	-	-	44,881.04

4 Right-of-use assets

(In ₹ Thousands)

	Land and Building	Plant and equipment	Total
Gross block, at cost :			
As at 31st March, 2021	168,871.80	-	168,871.80
Additions	-	-	-
Disposals	-	-	-
As at 31st March, 2022	168,871.80	-	168,871.80
Additions	**-**	**189,946.38**	**189,946.38**
Disposals	**-**	**-**	**-**
Adjustments	**28.61**	**-**	**28.61**
As at 31st March, 2023	**168,900.41**	**189,946.38**	**358,846.79**
Depreciation and amortization :			
Upto 31st March, 2021	21,108.97	-	21,108.97
Disposals	-	-	-
For the year	16,887.18	-	16,887.18
Upto 31st March, 2022	37,996.15	-	37,996.15
Disposals	**-**	**-**	**-**
Adjustments	**(47.34)**	**-**	**(47.34)**
For the year	**16,887.18**	**15,748.39**	**32,635.57**
Upto 31st March, 2023	**54,835.99**	**15,748.39**	**70,584.38**
Net Block :			
As at 31st March, 2022	130,875.65	-	130,875.65
As at 31st March, 2023	**114,064.42**	**174,197.99**	**288,262.41**

5 Other financial assets (Non-current)

(Unsecured, good) (In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Deposits with banks with original maturity of more than twelve months[(a)]	**50.00**	105.13
Total :	**50.00**	105.13
(a) Includes deposits held as margin against bank guarantees	**50.00**	105.13

6 Other non-current assets

(Unsecured, good)

Capital advances	**-**	1,200.00
Prepaid expenses	**105.38**	202.15
Balances with government authorities	**30,718.39**	57,734.99
Total :	**30,823.77**	59,137.14

7 Income tax assets (net)

Tax paid in advance (net)	**11,579.55**	11,365.64
Total :	**11,579.55**	11,365.64

8 Inventories

Work-in-progress	**11,798.64**	3,957.77
Stores, spares and loose tools	**51,918.37**	42,100.05
Total :	**63,717.01**	46,057.82

9 Trade Receivables

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Considered Good - Unsecured	**113,142.64**	78,259.59
Credit Impaired	**-**	-
Less : Allowances for credit losses	**-**	-
	-	**-**
Total :	**113,142.64**	78,259.59

Includes receivables from related parties (Refer note no. 30)

Trade receivable are non interest bearing and are generally on terms of 30 to 60 days

Trade Receivables ageing schedule

	Outsanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	
	₹	₹	₹	₹	₹	₹	₹
31st March, 2023							
i) Undisputed Trade Receivables - considered good	**-**	**113,142.64**	**-**	**-**	**-**	**-**	**113,142.64**
ii) Undisputed Trade Receivables - which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
iii) Undisputed Trade Receivables - credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**
iv) Disputed Trade Receivables - considered good	**-**	**-**	**-**	**-**	**-**	**-**	**-**
v) Disputed Trade Receivables - which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
vi) Disputed Trade Receivables - credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total :	**-**	**113,142.64**	**-**	**-**	**-**	**-**	**113,142.64**
31st March, 2022							
i) Undisputed Trade Receivables - considered good	-	78,259.59	-	-	-	-	78,259.59
ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total :	-	78,259.59	-	-	-	-	78,259.59

10 Cash and bank balances (In ₹ Thousands)

		As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents :			
Balances with banks			
In current account		**1,716.20**	3,682.62
	Total :	**1,716.20**	3,682.62
Other bank balances			
Deposits with maturity of more than three months but less than twelve months including interest accrued[(a)]		**1.81**	2,695.99
	Total :	**1.81**	2,695.99
(a) Includes deposits held as margin against bank guarantees		**-**	2,691.20

11 Other financial assets (current)

(Unsecured, good)			
Security deposits		**82.86**	75.00
Interest accrued on other deposits		**2.53**	-
	Total :	**85.39**	75.00

12 Other current assets

(Unsecured, good)			
Balances with government authorities		**70,189.35**	43,659.47
Prepaid expenses		**1,018.11**	1,018.47
Advances to suppliers		**-**	76.16
	Total :	**71,207.46**	44,754.10

13 Equity share capital

(In ₹ Thousands)

			As at 31st March, 2023	As at 31st March, 2022
Authorised				
75,000,000	(75,000,000)	Equity shares of ₹ 10/- each	**750,000.00**	750,000.00
Issued				
69,088,330	(69,088,330)	Equity shares of ₹ 10/- each	**690,883.30**	690,883.30
Subscribed and fully paid-up				
69,088,330	(69,088,330)	Equity shares of ₹ 10/- each, fully paid-up	**690,883.30**	690,883.30
Total issued, subscribed and fully paid-up share capital :			**690,883.30**	690,883.30

(a) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees.

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

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	In ₹ Thousands	Nos.	In ₹ Thousands
Balance at the beginning of the year	**69,088,330**	**690,883.30**	69,088,330	690,883.30
Add : Shares Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**69,088,330**	**690,883.30**	69,088,330	690,883.30

(c) Details of shares held by the Holding Company

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	In ₹ Thousands	Nos.	In ₹ Thousands
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited#	**69,088,330**	**690,883.30**	69,088,330	690,883.30
	69,088,330	**690,883.30**	69,088,330	690,883.30

including the shares held through nominees

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

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	% of holding	Nos.	% of holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**69,088,330**	**100**	69,088,330	100
	69,088,330	**100**	69,088,330	100

including the shares held through nominees

(e) Shares held by Promoters at the end of the year

Promoter Name	As at 31st March, 2023		% change during the year
	No. of shares	% of total shares	
Bharat Forge Limited, the Holding Company#	**69,088,330**	**100**	**0.00%**

Including shares held through Nominees

Promoter Name	As at 31st March, 2022		% change during the year
	No. of shares	% of total shares	
Bharat Forge Limited, the Holding Company#	69,088,330	100	0.00%

Including shares held through Nominees

14 Other equity

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Other comprehensive income		
Balance as per the last financial statements	**-**	-
Other comprehensive income for the year	**(14.55)**	(24.38)
Closing balance	**(14.55)**	(24.38)
Deficit in the Statement of Profit and Loss		
Balance as per the last financial statements	**(13,712.27)**	(20,339.81)
Profit for the year	**52,787.11**	6,651.92
	39,074.84	(13,687.89)
Less : Appropriations	**-**	-
Closing balance	**39,074.84**	(13,687.89)
Total :	**39,060.29**	(13,712.27)

15 Provisions (non-current)

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Provision for Employee Benefits:		
Provision for Gratuity	**167.10**	63.72
Provision for Compensated Absences	**129.96**	44.26
(Refer note no. 28)		
Total :	**297.06**	107.98

16 Deferred Tax Liability (net)

Deferred Tax Assets		
Timing differences for		
Disallowances	**1,409.00**	1,202.00
Less : Deferred Tax Liabilities		
Timing differences for		
Depreciation	**7,523.00**	2,484.00
Total :	**(6,114.00)**	(1,282.00)

17 Borrowings (Current)

Loans repayable on demand		
Loan from a Related Party (unsecured)[(a)]	**-**	50,009.25
(Refer note no. 30)		
Total :	**-**	50,009.25

(a) Loan from related party represents an Inter Corporate Loan from the Holding Company which is repayable on demand. The Loan carries interest at the rate of 7.50% p.a.

18 Trade payables

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Dues to micro enterprises and small enterprises	**2,405.36**	1,643.06
Dues to other than micro enterprises and small enterprises	**62,139.82**	54,826.38
Total :	**64,545.18**	56,469.44

Trade payables are non-interest bearing and are generally settled on 30 to 60 days terms

Includes payable to related parties (Refer note no. 31)

Trade payables ageing schedule

	Outsanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	Less than 1 year	1-2 years	2-3 years	More than 3 years	
	₹	₹	₹	₹	₹	₹	₹	₹
31st March, 2023								
i) MSME	-	**960.17**	**1,445.19**	-	-	-	-	**2,405.36**
ii) Other than MSME	-	**12,115.51**	**41,424.48**	**8,368.06**	**87.33**	**144.44**	-	**62,139.82**
iii) Disputed dues to MSME		-	-	-	-	-	-	-
iv) Disputed dues to Other than MSME		-	-	-	-	-	-	-
Total :	-	**13,075.68**	**42,869.67**	**8,368.06**	**87.33**	**144.44**	-	**64,545.18**
31st March, 2022								
i) MSME	-	608.80	1,030.51	-	3.75	-	-	1,643.06
ii) Other than MSME	-	11,331.32	35,993.00	7,025.38	476.68	-	-	54,826.38
iii) Disputed dues to MSME	-	-	-	-	-	-	-	-
iv) Disputed dues to Other than MSME	-	-	-	-	-	-	-	-
Total :	-	11,940.12	37,023.51	7,025.38	480.43	-	-	56,469.44

19 Other financial liabilities (Current)

(In ₹ Thousands)

	As at 31st March, 2023	As at 31st March, 2022
Security deposit	**149.50**	88.50
Total :	**149.50**	88.50

20 Provisions (Current)

(In ₹ Thousands)

		As at 31st March, 2023	As at 31st March, 2022
Provision for Employee Benefits:			
Provision for Compensated Absences		**12.81**	4.40
(Refer note no. 28)			
	Total :	**12.81**	4.40

21 Other current liabilities

Statutory liabilities		**1,171.44**	978.63
Advance from customer		**15.51**	44.18
Other liabilities		**20.91**	12.97
	Total :	**1,207.86**	1,035.78

21 Revenue from operations

(In ₹ Thousands)

		Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of services			
Jobwork		**469,923.77**	257,225.79
Other operationg revenue			
Sale of manufacturing scrap		**11,604.46**	7,946.31
	Total :	**481,528.23**	265,172.10

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers by geographical segments and contract type.

Revenue by geographical segments :

Within India		**481,528.23**	265,172.10
Oustide India		**-**	-
	Total :	**481,528.23**	265,172.10

Revenue by contract type :

Fixed price contracts		**481,528.23**	265,172.10
Time and material contracts		**-**	-
	Total :	**481,528.23**	265,172.10

22 Other income

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest on bank deposit	**230.33**	119.39
Interest on income tax refund	**96.54**	-
Interest on other deposits	**4.04**	-
Foreign exchange gain (net)	**34.37**	-
Miscellaneous income	**2,283.45**	1,935.06
Total :	**2,648.73**	2,054.45

23 Changes in inventories of work in progress and scrap

Inventories at the beginning of the year		
Work-in-progress	**3,957.77**	2,511.49
Scrap	**-**	115.75
	3,957.77	2,627.24
Inventories at the close of the year		
Work-in-progress	**11,798.64**	3,957.77
Scrap	**-**	-
	11,798.64	3,957.77
Total :	**(7,840.87)**	(1,330.53)

24 Employee benefit expenses

Salaries and Wages	**30,973.55**	14,407.46
Contributions to		
- Provident fund and Other fund / scheme	**1,385.55**	688.23
- Gratuity	**467.97**	213.57
Staff Welfare Expenses	**699.33**	698.69
Total :	**33,526.40**	16,007.95

25 Finance costs

Interest on loan from Holding Company	**3,719.18**	10.27
Interest on lease liabilities (Refer note no. 31)	**16,439.58**	9,281.50
Other interest	**7.93**	4.29
Total :	**20,166.69**	9,296.06

26 Depreciation & amortisation expense

Depreciation on property, plant and equipment	**50,652.48**	32,179.77
Depreciation on right-of-use assets	**32,588.23**	16,887.18
Total :	**83,240.71**	49,066.95

27 Other expenses

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Consumption of stores, spares and tools	**93,534.73**	58,088.77
Labour and processing charges	**55,514.83**	33,282.80
Power and fuel	**63,932.43**	38,493.22
Repairs and maintenance		
- Building	**115.60**	93.34
- Plant and machinery	**23,046.76**	15,833.28
- Other	**381.37**	431.11
Rent (Refer note no. 31)	**24.00**	24.00
Rates and taxes	**1,003.56**	851.59
Insurance	**1,064.94**	810.00
Legal and professional fees	**600.41**	605.35
Packing material	**23,604.40**	15,127.00
Freight and forwarding charges	**-**	144.66
Security expenses	**4,744.73**	4,843.41
Bank Charges and Commission	**321.12**	207.30
Travelling and conveyance	**5,525.67**	3,351.60
Payment to Auditors (Refer note below)	**540.00**	500.00
Miscellaneous expenses#	**10,080.47**	8,537.57
Total :	**284,035.02**	181,225.00

#Miscellaneous expenses includes, travelling expenses, printing, stationery, postage, telephone, etc.

Payments to Auditors (Exclusive of GST, wherever applicable)

As auditor	**375.00**	350.00
As tax auditor	**125.00**	125.00
Other income tax matters	**40.00**	25.00
Total :	**540.00**	500.00

28 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 1,090.25 thousands (Previous Year:₹ 523.23 thousands) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a) Asset-Liability Mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

Unfunded Plan Risk

This represents unmanaged risk and a growing liability. The reisaninherent risk herethat the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in Company's financials and also benefit risk through return on the funds made available for the plan.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.30%**	7.30%
Expected rate of return on plan assets	**0.00%**	0.00%
Salary Growth Rate	**7.00%**	7.00%
Expected average remaining working lives (in years)	**14.26%**	14.26%
Withdrawal rate	**5.00%**	5.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Thousands)

Present value of obligation as at the beginning of the year	**63.72**	30.24
Interest expense	**4.65**	2.09
Current service cost	**79.28**	63.97
Benefits (paid)	**-**	-
Remeasurements on obligation [Actuarial (Gain) / Loss]	**19.45**	(32.58)
Present value of obligation as at the end of the year	**167.10**	63.72

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

Fair value of plan assets at the beginning of the year	**-**	-
Interest Income	**-**	-
Contributions	**-**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**-**	-
Fair value of plan assets at the end of the year	**-**	-
Actual return on plan assets	**-**	-

Net Interest (Income/Expense)

Interest (Income) / Expense – Obligation	**4.65**	2.09
Interest (Income) / Expense – Plan assets	**-**	-
Net Interest (Income) / Expense for the period	**4.65**	2.09

Remeasurement for the period [Actuarial (Gain)/loss]		(In ₹ Thousands)
	Year ended 31st March, 2023	Year ended 31st March, 2022
Experience (Gain) / Loss on plan liabilities	**23.73**	(29.24)
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**(4.29)**	(3.34)
Experience (Gain) / Loss on plan assets	**-**	-
Financial (Gain) / Loss on plan assets	**-**	-

Amount recognised in Statement of Other Comprehensive Income (OCI)		
Opening amount recognised in OCI outside profit and loss account	**(32.58)**	-
Remeasurement for the period-Obligation (Gain)/Loss	**19.45**	(32.58)
Remeasurement for the period-Plan assets (Gain)/Loss	**-**	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**19.45**	(32.58)
Closing amount recognised in OCI outside profit and loss account	**(13.13)**	(32.58)

The amounts to be recognised in the Balance Sheet		
Present value of obligation as at the end of the period	**(167.10)**	(63.72)
Fair value of plan assets as at the end of the period	**-**	-
Net Asset / (liability) to be recognised in balance sheet	**(167.10)**	(63.72)

Expense recognised in the statement of profit and loss		
Current service cost	**79.28**	63.97
Net Interest (Income) / Expense	**4.65**	2.09
Net periodic benefit cost recognised in the statement of profit and loss	**83.93**	66.06

Reconciliation of Net Asset/(Liability) recognised:		
Net asset / (liability) recognised at the beginning of the period	**(63.72)**	(30.24)
Company contributions	**-**	-
Expense recognised at the end of period	**(83.93)**	(66.06)
Amount recognised outside profit & loss for the period	**(19.45)**	32.58
Net asset / (liability) recognised at the end of the period	**(167.10)**	(63.72)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Funds managed by insurer	**-**	-

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis points

(In ₹ Thousands)

Discount rate	Present value of obligation	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in discount rate by 100 basis points	**148.02**	56.43
Decrease in discount rate by 100 basis points	**190.37**	72.61

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis points

Salary growth rate		
Increase in salary growth rate by 100 basis points	**188.49**	71.88
Decrease in salary growth rate by 100 basis points	**149.16**	56.88

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis points

Withdrawal rate		
Increase in withdrawal rate by 100 basis points	**168.13**	63.95
Decrease in withdrawal rate by 100 basis points	**165.89**	63.45

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

(In ₹ Thousands)

Year Ending	31st March, 2023	31st March, 2022
Within the next 12 months (next annual reporting period)	**-**	-

(c) Other Long Term Employee Benefits :

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

	As at 31st March, 2023	As at 31st March, 2022
Present Value of Obligation	**142.77**	48.66
Fair Value of Plan Assets	**-**	-
Net asset/(liability) recognized in the Balance Sheet	**(142.77)**	(48.66)

29 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of manufacturing of machined components; which in the context of Indian Accounting Standard 108 'Segment Information' represent single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

30 Related party disclosures

(i) Names of the related parties and related party relationship

a.	Holding Company :	Bharat Forge Limited
b.	Key Managerial Personnel :	i) Mr. Kedar Prakash Dixit - Director ii) Mr. Sadashiv Bapusaheb Patil - Director iii) Mr. Nitin Achyut Mahajan - Director & Chief Executive Officer@ iv) Mr. Sameer Paranjape - Chief Financial Officer@ v) Ms. Nikita Laxman Naik - Company Secretary@ (Resigned w.e.f. 22nd October, 2022) vi) Mr. Vedant Somani - Company Secretary@ (Appointed w.e.f. 24th April, 2023) @ On deputation from Bharat Forge Limited, the Holding Company
c.	Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives)	Saarloha Advanced Materials Pvt Ltd Kalyani Steels Limited Kalyani Strategic Management Services Limited

(ii) Related parties with whom transactions have taken place during the period

(In ₹ Thousands)

Nature of transaction	Name of the related parties and nature of relationships	Note	As at 31st March, 2023	As at 31st March, 2022
Sale of Scrap	**Enterprises significantly influenaced by the Holding Company**	(a)		
	Saarloha Advanced Materials Pvt Ltd		**11,489.98**	7,855.21
	Kalyani Steels Limited		**107.32**	70.78
Sale of services (net of GST)	**Holding Company**	(a)		
	Bharat Forge Limited		**469,923.77**	279,556.44
Rent paid for use of premises	**Holding Company**	(b)		
	Bharat Forge Limited		**24.00**	24.00
Rent paid for use of machinery	**Holding Company**			
	Bharat Forge Limited	(b)	**20,267.48**	-
Reimbursement of expenses paid	**Holding Company**	(c)		
	Bharat Forge Limited		**28,295.22**	13,279.13
Purchase of property, plant and equipment (net of GST)	**Holding Company**	(d)		
	Bharat Forge Limited		**701.98**	35,116.05
Purchase of other material (net of GST)	**Holding Company**	(e)		
	Bharat Forge Limited		**32,361.57**	8,418.79
	Kalyani Strategic Management Services Limited		**357.43**	-
Intercompany Loan borrowed	**Holding Company**	(f)		
	Bharat Forge Limited		**-**	50,000.00
Interest on intercompany loan	**Holding Company**	(f)		
	Bharat Forge Limited		**3,719.18**	10.27
Intercompany loan repaid	**Holding Company**	(f)	**50,000.00**	-
	Bharat Forge Limited			

(a) Sale of services and manufacturing scrap to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(b) Rent paid to related party is in the ordinary course of business.

(c) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(d) The Company has purchased property, plant and equipment from the related party at an arm's length price.

(e) The Company has purchased spares, tools etc. from the related party at an arm's length price.

(f) Loan from related party represents an Inter Corporate Loan from Holding Company which is repayable on demand. The Loan carries interest at the rate of 7.50% p.a.

(iii) Balances outstanding

(In ₹ Thousands)

Nature	Name of the related parties and nature of relationships	As at 31st March, 2023	As at 31st March, 2022
Trade payable	**Holding Company**		
	Bharat Forge Limited	3,810.20	360.25
Payables for capital goods	**Holding Company**		
	Bharat Forge Limited	-	2.36
Trade Receivables	**Holding Company**		
	Bharat Forge Limited	109,487.62	75,203.87
	Enterprises significantly influenaced by the Holding Company		
	Saarloha Advanced Materials Pvt Ltd	3,606.10	3,055.65
	Kalyani Steels Limited	48.89	-
Other Receivables	**Holding Company**		
	Bharat Forge Limited	-	7,327.51
Other Payables	**Holding Company**		
	Bharat Forge Limited	6,111.08	-
Intercompany Loan	**Holding Company**		
	Bharat Forge Limited	-	50,000.00
Interest on Intercompany Loan	**Holding Company**		
	Bharat Forge Limited	-	10.27

(Figures in bracket indicate previous year)

31 Leases

Company as lessee

The Company has lease contracts for land and building used in its operations. Lease of land and building have lease term of ten years.

The Company also has lease contract for the plant and machinary. The lease of plant and machinary have lease term of seven years.

The Company’s obligations under its leases are secured by the lessor’s title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

Below are the carrying amounts of right-of-use assets recognised and the movements during the period :

(In ₹ Thousands)

	Land and building	Plant and equipment	Total
As at 31st March, 2021	147,762.82	-	147,762.82
Additions	-	-	-
Depreciation	(16,887.18)	-	(16,887.18)
As at 31st March, 2022	**130,875.64**	**-**	**130,875.64**
Additions	**-**	**189,946.38**	**189,946.38**
Adjustment	**75.95**	**-**	**75.95**
Depreciation	**(16,887.18)**	**(15,748.39)**	**(32,635.57)**
As at 31st March, 2023	**114,064.41**	**174,197.99**	**288,262.40**

Below are the carrying amounts of lease liabilities and the movements during the period :

	Land and building	Plant and equipment	Total
Balance at 31st March, 2021	106,923.79	-	106,923.79
Additions	-	-	-
Accretion of Interest	9,281.50	-	9,281.50
Payments	(17,700.00)	-	(17,700.00)
Balance at 31st March, 2022	**98,505.29**	**-**	**98,505.29**
Additions	**-**	**189,946.38**	**189,946.38**
Accretion of Interest	**8,491.78**	**7,947.79**	**16,439.57**
Adjustement	**28.61**	**-**	**28.61**
Payments	**(17,700.00)**	**(20,267.48)**	**(37,967.48)**
Balance at 31st March, 2023	**89,325.68**	**177,626.69**	**266,952.37**
Current	**10,100.62**	**22,391.70**	**32,492.32**
Non - Current	**79,225.06**	**155,234.99**	**234,460.05**

The following are the amounts recognised in profit or loss: (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation expense of right-of-use assets	**32,588.23**	16,887.18
Interest expense on lease liabilities	**16,439.58**	9,281.50
Expense relating to leases of low-value assets	**24.00**	24.00
Total amount recognised in Statement of profit and loss	**49,051.81**	26,192.68

The Company had total cash outflows for leases of ₹ 37,967.48 Thousands (Previous Year : ₹ 17,700.00 Thousands). The Company had non-cash addition of 189,946.38 Thousand (31st March, 2022: Nil) to right-of-use assets and lease liabilities.

32 Earnings per share (EPS)

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Numerator for basic and diluted EPS		
Profit for the period attributable to shareholders as at 31st March (In ₹ Thousands)	**52,787.17**	6,651.88
Weighted average number of equity shares in calculating basic EPS	**69,088,330**	69,088,330
EPS - Basic (in ₹)	**0.76**	0.10
EPS - Diluted - (in ₹)	**0.76**	0.10

33 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for	**867.47**	9,628.98
For commitments relating to lease agreements, Please refer note no. 31		
Total :	**867.47**	9,628.98

34 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Principal amount due to suppliers under MSMED Act, 2006 * [Includes dues to payable for capital goods amounting to ₹ Nil (31st March, 2022: ₹ Nil)]	**2,405.36**	1,643.06
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	**0.78**	11.80
Payment made to suppliers (other than interest) beyond the appointed day, during the year	**8,438.97**	469.70
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	**-**	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	**-**	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	**7.15**	1.18
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	**20.91**	12.98

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

35 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

a) Revenue recognition

The Company's contracts with customers could include promises to transfer multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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. Refer note 37 and 38 for further disclosures.

c) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

f) Current / Non-Current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

36 Financial instruments by category

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities :

(In ₹ Thousands)

	Carrying value		Fair value	
	As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
Financial assets				
Measured at amortised costs				
Other non-current financial assets	**50.00**	105.13	**50.00**	105.13
Trade receivable	**113,142.64**	78,259.59	**113,142.64**	78,259.59
Cash and cash equivalents	**1,716.20**	3,682.62	**1,716.20**	3,682.62
Bank balances other than (ii) above	**1.81**	2,695.99	**1.81**	2,695.99
Other current financial assets	**85.39**	75.00	**85.39**	75.00
Total :	**114,996.04**	84,818.33	**114,996.04**	84,818.33
Financial liabilities				
Measured at amortised costs				
Lease liabilities	**266,952.37**	98,505.28	**266,952.37**	98,505.28
Current Borrowings	**-**	50,009.25	**-**	50,009.25
Trade payables	**64,545.18**	56,469.44	**64,545.18**	56,469.44
Other current financial liabilities	**149.50**	88.50	**149.50**	88.50
Total :	**331,647.05**	205,072.47	**331,647.05**	205,072.47

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37 Fair Value Hierarchy

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

38 Financial risk management disclosure

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include deposits, 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 Company's senior management that advises on financial risks and the appropriate financial risk governance framework for the Company.The Company's senior management provides assurance for the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2023 and 31st March, 2022 including the effect of hedge accounting (if any).

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

ii) Foreign Currency Risk :

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

iii) Foreign Currency Sensitivity :

The Company does not have exposure to foreign currency changes as at the end of the financial year.

b) 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 and financial institutions, and other financial instruments.

i) Trade Receivables :

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, currently Company's customers mainly includes its, Holding Company. Outstanding customer receivables are regularly monitored and reconciled. 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 Company evaluates the concentration of risk with respect to trade receivables as low.

ii) Financial instruments and cash deposits :

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) **Liquidity risk :**

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(In ₹ Thousands)

	Less than 1 year	1 year to 5 years	More than 5 years	Total
As at 31st March, 2023				
Lease liabilities	**32,472.95**	**207,387.90**	**27,091.52**	**266,952.37**
Loan from a Related Party	**-**	**-**	**-**	**-**
Trade payables	**64,545.18**	**-**	**-**	**64,545.18**
Security deposit	**149.50**	**-**	**-**	**149.50**
	97,167.63	**207,387.90**	**27,091.52**	**331,647.05**
As at 31st March, 2022				
Lease liabilities	9,208.21	60,736.94	28,560.13	98,505.28
Loan from a Related Party	50,009.25	-	-	50,009.25
Trade payables	56,469.44	-	-	56,469.44
Security deposit	88.50	-	-	88.50
	115,775.40	60,736.94	28,560.13	205,072.47

39 Ratio Analysis

Sr. No.	Particulars	Numerator	Denominator	31st March 2023 %	31st March 2022 %	%
1	Current Ratio [Refer Note No (a)]	Current Assets	Current Liabilities	2.54	1.50	40.82%
2	Return on Equity Ratio [Refer Note No (b)]	Profit/(Loss) for the year	Average shareholders' equity	0.08	0.01	86.84%
3	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	1.56	1.48	5.41%
4	Trade Receivables Turnover Ratio	Revenue	Average trade receivable	5.03	4.14	17.71%
5	Trade Payables Turnover Ratio	Purchases + Other expenses	Average trade payables	4.56	4.03	11.67%
6	Net Capital Turnover Ratio [Refer Note No (b)]	Revenue	Working capital (Current Assets- Current liabilities)	3.18	4.52	-42.07%
7	Net Profit Ratio [Refer Note No (b)]	Profit for the year	Revenue	0.11	0.03	77.12%
8	Return on Capital Employeed [Refer Note No (b)]	Earning before interest and taxes	Capital Employed (Net Worth + Defered tax liabilities + Lease liabilities)	0.09	0.02	72.15%

a) Due to the increse in the turnove and also due to increased profitability current assests are improved and also the company has paid verious liabilties during the year. This has resulted in the improved ratio.

b) The has achieved growth in the revenue as well as in the profitability of during the year. Hence the ratio related to the same has improved significantly.

40 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2023 Rs. NIL (Previous Year : Rs. NIL) of unbilled revenue pertaining to fixed price development contracts has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets during the year ended 31st March, 2023 Rs. NIL (Previous Year : Rs. NIL)

c) Changes in Contract Liabilities during the year ended 31st March, 2023 Rs. NIL (Previous Year : Rs. NIL)

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue recognised as per Statement of Profit & loss		
Sale of services	**469,923.77**	257,225.79
Other operating revenue	**11,604.46**	7,946.31
	481,528.23	265,172.10
Add/Less: Adjustments	-	-
Contract Price	**481,528.23**	265,172.10

41 Income and deferred taxes

a) The major components of income tax expense for the year ended 31st March 2023 and 31st March 2022 are :

Statement of profit and loss : (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Current income tax		
Current income tax charge	**14,358.11**	938.00
Taxation for earlier year	**(938.00)**	(301.00)
Deferred tax		-
Relating to origination and reversal of temporary differences	**4,836.90**	5,664.00
Income tax expense reported in the statement of profit and loss	**18,257.01**	6,301.00

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2023 and 31st March 2022 are :

(In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Accounting loss before tax	**71,049.06**	12,961.07
At India's enacted tax rate of 25.17% (31st March 2021 : 25.17%)	**17,883.00**	3,262.00
Deferred tax savings on current year accounting loss	**(159.00)**	(902.00)
Tax effect of non-deductible expenses	**(3,408.00)**	(1,422.00)
Tax effect of earlier years	**(938.00)**	(301.00)
Tax effect due to change in the rates	**-**	-
Deferred tax not recognised on prudence basis	**-**	-
Deferred tax savings in respect of tax disallowances of earlier year	**4,832.00**	5,664.00
Other effects	**50.00**	
At the effective income tax rate	**18,260.00**	6,301.00
Income tax expense reported in the statement of profit and loss	**18,257.00**	6,301.00

c) Reconciliation of deferred tax (liabilities)/Asset (net) (In ₹ Thousands)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening balance	**(1,282.00)**	4,382.00
Tax income/(expense) during the period recognised in profit or loss	**(4,836.90)**	(5,664.00)
Closing balance	**(6,118.90)**	(1,282.00)

42 Other statutory information

(a) The Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(b) There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(c) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(d) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) During the year ended 31st March, 2023, the Company was not party to any approved scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPF5391

Place : Pune
Date : 24th April, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 24th April, 2023

Kalyani Lightweighting Technology Solutions Limited

Directors

Mr. Vipul Shah

Mr. Kedar Dixit

Ms. Tejaswini Chaudhari

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

S. No. 49, Industry House,

Opp Kalyani Steels Ltd.,

Mundhwa,

Pune 411 036 MH

Independent Auditor's Report

To the Members of Kalyani Lightweighting Technology Solutions Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kalyani Lightweighting Technology Solutions Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the period ended to 31st March, 2023, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the period ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of management and those charged with governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's responsibilities for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI LIGHTWEIGHTING TECHNOLOGY SOLUTIONS LIMITED FOR THE PERIOD ENDED 31st MARCH, 2023.

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

(i) (a) (A) The Company does not have any Property, Plant and Equipment as on 31st March, 2023. Hence, paragraph 3(i)(a)(A) of the Order is not applicable to the Company.

(B) The Company does not have any Intangible Assets as on 31st March, 2023. Hence, paragraph 3(i)(a)(B) of the Order is not applicable to the Company.

(b) The Company does not have any Property, Plant and Equipment as on 31st March, 2023. Hence, paragraph 3(i)(b) of the Order is not applicable to the Company.

(c) The Company does not own any immovable properties.

(d) The Company does not have any Property, Plant and Equipment (including right-of-use assets) and intangible assets. Hence, paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) As explained to us, the Company was not required to hold any inventories during the period covered by this report. Hence, paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company has not made any investment, provided guarantee or security, granted any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or other parties.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly, the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) The requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company does not have any undisputed statutory dues including Goods and Services Tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) As this is the first year after incorporation, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the Order is not applicable.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not taken any loans or other borrowing Hence, reporting under clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x) (a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) The provisions of section 138 of the Companies Act, 2013 do not apply to the Company and no internal audit was carried out during the year. Hence, reporting under clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year covered by this report.

	Current Financial Year (₹ in Hundreds)
Cash losses incurred	**1,027.41**

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI LIGHTWEIGHTING TECHNOLOGY SOLUTIONS LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Kalyani Lightweighting Technology Solutions Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the financial statements of the Company for the period 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

Balance sheet as at 31st March, 2023

(In ₹ Hundreds)

		Notes	As at 31st March, 2023
I.	**ASSETS**		
	1 Non-current assets		
	2 Current assets		
	a) Financial assets		
	i) Cash and cash equivalents	3	**100.00**
	b) Other current assets	4	**58.32**
			158.32
	TOTAL :		**158.32**
II.	**EQUITY AND LIABILITIES**		
	1 Equity		
	a) Equity share capital	5	**100.00**
	b) Other equity	6	**(1,027.41)**
			(927.41)
	2 Current liabilities		
	a) Financial Liabilities		
	i) Trade payables	7	
	Total outstanding dues of micro enterprises and small enterprises		**-**
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,025.73**
	b) Other current liabilities	8	**60.00**
			1,085.73
	TOTAL :		**158.32**
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 19	

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Vipul Shah
Director
DIN: 03009683

Place : Pune
Date : 2nd May, 2023

Statement of profit and loss for the period ended 31st March, 2023

(In ₹ Hundreds)

		Notes	Period ended 31st March, 2023
I.	**Income**		
	Revenue from operations		-
	Total Revenue		-
II.	**Expenses**		
	Other expenses	9	**1,027.41**
	Total expenses		**1,027.41**
III.	**Loss before tax**		**(1,027.41)**
IV.	**Tax expenses**		-
V.	**Loss for the period**		**(1,027.41)**
VI.	**Other comprehensive income**		-
VII.	**Total comprehensive income for the period (V+VI)**		**(1,027.41)**
VIII.	**Earnings per equity share [nominal value of share ₹ 10/-]**		
	a) Basic (In ₹)	12	**(102.74)**
	b) Diluted (In ₹)	12	**(102.74)**
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 19	

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Vipul Shah
Director
DIN: 03009683

Place : Pune
Date : 2nd May, 2023

Statement of changes in equity for the period ended 31st March, 2023

a Equity share capital

	As at 31st March, 2023	
	Nos.	**(In ₹ Hundreds)**
Issue of equity share capital during the period	**1,000**	**100.00**
As at end of the period	**1,000**	**100.00**

b Other equity (In ₹ Hundreds)

	Retained Earnings	**Total**
Loss for the period	**(1,027.41)**	**(1,027.41)**
Balance as at 31st March, 2023.	**(1,027.41)**	**(1,027.41)**
c Total equity (a+b)	**(927.41)**	**(927.41)**

Significant accounting policies and notes forming an integral part of the financial statements 1 to 19

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Vipul Shah
Director
DIN: 03009683

Place : Pune
Date : 2nd May, 2023

Cash Flow Statement for the period ended 31st March, 2023

(In ₹ Hundreds)

			Period ended 31st March, 2023
(A)	**Cash flow from operating activities**		
	Loss before tax		**(1,027.41)**
	Operating loss before working capital changes		**(1,027.41)**
	Movements in working capital :		
	(Increase) / decrease in Other current Assets		**(58.32)**
	Increase / (decrease) in trade payables		**1,025.73**
	Increase / (decrease) in Other current liabilities		**60.00**
			1,027.41
	Cash generated from operations		**-**
	Direct taxes paid (net of refunds)		**-**
	Net cash flows from operating activities	**(A)**	**-**
(B)	**Cash flows from investing activities**		
	Net cash flows used in investing activities	**(B)**	**-**
(C)	**Cash flows from financing activities**		
	Issue of Share Capital		**100.00**
	Net cash flows from/(used in) financing activities	**(C)**	**100.00**
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**100.00**
(E)	**Cash and cash equivalents at the beginning of the period**		**-**
(F)	**Cash and cash equivalents at the end of the period**		**100.00**

Components of cash and cash equivalents as at (In ₹ Hundreds)

		As at 31st March, 2023
Balances with banks in current accounts		**100.00**
	TOTAL :	**100.00**

Significant accounting policies and notes forming an integral part of the financial statements	1 to 19

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Vipul Shah
Director
DIN: 03009683

Place : Pune
Date : 2nd May, 2023

Notes forming part of the financial statements for the period ended 31st March, 2023

1 Corporate information:

Kalyani Lightweighting Technology Solutions Limited was incorporated on 12th July, 2022, as a public limited company under the Companies Act, 2013. The Company is a 100% subsidiary of Bharat Forge Limited.

During the period covered by these financial statements, the Company was engaged in setting up the business of aluminum components and other components , its machining, designing and development for automotive and industrial applications. Also undertake the business of assembly, testing, integration, fabricating, forging, casting, trading, marketing, sales, providing services, spares support, after-sales support, R&D for aluminium components and other components for automotive and industrial applications.

These financial statements have been prepared for the period from the date of incorporation, i.e. 12th July, 2022 to 31st March, 2023. This being the first year, the question of providing previous year's figures does not arise.

These financial statements were authorised for issue in accordance with resolution of the Board of Directors on 2nd May, 2023

2 Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These 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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Hundred.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

2.5 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Indirect taxes paid, except:

i 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

ii 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.

2.6 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Intangible assets :

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

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.

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

2.8 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.9 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.10 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. 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/ loss 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.

ii 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.11 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.12 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.13 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.14 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.15 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.16 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Cash and cash equivalents (In ₹ Hundreds)

	As at 31st March, 2023
Balances with banks	
In current accounts	**100.00**
TOTAL :	**100.00**

4 Other current assets

(Unsecured, Good) (In ₹ Hundreds)

	As at 31st March, 2023
Balances with government authorities	**58.32**
TOTAL :	**58.32**

5 Equity share capital

(In ₹ Hundreds)

		As at 31st March, 2023
Authorised		
1,000	Equity shares of ₹ 10/- each	**100.00**
Issued		
1,000	Equity shares of ₹ 10/- each	**100.00**
Subscribed and fully paid-up		
1,000	Equity shares of ₹ 10/- each	**100.00**
Total issued, subscribed and fully paid-up share capital :		**100.00**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2023	
	Nos.	**(In ₹ Hundreds)**
Equity Shares		
At the beginning of the year	-	-
Shares issued during the year	**1,000**	**100.00**
Shares bought back during the year	-	-
Outstanding at the end of the year	**1,000**	**100.00**

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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

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

Name of Shareholder	As at 31st March, 2023	
	Nos.	**% of Holding**
Equity shares of ₹ 10 each fully paid		
Bharat Forge Limited, the Holding Company#	**1,000**	**100**
	1,000	**100**

Including shares held through Nominees

(d) Shares held by Promoters at the end of the year

Promoter Name	As at 31st March, 2023		% Changes during the year
	No. of Shares	%	
Bharat Forge Limited, the Holding Company#	**1,000**	**100**	-

Including shares held through Nominees

6 Other equity

(In ₹ Hundreds)

	As at 31st March, 2023
Retained earnings	
Loss for the period	**(1,027.41)**
Closing balance	**(1,027.41)**

7 Trade payables

(In ₹ Hundreds)

	As at 31st March, 2023
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises# (including related party payables)	**1,025.73**
TOTAL :	**1,025.73**

#For terms and conditions relating to related party payables, refer note no. 11

Trade payables ageing schedule

	Outstanding for following periods from due date of payment					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2023						
Undisputed dues to MSME	-	-	-	-	-	-
Undisputed dues to other than MSME	-	**1,025.73**	-	-	-	**1,025.73**
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	**1,025.73**	-	-	-	**1,025.73**

8 Other Current Liabilities

(In ₹ Hundreds)

	As at 31st March, 2023
Statutory liabilities	**60.00**
TOTAL :	**60.00**

9 Other expenses

(In ₹ Hundreds)

	Period ended 31st March, 2023
Rates & taxes	**42.00**
Preliminery Expenses	**333.41**
Professional Fees	**52.00**
Audit Fees	**600.00**
TOTAL :	**1,027.41**

Payment to auditors

	Period ended 31st March, 2023
As auditor:	
- Audit fee	**350.00**
- Income tax matters	**250.00**
TOTAL :	**600.00**

10 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.The Company was engaged in setting up the business of manufacturing of aluminum components and other components , its machining, designing and development for automotive and industrial applications; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit/(loss) as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit/(Loss) of the sole reportable segment.

11 Related party disclosures

(i) Names of the related parties and related party relationship

Holding Company : i) Bharat Forge Limited

(ii) Related parties with whom transactions have taken place during the year

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Period ended 31st March, 2023
1	Investment in Company	**Holding Company**	
	(Refer Note (a) below)	Bharat Forge Limited	**100.00**
2	Reimbursement of expenses paid	**Holding Company**	
	(Refer Note (b) below)	Bharat Forge Limited	**382.32**

(a) The Company has issued equity shares of ₹ 10/- each at par

(b) Reimbursement of costs paid to/received from related parties are at cost.

(c) All other transactions are in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

(iii) Balances outstanding

(In ₹ Hundreds)

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Period ended 31st March, 2023
1	Trade payable	**Holding Company**	
		Bharat Forge Limited	**382.32**

12 Earnings per share (EPS)

	Period ended 31st March, 2023
Numerator for basic and diluted EPS	
Loss for the year attributable to shareholders (In ₹ Hundreds)	**(1,027.41)**
Weighted average number of equity shares in calculating basic EPS	**1,000**
EPS - Basic (in ₹)	**(102.74)**
EPS - Diluted - (in ₹)	**(102.74)**

13 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

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

a) 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. Refer note 14 and 15 for further disclosures.

b) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon ascertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availability of adequate taxable income within the time permissible as per the taxing legislations.

d) Current / Non-Current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

14 Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments :

(In ₹ Hundreds)

	As at 31st March, 2023	
	Carrying value	**Fair value**
I) Financial assets		
Measured at amortised costs		
Cash and cash equivalents	**100.00**	**100.00**
Total	**100.00**	**100.00**
II) Financial liabilities		
Measured at amortised costs		
Trade Payables	**1,025.73**	**1,025.73**
Total	**1,025.73**	**1,025.73**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

15 Fair value hierarchy

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

16 Financial risk management disclosure

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include 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 Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(In ₹ Hundreds)

	Less than 1 year	1 year to 5 years	> 5 years	Total
As at 31st March, 2023				
Trade payables	**1,025.73**	**-**	**-**	**1,025.73**
	1,025.73	**-**	**-**	**1,025.73**

17 Income tax

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

	As at 31st March, 2023
Accounting loss before tax	**(1,027.41)**
At India's enacted tax rate of 26.00%	**-**
Deferred tax savings on current year accounting loss	**-**
Tax effect of non-deductible expenses	**-**
Deferred tax not recognised on prudence basis	**-**
At the effective income tax rate of 26%	**-**
Income tax expense reported in the statement of profit and loss	**-**

18 Ratio analysis

	Numerator	Denominator	31st March, 2023
(a) Current ratio	Current Assets	Current Liabilities	0.15
(b) Trade payables turnover ratio	Purchases + Other expenses	Average trade payables	2.00

Notes :

(i) Since there is a negative net worth and losses during the current financial year following rations can not be derived.

Return on equity ratio

Net profit ratio

Net capital turnover ratio

Return on capital employed

(ii) The Company does not hold any Inventrory form the date of incorporation till year end hence inventory Turnover Ratio can not be derived

(iii) Since this is the first year after incorporation the Company, the variance analysis of ratios is not applicable.

19 Other Statutory Information

a) In the opinion of the Directors, all the current assets have been stated in the balance sheet at least at a value at which those are expected to be realised in the ordinary course of business. The Directors also have to state that adequate provisions have been made in the accounts, in respect of all known, quantified and ascertained liabilities and none of the liabilities or provisions are in the nature of reserve.

b) No Proceedings have been initiated or pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988.

c) The company did not have any transactions with companies struck off under section 248 or section 560 of the Companies Act, 2013.

d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPK9773

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Vipul Shah
Director
DIN: 03009683

Place : Pune
Date : 2nd May, 2023

Kalyani Powertrain Limited
(formerly Kalyani Powertrain Private Limited)

Directors
Mr. Kishore Saletore
Mr. Krishan Kohli
Mr. Ravindra Nagarkar
Ms. Tejaswini Chaudhari

Auditors
P V Deo & Associates LLP
Chartered Accountants
604, Jeevan Heights,
Thorat Colony, Erandwana,
Pune 411 004

Registered Office
S. N. 49, Industry House,
Opp Kalyani Steels Ltd,
Mundhwa, Pune 411 036 MH (IN)

Independent Auditor's Report

To the Members of Kalyani Powertrain Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Kalyani Powertrain Limited** ("the Company") which comprises the Standalone Balance Sheet as at 31st March, 2023, the Standalone Statement of Profit and Loss, including the Standalone Statement of Other Comprehensive Income, the Standalone Statement of changes in equity and the Standalone Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and We have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report if we conclude that there is a material misstatement therein, We are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in

India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 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.

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

Auditor's Responsibilities for Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 Companies Act, 2013, We are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 standalone 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 financial statements, including the disclosures, and whether the standalone 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

    c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including other comprehensive income, the standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

    g) In our opinion the managerial remuneration for the year ended 31st March, 2023 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.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2020, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position;

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long-term derivative contracts;

        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, 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, other than as disclosed in Note 46 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPH4322

Place : Pune
Date : 2nd May, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI POWERTRAIN LIMITED FOR THE YEAR ENDED 31st MARCH, 2023.

In terms of the information and explanations sought by us and given by the Company and the books 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 and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to us, the Property, Plant and Equipment and relevant details of right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the Property, Plant and Equipment and relevant details of right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising raw material, work in progress and other material for R & D activity was physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks 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 standalone 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) In respect of the loans or advances in the nature of loans, secured or unsecured, granted by the Company during the year to companies, firms, limited liability partnerships or any other parties, we report as under.

(In ₹ Million)

	Guarantees	Security	Loan	Advances in the nature of loans
Aggregate amount granted/provided during the year:				
Subsidiary	NIL	NIL	338.63	NIL
Other related party	NIL	NIL	NIL	NIL
Balance outstanding as at 31st March, 2023:				
Subsidiary	NIL	NIL	534.47	NIL
Other related party	NIL	NIL	NIL	NIL

(b) The terms and conditions of the grant of the above loans were not found prima facie prejudicial to the Company's interest.

(c) In respect of the loans or advances in the nature of loans which are repayable on demand, no schedules of repayment of the principal and payment of interest have been stipulated. For other loans or advances in the nature of loans, schedules of repayment of the principal and payment of interest have been stipulated. The repayment or receipts are regular.

(d) There were no amounts overdue in respect of the principal and payment of interest.

(e) During the year, the Company had extended loans to a company to settle the loan granted to this party which had fallen due during the year. The aggregate amount of such dues extended and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

(In ₹ Millions)

Name of Party	Aggregate amount of overdues of existing loans extended	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the
Kalyani Mobility Inc.	149.98	44.07%

(f) According to the information and explanations given to us, The Company has not granted any loans which are repayable on demand or without specifying any terms of repayment

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under. Hence, reporting under clause (v) of the Order is not applicable.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company. Hence, reporting under clause (vi) of the Order is not applicable.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of provident fund, employees' state insurance, income tax, duty of custom, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of Arrears of Statutory dues outstanding for more than six months.

(In ₹ Millions)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Due date	Date of Payment	Remark, if any
Employee's Provident Fund Act, 1952	Employee's Share of Provident Fund	0.05	FY 2022-23	Various dates	Not Paid	-

(b) According to the information and explanations given to us and the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanation given to us and on the basis of our examination, The Company has not availed any term loan during the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x) (a) of the Order is not applicable.

(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) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) During the year, no report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 177 and 188 of the Companies Act, 2013. The details of the related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

(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) According to the information and explanations given to us, 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 Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year covered by this report and incurred cash losses in the preceding financial year.

(In ₹ Million)

	Current Financial Year	Preceding Financial Year
Cash losses incurred	**712.75**	158.33

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPH4322

Place : Pune
Date : 2nd May, 2023

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI POWERTRAIN LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Kalyani Powertrain Limited** ("the Company") as of 31st March, 2023 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 standalone 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 standalone 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPH4322

Place : Pune
Date : 2nd May, 2023

Standalone Balance Sheet as at 31st March, 2023

(In ₹ Millions)

	Notes	As at 31st March, 2023	As at 31st March, 2022
I. ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**259.34**	19.80
b) Capital work-in-progress	3	**188.05**	-
c) Intangible assets	4	**47.94**	14.52
d) Intangible assets under development	4	**47.75**	0.44
e) Right-of-use-assets	5	**203.67**	45.09
f) Financial assets			
i) Investment in subsidiaries	6	**1,199.99**	1,199.89
ii) Loans	7	**160.90**	-
iii) Other financial assets	8	**9.62**	4.35
g) Deferred tax assets (net)	9	**-**	-
h) Income tax assets (net)	10	**2.02**	0.47
i) Other assets	11	**96.00**	13.98
		2,215.28	1,298.54
2 Current assets			
a) Inventories	12	**272.50**	35.82
b) Financial assets			
i) Trade receivables	13	**172.14**	-
ii) Loans	7	**-**	152.65
iii) Cash and cash equivalents	14	**32.68**	42.18
iv) Other bank balances	14	**0.28**	136.91
v) Other financial assets	8	**73.79**	23.49
c) Other assets	11	**234.39**	25.90
		785.78	416.95
Total assets		**3,001.06**	1,715.49
II. EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	15	**1,893.79**	1,623.24
b) Other equity	16	**(753.49)**	(22.18)
Total equity		**1,140.30**	1,601.06
2 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	17	**938.90**	**-**
ii) Lease liabilities	40	**172.90**	29.60
b) Provisions	19	**3.95**	4.83
c) Other liabilities	20	**0.19**	**-**
		1,115.94	34.43
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	17	**433.45**	-
ii) Lease liabilities	40	**20.03**	9.06
iii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		**1.37**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		**209.11**	62.32
iv) Other financial liabilities	18	**68.48**	-
b) Provisions	19	**0.58**	0.38
c) Other liabilities	20	**11.80**	8.24
		744.82	80.00
Total liabilities		**1,860.76**	114.43
Total equity and liabilities		**3,001.06**	1,715.49
Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 50**		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPH4322

Place : Pune
Date : 2th May, 2023

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Krishan Kohli
Director and CEO
DIN: 08644811

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 2th May, 2023

Standalone Statement of Profit and Loss for the year ended 31st March, 2023

(In ₹ Millions)

		Notes	For the year ended 31st March, 2023	For the year ended 31st March, 2022
I.	**Revenue from operations**	22	**162.84**	-
II.	**Other income**	23	**46.81**	4.35
	Total income		**209.65**	4.35
III.	**Expenses**			
	a) Cost of raw materials and components consumed	24	**222.84**	-
	b) (Increase) in inventories of Work-in-progress	25	**(60.90)**	-
	c) Employee benefit expenses	26	**171.93**	132.07
	d) Finance costs	27	**40.12**	0.98
	e) Depreciation and amortization expenses	28	**16.80**	7.76
	f) Other expenses	29	**174.84**	29.63
	Total expenses		**565.63**	170.44
IV.	**Loss before exceptional items and tax**		**(355.98)**	(166.09)
V.	**Exceptional items gain/(loss)**	45	**(373.57)**	149.65
VI.	**Loss after exceptional items and before tax**		**(729.55)**	**(16.44)**
VII.	**Tax expenses/(Income)**			
	Current tax		**-**	-
	Deferred tax		**-**	-
			-	**-**
VIII.	**Loss for the year**		**(729.55)**	**(16.44)**
IX.	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement gain/(loss) on defined benefit plans		**(1.76)**	(0.79)
	Total other comprehensive income, net of tax		**(1.76)**	(0.79)
X.	**Total comprehensive income for the year**		**(731.31)**	(17.23)
XI.	**Earnings per equity share [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	33	**(4.14)**	(0.32)
	a) Diluted (In ₹)	33	**(4.14)**	(0.32)
Significant accounting policies and notes forming an integral part of the standalone financial statements		**1 to 50**		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPH4322

Place : Pune
Date : 2th May, 2023

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Krishan Kohli
Director and CEO
DIN: 08644811

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 2th May, 2023

Standalone Statement of Changes in Equity for the year ended 31st March, 2023

a) Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	No. of shares	**In ₹ Millions**	No. of shares	In ₹ Millions
Balance at the beginning	**162,324,444**	**1,623.24**	1,000	0.01
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning	**162,324,444**	**1,623.24**	1,000	0.01
Changes in equity share capital				
Issued during the year	**27,054,073**	**270.55**	162,323,444	1,623.23
Balance at the end	**189,378,517**	**1,893.79**	162,324,444	1,623.24

b) Other equity (In ₹ Millions)

	Retained earnings	**Total other equity**
Balance as at 31st March, 2021	(4.95)	(4.95)
Changes in other equity due to prior period errors	-	-
Restated balance at the beginning of the previous reporting period	(4.95)	(4.95)
Loss for the year	(16.44)	(16.44)
Other comprehensive income for the year	(0.79)	(0.79)
Balance as at 31st March, 2022	(22.18)	(22.18)
Changes in other equity due to prior period errors	**-**	**-**
Restated balance at the beginning of the current reporting period	**(22.18)**	**(22.18)**
Loss for the year	**(729.55)**	**(729.55)**
Other comprehensive income for the year	**(1.76)**	**(1.76)**
Balance as at 31st March, 2023	**(753.49)**	**(753.49)**

c) Total equity (a + b) **1,140.30**

Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 50**

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPH4322

Place : Pune
Date : 2th May, 2023

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Krishan Kohli
Director and CEO
DIN: 08644811

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 2th May, 2023

Standalone Cash Flow Statement for the year ended 31st March, 2023

(In ₹ Millions)

			For the year ended 31st March, 2023	For the period ended 31st March, 2022
(A)	**Cash flow from operating activities**			
	Loss after exceptional items and before tax		**(729.55)**	(16.44)
	Non cash exceptional items		**373.57**	(149.65)
	Depreciation and amortization expenses		**16.80**	7.76
	Finance costs		**40.12**	0.98
	Gain on sale/discard of property, plant and equipments		**(0.76)**	-
	Interest income		**(22.82)**	(2.19)
	Remeasurement of the net defined benefit liability/asset		**(1.76)**	(0.79)
	Operating loss before working capital changes		**(324.40)**	(160.33)
	Movements in working capital :			
	Increase / (decrease) in trade receivables		**(172.14)**	-
	Increase / (decrease) in trade payables		**143.26**	57.37
	Increase / (decrease) in other financial liabilities		**68.48**	-
	Increase / (decrease) in other current liabilities		**3.75**	8.23
	Increase / (decrease) in provisions		**(0.68)**	5.22
	(Increase) / decrease in inventories		**(236.68)**	(35.82)
	(Increase) / decrease in other financial assets		**(52.76)**	(23.99)
	(Increase) / decrease in other assets		**(290.51)**	(26.10)
			(537.28)	(15.09)
	Cash generated from operations		**(861.68)**	(175.42)
	Direct taxes paid (net of refunds)		**(1.55)**	(0.47)
	Net cash flows from operating activities	**(A)**	**(863.23)**	(175.89)
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment and intangible assets (including capital work in progress, intangible under development and capital advance)		**(518.93)**	(52.74)
	Sale of property, plant and equipment and intangible assets (including capital work in progress, intangible under development and capital advance)		**15.90**	-
	Investment in subsidiaries		**(0.10)**	(749.94)
	Loans to subsidiaries		**(381.82)**	(152.65)
	Investment in fixed deposits		**-**	(279.10)
	Proceeds from maturity/redemption of fixed deposits		**136.63**	142.80
	Loans to employees		**-**	(0.11)
	Interest income		**22.39**	2.09
	Net cash flows used in investing activities	**(B)**	**(725.93)**	(1,089.65)

(In ₹ Millions)

			For the year ended 31st March, 2023	For the period ended 31st March, 2022
(C)	**Cash flows from financing activities**			
	Proceeds from issue of equity shares		**270.55**	922.93
	Proceeds from issue of debentures		**-**	400.00
	Proceeds from non current borrowings		**938.90**	-
	Proceeds from/(Repayment of) current borrowings		**433.45**	-
	Payment of security deposit		**(2.93)**	(5.85)
	Payment of lease expenses		**(3.84)**	(5.91)
	Payment of principal lease liabilities		**(10.86)**	(2.48)
	Payment of interest on lease liabilities		**(5.90)**	(0.93)
	Interest paid		**(39.71)**	(0.05)
	Net cash flows from/(used in) financing activities	**(C)**	**1,579.66**	1,307.71
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**(9.50)**	42.17
(E)	**Cash and cash equivalents at the beginning of the year**		**42.18**	0.01
(F)	**Cash and cash equivalents at the end of the year**		**32.68**	42.18

		As at 31st March, 2023	As at 31st March, 2022
Components of cash and cash equivalents			
Balances with banks in current accounts		**32.68**	0.15
Deposits with original maturity of less than three months		**-**	42.03
	TOTAL :	**32.68**	42.18

Significant accounting policies and notes forming an integral part of the standalone financial statements **1 to 50**

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPH4322

Place : Pune
Date : 2th May, 2023

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Krishan Kohli
Director and CEO
DIN: 08644811

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 2th May, 2023

Notes forming part of the standalone financial statements for the year ended 31st March, 2023

1 Corporate information:

Kalyani Powertrain Limited ("the Company") was incorporated on 26th September, 2020 as a private limited company under the provisions of the Companies Act, 2013. The Company has subsequently converted into a public limited company with effect from 20th July,2021. The Company is a wholly owned subsidiary of Bharat Forge Limited.

During the period covered by these standalone financial statements, the Company was engaged in the business of power electronics, development of sub-systems, electric powertrain transmission systems for automotive sector and related research and development.

These standalone financial statements have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India.

These financial statements were authorised for issue in accordance with resolution of the Board of Directors on 2nd May, 2023

2 Significant accounting policies:

2.1 Basis of accounting and preparation of standalone financial statements:

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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The standalone financial statements are presented in INR and all values are rounded to the nearest million.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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 realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Foreign currency transactions and translations :

The Company's standalone financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

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 recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost less accumulated impairment. (Refer note 2.12).

2.5 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All 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:

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

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

iii 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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.

2.6 Revenue from contracts with customers :

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

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35(a).

a) Sale of goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

b) Sale of Services :

Sales of services include certain performance obligations that are satisfied over a period of time. Any amount received in advance in respect of such performance obligations that are satisfied over a period of time is recorded as a contract liability and recorded as revenue when service is rendered to customers.

c) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "other income" in the statement of profit and loss.

d) Profit / Loss on sale of investments:

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

e) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

f) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no.2.14.

g) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.7 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realised.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

i 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

ii 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.

2.8 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

Depreciation is computed on a straight-line method based on the useful lives, determined based on internal technical evaluation by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various property, plant and equipment is given below

Type of asset	Estimated useful life
i) Buildings - Other	3 years to 6 years
ii) Plant and machineries (including test jigs)	2 years to 15 years
iii) Computer and data processing equipments	
(a) Servers and networks	6 years
(b) Other end user devices	3 years
iv) Furniture and fixtures	10 years
v) Office equipment	5 years

Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

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.

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 and loss when the asset is derecognised.

The summary of amortization policy applied to the Company's intangible assets is as below:

Type of asset	Estimated useful life
i) Computer software	3 years
ii) Other intangible asset	5 years

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:

i. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

ii. Its intention to complete and its ability and intention to use or sell the asset

iii. How the asset will generate future economic benefits

iv. The availability of resources to complete the asset

v. 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.

2.10 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 :

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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.

Type of asset	Estimated useful life
Land and building	5-10 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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment 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.

The Company as a lessor :

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature. 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.

2.11 Inventories :

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realisable value.

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

2.12 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 groups 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.

Intangible assets under development are tested for impairment annually.

For the assets, 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 and loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.13 Provisions and contingent liabilities :

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where 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 any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond the control of the Company or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.14 Retirement and other employee benefits :

a) Gratuity :

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.15 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.

2.16 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.

A Financial asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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 recognised in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised 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 recognised in the statement of profit and loss.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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 recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, 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 recognised in the statement of profit and loss.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and 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 recognised in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. 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 and loss.

The Company has not designated any financial liability as at fair value through statement of profit and loss.

ii 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 the statement of profit and 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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 and loss.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through statement of profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

D 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.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.17 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.18 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.19 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.20 Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 (consolidation of shares) 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 and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.21 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.22 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Property, plant and equipment

(In ₹ Millions)

	Plant & machinery	Furniture	Computers	Buildings	Leasehold Improvements	Office equipments	Total	Capital work-in-progress
Gross block, at cost :								
Additions	7.91	3.76	10.13	-	-	0.09	21.89	-
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at 31st March, 2022	7.91	3.76	10.13	-	-	0.09	21.89	-
Additions	**198.27**	**0.37**	**12.12**	**1.27**	**34.63**	**1.55**	**248.21**	**430.25**
Disposals	**(3.88)**	**-**	**(1.24)**	**-**	**-**	**(0.08)**	**(5.20)**	**(2.13)**
Capitalised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(248.21)**
Borrowing Costs (Refer note a)	**5.87**	**-**	**-**	**-**	**-**	**-**	**5.87**	**8.14**
As at 31st March, 2023	**208.17**	**4.13**	**21.01**	**1.27**	**34.63**	**1.56**	**270.77**	**188.05**
Depreciation and amortization :								
Disposals	-	-	-	-	-	-	-	**-**
For the period	0.68	0.48	0.92	-	-	0.01	2.09	**-**
Upto 31st March, 2022	0.68	0.48	0.92	-	-	0.01	2.09	**-**
Disposals	**(0.27)**	**-**	**(0.32)**	**-**	**-**	**(0.01)**	**(0.60)**	**-**
For the year	**3.58**	**0.59**	**5.01**	**0.20**	**0.38**	**0.18**	**9.94**	**-**
Upto 31st March, 2023	**3.99**	**1.07**	**5.61**	**0.20**	**0.38**	**0.18**	**11.43**	**-**
Net block :								
As at 31st March, 2022	7.23	3.28	9.21	-	-	0.08	19.80	-
As at 31st March, 2023	**204.18**	**3.06**	**15.40**	**1.07**	**34.25**	**1.38**	**259.34**	**188.05**

a) Capitalised borrowing costs

The Company capitalises borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised in CWIP during the year ended 31st March, 2023 was ₹ 14.01 million (31st March, 2022: ₹ Nil) and of these ₹ 5.87 million was transferred from CWIP to cost of property, plant and equipment. Capitalisation rate is 8.70% p.a.

b) Capital work in progress Ageing Schedule

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Projects in progress		
Less than 1 year	**188.05**	-
1-2 years	**-**	-
2-3 years	**-**	-
More than 3 years	**-**	-
Total :	**188.05**	-

c) For details of expenditure capitalised to property, plant and equipment, intangible assets, capital work in progress and Intangibles under development during the year, refer note 30.

d) The Company has not revalued any property, plant and equipment during the year.

4 Intangible assets

(In ₹ Millions)

	E-powertrain Technology	Softwares	Total intangible assets	Intangibles under development
Gross block, at cost :				
Additions	-	16.63	16.63	0.44
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2022		16.63	16.63	0.44
Additions	**41.09**	**6.62**	**47.71**	**93.14**
Disposals	**-**	**(12.66)**	**(12.66)**	**(47.71)**
Borrowing Costs (Refer note a)	**-**	**-**	**-**	**1.88**
As at 31st March, 2023	**41.09**	**10.59**	**51.68**	**47.75**
Depreciation and amortization :				
Disposals	-	-	-	**-**
For the period	-	2.11	2.11	**-**
Upto 31st March, 2022		2.11	2.11	**-**
Disposals	**-**	**(4.25)**	**(4.25)**	**-**
For the year	**0.27**	**5.61**	**5.88**	**-**
Upto 31st March, 2023	**0.27**	**3.47**	**3.74**	**-**
Net block :			**-**	
As at 31st March, 2022	-	14.52	14.52	0.44
As at 31st March, 2023	**40.82**	**7.12**	**47.94**	**47.75**

a) Capitalised borrowing costs

The Company capitalises borrowing costs in the intangible assets under developement first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from intangible assets under developement. The borrowing costs capitalised in intangible assets under developement during the year ended 31st March, 2023 was ₹ 1.88 million (31st March, 2022: ₹ Nil). Capitalisation rate is 8.70% p.a.

b) Intangibles under development Ageing schedule

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Projects in progress		
Less than 1 year	**47.75**	0.44
1-2 years	**-**	-
2-3 years	**-**	-
More than 3 years	**-**	-
Total :	**47.75**	**0.44**

c) For details of expenditure capitalised to property, plant and equipment, intangible assets, capital work in progress and Intangibles under development during the year, refer note 30.

d) The Company has not revalued any intangible assets during the year.

5 Right of use assets

(In ₹ Millions)

	Buildings	Total
Gross block, at cost :		
Additions	48.65	48.65
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022	48.65	48.65
Additions	**174.42**	**174.42**
Disposals	**-**	**-**
Adjustments	**-**	**-**
As at 31st March, 2023	**223.07**	**223.07**
Depreciation and amortization :		
Disposals	-	-
Adjustments	-	-
For the period	3.56	3.56
Upto 31st March, 2022	3.56	3.56
Disposals	**-**	**-**
Adjustments	**-**	**-**
For the year	**15.84**	**15.84**
Upto 31st March, 2023	**19.40**	**19.40**
Net block :		
Upto 31st March, 2022	**45.09**	**45.09**
Upto 31st March, 2023	**203.67**	**203.67**

6 Investment in subsidiaries

(At cost) (In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Non-current investments		
Equity instruments (unquoted) (fully paid)		
475,000 (31st March, 2022 : 475,000) Common stock having no par value fully paid up in Kalyani Mobility, Inc. USD 4,750,000 (31st March, 2022 : USD 4,750,000) (Refer note a)	**349.96**	349.96
26,838 (31st March, 2022 : 26,838) Equity shares of ₹ 10/- each, fully paid up in Tork Motors Private Limited (Refer note b)	**849.93**	849.93
10,000 (31st March, 2022 : Nil) Equity shares of ₹ 10/- each, fully paid up in Electroforge Limited (Refer note c)	**0.10**	-
Total :	**1,199.99**	1,199.89

(a) During the previous year, the Company has made investment in Kalyani Mobility, Inc. of ₹ 349.96 millions by acquiring 475,000 common stock having no par value.

(b) During the previous year, the Company has made investment in Tork Motors Private Limited by acquiring 14,208 equity shares of ₹ 10/- each fully paid up from Bharat Forge Limited, the Holding Company for consideration of ₹ 300.30 millions.

Further in the previous year, the Company had made investment in Tork Motors Private Limited of ₹ 400 million by acquiring 400,000 0% Optionally Convertible Debentures (ZOCD) of of ₹ 1,000/- each. These ZOCD were converted into 12,630 equity shares of ₹ 10/- each fully paid up in accordance with the terms of issue, at fair value of ₹ 31.67 thousand per share as on conversion date.

The Company determines the cost of its investment in the subsidiary as the sum of the fair value of the previously held equity interest at the date of obtaining control of the subsidiary plus consideration paid for the additional interest (fair value as deemed cost approach). Accordingly, The Company has recognised gain of ₹ 149.65 millions on re-measurement of its previously held equity interest in Tork Motors Private Limited in its statements of profit and loss as an exceptional item for the year ended 31st March, 2022.

(c) During the current year, the Company has made investment in Electroforge Ltd. of ₹ 0.1 million by acquiring 10,000 shares having face value of ₹ 10 each.

7 Loans

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Non-current (Unsecured)			
Loans to related parties			
Loans to subsidiaries			
Good		**160.90**	-
Credit impaired		**373.57**	-
Less: Impairment of loans given to Kalyani Mobility Inc.		**(373.57)**	-
(Refer note 45)		**-**	-
	Total	**160.90**	-
Current (Unsecured, considered good)			
Loans to related parties			
Loans to subsidiaries		**-**	152.65
	Total	**-**	152.65

For terms and conditions relating to related party transactions, refer note 34

8 Other financial assets

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Non-current (Unsecured, considered good)			
Security deposits		**9.62**	4.35
	Total	**9.62**	4.35
Current (Unsecured, considered good)			
Security deposits		**0.03**	-
Loans to employees		**-**	0.11
Other receivables*		**73.76**	23.38
	Total	**73.79**	23.49

* Includes receivables from related party, for terms and conditions refer note 34

9 Deferred tax asset (net)

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Deferred tax asset			
Temporary differences for			
Depreciation		**8.79**	
other disallowances		**65.55**	0.99
		65.55	0.99
Less: Deferred tax asset in excess of the liability derecognised		**(65.55)**	(0.38)
		-	0.61
Deferred tax liability			
Temporary differences for			
Depreciation		**-**	0.61
	Total	**-**	-

10 Income tax assets

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Taxes paid in advance		**2.02**	0.47
	Total	**2.02**	0.47

11 Other assets

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Non-current (Unsecured, considered good)			
Capital advances		**96.00**	13.78
Prepaid expenses		**-**	0.20
	Total	**96.00**	13.98
Current (Unsecured, considered good)			
Balances with government authorities		**151.33**	17.63
Advances to suppliers		**73.70**	2.28
Prepaid plan assets [Refer note 32(b)]		**1.70**	-
Prepaid expenses		**6.86**	5.80
Contract Assets		**0.35**	-
Others		**0.45**	0.19
	Total	**234.39**	25.90

12 Inventories

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Raw materials	**203.83**	-
Work-in-progress	**60.90**	-
Inventory of R & D activity		
- Work-in-progress	**-**	3.90
- Raw materials	**7.77**	31.92
Total	**272.50**	35.82

13 Trade Receivables

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Current		
Unsecured		
Considered good	**172.14**	-
Total	**172.14**	-

Includes receivables from related party, for terms and conditions refer note 34

Trade receivable ageing schedule

Particulars	Not yet due	Outstanding for following periods from due date of payment		
		Less than 6 months	6 months - 1 years	Total
As at 31st March, 2023				
Undisputed dues				
(a) Considered good	**17.19**	**79.47**	**75.48**	**172.14**
(b) Which have significant increase in credit risk	-	-	-	**-**
(c) Credit impaired	-	-	-	**-**
Unbilled revenue	-	-	-	**-**
Total	**17.19**	**79.47**	**75.48**	**172.14**

14 Cash and bank balances

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents		
Balances with banks		
In current accounts	**32.68**	0.15
Deposits with original maturity of less than three months	**-**	42.03
Total	**32.68**	42.18
Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	**0.28**	136.91
Total	**0.28**	136.91

Bank deposits earn interest at fixed rates. Short term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company and earn interest at the respective deposit rates.

15 Equity share capital

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Authorised		
260,000,000 (260,000,000) Equity shares of ₹ 10/- each	**2,600.00**	2,600.00
	2,600.00	2,600.00
Issued		
189,378,517 (162,324,444) Equity shares of ₹ 10/- each	**1,893.79**	1,623.24
	1,893.79	1,623.24
Subscribed and fully paid-up		
189,378,517 (162,324,444) Equity shares of ₹ 10/- each, fully paid-up	**1,893.79**	1,623.24
	1,893.79	1,623.24

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2023		As at 31st March, 2022	
	No. of shares	In ₹ Millions	No. of shares	In ₹ Millions
At the beginning of the year	**162,324,444**	**1,623.24**	1,000	0.01
Shares issued during the year	**27,054,073**	**270.55**	162,323,444	1,623.23
Outstanding at the end of the year	**189,378,517**	**1,893.79**	162,324,444	1,623.24

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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

(c) Details of shares held by the Holding Company

Name of Shareholder	**As at 31st March, 2023**		As at 31st March, 2022	
	No. of shares	**In ₹ Millions**	No. of shares	In ₹ Millions
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited#	**189,378,517**	**1,893.79**	162,324,444	1,623.23
	189,378,517	**1,893.79**	162,324,444	1,623.23

including the shares held through nominees

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

Name of Shareholder	**As at 31st March, 2023**		As at 31st March, 2022	
	No. of shares	**% of holding**	No. of shares	% of holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**189,378,517**	**100**	162,324,444	100
	189,378,517	**100**	162,324,444	100

including the shares held through nominees

(e) Shares held by Promoters at the end of the year

Promoter Name	**As at 31st March, 2023**		**% change during the year**
	No. of shares	**% of total shares**	
Bharat Forge Limited, the Holding Company#	**189,378,517**	**100**	**0.00%**

including the shares held through nominees

Promoter Name	As at 31st March, 2022		% change during the year
	No. of shares	% of total shares	
Bharat Forge Limited, the Holding Company#	162,324,444	100	0.00%

including the shares held through nominees

(f) Equity shares allotted as fully paid-up (during 5 years preceding 31st March, 2023) pursuant to contracts without payment being received in cash

i) 30,030,000 equity shares fully paid up were allotted during year ended 31st March,2022 to Bharat Forge Limited, the Holding Company, in consideration for acquisition of 14,208 equity shares of Tork Motors Private Limited.

ii) 40,000,000 equity shares fully paid up were allotted during year ended 31st March,2022 to Bharat Forge Limited, the Holding Company, upon conversion of 400,000 0% Optionally Convertible Debentures (ZOCD) of ₹ 1,000/- each.

16 Other equity

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Deficit in the statement if profit and loss		
As per last account	**(22.18)**	(4.95)
Loss for the year	**(729.55)**	(16.44)
Other comprehensive income for the year	**(1.76)**	(0.79)
	(753.49)	(22.18)
Less : Appropriations	**-**	-
	(753.49)	(22.18)

17 Borrowings

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Non-current borrowings		
- Loans from related parties		
Loans from the holding company[(a)] (Unsecured)	**938.90**	-
Total :	**938.90**	-
Current borrowings		
- Loans from related parties		
Loans from the holding company[(a)] (Unsecured)	**153.45**	-
- From Banks		
Working Capital Demand Loan[(b)](Secured)	**280.00**	-
Total :	**433.45**	-
Total secured loans	**280.00**	-
Total unsecured loans	**1,092.35**	-
Total :	**1,372.35**	-

(a) Intercorporate loan from the Holding Company

Intercorporate loan from the Holding Company carries interest @ 8.70% p.a.This loan is repayable as under:

Payable after 36 months from date of disbursement (In ₹ Millions)	**938.90**	-
Payable after 12 months from date of disbursement (In ₹ Millions)	**153.45**	-

(b) Working Capital Demand Loan from ICICI Bank

During the current year, the company has availed a Working Capital Demand Loan of ₹ 280 millions @ 8.40% to 8.70% p.a. (I-MCLR-6M + 2%) from ICICI Bank. This loan is secured by hypothecation of inventories and trade receivables and is repayable within 7 to 180 days.

(c) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

18 Other financial liabilities

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Current			
Creditors for capital expenses		**68.48**	-
	Total :	**68.48**	-

19 Provisions

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Non-current			
Provision for employee benefits			
Provision for gratuity [Refer note 32(b)]		**-**	0.79
Provision for compensated absences [Refer note 32(c)]		**3.95**	4.04
	Total :	**3.95**	4.83
Current			
Provision for employee benefits			
Provision for gratuity [Refer note 32(b)]		**-**	-
Provision for compensated absences [Refer note 32(c)]		**0.58**	0.38
	Total :	**0.58**	0.38

20 Other liabilities

(In ₹ Millions)

		As at 31st March, 2023	As at 31st March, 2022
Non-current			
Contract liabilities(a)			
Deferred Revenue		**0.19**	-
	Total :	**0.19**	**-**
Current			
Contract liabilities(a)			
Advance received from customers		**3.40**	-
Deferred Revenue		**0.09**	-
Statutory dues payable		**8.31**	7.15
Others		**-**	1.09
	Total :	**11.80**	8.24

(a) The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

21 Trade payables

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Dues to micro enterprises and small enterprises (Refer note 44)	**1.37**	-
Dues to other than micro enterprises and small enterprises	**209.11**	62.32
Total :	**210.48**	62.32

Trade payables includes related party payables. For terms and conditions refer note no. 34.

Trade payable ageing schedule

(In ₹ Millions)

Particulars	Outsanding for following periods from due date of payment					Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	
As at 31st March, 2023						
Undisputed dues to MSME	-	0.18	1.19	-	-	1.37
Undisputed dues to other than MSME	38.57	59.31	111.23	-	-	209.11
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	38.57	**59.49**	**112.42**	**-**	**-**	**210.48**
As at 31st March, 2022						
Undisputed dues to MSME	-	-	-	-	-	-
Undisputed dues to other than MSME	-	-	62.32	-	-	62.32
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	-	62.32	-	-	62.32

22 Revenue from operations

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Sale of products		
- Sale of goods	**162.52**	-
Total sale of products	**162.52**	-
Other operating revenues		
- Manufacturing scrap	**0.32**	-
Total Revenue from operations	**162.84**	-

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers by geographical segments and contract type.

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Revenue by geographical segments :		
Within India	**162.84**	-
Outside India	**-**	-
Total :	**162.84**	-
Revenue by contract type :		
Fixed price contracts	**162.84**	-
Cost plus contracts	**-**	-
Total :	**162.84**	-

Changes in contract assets are as under :

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	**-**	-
Revenue recognised during the year	**0.35**	-
Invoices raised during the year	**-**	-
Balance at the end of the year	**0.35**	**-**

Changes in contract liabilities are as under : (In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	**-**	-
Revenue recognised from contract liabilities at the beginning of the year	**-**	-
Increased due to advances received during the year/deferred revenue	**3.68**	-
Decreased due to refund of advance received	**-**	-
Balance at the end of the year	**3.68**	**-**
Current	**0.09**	**-**
Non-Current	**3.59**	**-**
	3.68	**-**

Performance obligations in respect of amount received in respect of warranty will be fulfilled over a period of 3 years.

Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2023, other than those meeting the exclusion criteria mentioned above, is ₹ 0.28 million (Previous year : NIL). Out of this, the Company expects to recognize revenue of ₹ 0.09 million (Previous year : NIL) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Reconciliation of contracted price with revenue during the year (In ₹ millions)

	As at 31st March, 2023	As at 31st March, 2022
Revenue recognised as per Statement of Profit & loss		
Sale of products	**162.52**	-
Other operating revenues	**0.32**	-
	162.84	-
Add : Adjustments		
Deferred Revenue	**0.28**	-
Contract Price	**163.12**	-

23 Other income

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Interest income on		
Bank deposits	**1.20**	1.05
Loans to subsidiaries	**21.19**	1.04
Other*	**0.43**	0.10
Gain on foreign exchange differences (net)	**22.31**	1.62
Gain on sale/discard of property, plant and equipments	**0.76**	-
Miscellaneous income**	**0.92**	0.54
Total :	**46.81**	4.35

* Includes interest on account of unwinding of security deposits.

** Miscellaneous income includes sundry sale, discount received, miscellaneous recoveries, etc.

24 Cost of raw materials and components consumed

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Inventory at the beginning of the year (Refer note 12)	**-**	-
Add: Purchases	**426.67**	-
Less: Inventory as at end of the year (Refer note 12)	**203.83**	-
Cost of raw materials and components consumed	**222.84**	-

25 (Increase) in inventories of Work-in-progress

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Inventories at the end of the year (Refer note 12)		
Work-in-progress	**60.90**	-
	60.90	-
Inventories at the beginning of the year (Refer note 12)		
Work-in-progress	**-**	-
	-	-
Total :	**(60.90)**	-

26 Employee benefit expenses

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Salaries, wages and bonus	**153.98**	125.63
Contribution to provident fund and other funds	**9.66**	3.75
Gratuity expenses	**1.11**	0.08
Staff welfare	**7.18**	2.61
Total :	**171.93**	132.07

27 Finance costs

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Interest on borrowings		
- On bank facilities	**2.11**	-
- Loans from holding company *	**36.95**	-
- Others	**-**	0.05
Interest on lease liability (Refer note 40)	**0.41**	0.93
Other Interest	**0.65**	-
Total :	**40.12**	0.98

*For terms and conditions relating to related party transactions, refer note no. 34

28 Depreciation and amortization expenses

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Depreciation on property, plant and equipment (Refer note 3)	**9.94**	2.09
Amortization on intangible assets (Refer note 4)	**5.88**	2.11
Depreciation on right-of-use assets (Refer note 40)	**0.98**	3.56
Total :	**16.80**	7.76

29 Other expenses

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Consumption of stores, spares, tools and other materials for R & D*	**6.81**	0.47
Power and fuel	**0.86**	-
Repair & maintenance - Others	**3.46**	1.41
Contract labour charges	**38.71**	-
Rent	**0.04**	-
Rates and taxes	**0.37**	0.71
Insurance	**0.60**	0.10
Legal and professional fees	**9.43**	0.93
Testing Charges	**4.55**	-
Subscription expenses	**12.60**	-
Research & development expenses	**49.61**	-
Travelling expenses	**12.08**	0.56
Business development expenses	**25.14**	4.08
Security expenses	**0.75**	-
Share issue expenses	**0.02**	19.83
Payment to auditors (Refer note a)	**1.10**	0.63
Miscellaneous expenses#	**8.71**	0.91
Total :	**174.84**	29.63

*Net of recovery, including sale of prototypes, etc. amounting to ₹ 135.49 millions (Previous Year : ₹ 36.60 millions)

#Miscellaneous expenses consists of bank charges, printing and stationery and other office expenses etc.

a) Payment to auditors (In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
As auditor:		
- Statutory audit fee	**0.90**	0.40
- Tax audit fee	**0.20**	-
- Other (including certification fees)	**-**	0.23
Total :	**1.10**	0.63

30 Capitalisation of expenditure

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

(In ₹ Millions)

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Salaries, wages and bonus	**48.19**	-
Interest on borrowings	**10.40**	-
Interest on lease liabilities (Refer note 40)	**5.49**	-
Depreciation on right-of-use assets (Refer note 40)	**14.86**	-
Other operating expenses		
Consumption of stores, spares, tools and other materials for R & D	**19.56**	-
Contract labour charges	**1.12**	-
Legal and professional fees	**4.88**	-
Rent, rates and taxes	**0.25**	-
Power & Fuel	**1.85**	-
Security expenses	**1.12**	-
Others	**0.36**	-
Total :	**108.08**	**-**

31 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. the Company was engaged in the business of manufacturing of electric powered battery operated vehicles, power electronics, development of sub-systems, electric powertrain transmission systems for automotive sector and related research and development; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net loss as per the statement of profit and loss represents the revenue, total expenses and the net loss of the sole reportable segment.

32 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes provident fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 7.88 millions (Previous Year : ₹ 3.18 millions) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the projected unit credit method, with actuarial valuations being carried out on half yearly basis.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund where in a ll assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below

	Year ended 31st March, 2023	Year ended 31st March, 2022
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.40%**	7.30%
Expected rate of return on plan assets	**7.30%**	0.00%
Salary growth Rate	**10.00%**	6.00%
Expected average remaining working lives (in years)	**8.59**	16.10
Withdrawal rate	**10.00%**	3.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows

(In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the beginning of the year	**0.79**	-
Interest expense	**0.05**	-
Current service cost	**1.23**	-
Benefits (paid)	**(0.26)**	-
Remeasurements on obligation [actuarial (Gain) / Loss]	**1.76**	0.79
Present value of obligation as at the end of the year	**3.57**	0.79

Changes in the fair value of plan assets recognised in the balance sheet are as follows

(In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Fair value of plan assets at the beginning of the year	**-**	-
Interest income	**0.19**	-
Contributions	**5.08**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in interest income - gain / (Loss)	**-**	-
Fair value of plan assets at the end of the year	**5.27**	-
Actual return on plan assets	**0.19**	-

Net interest (income/expense) (In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest (income) / expense – obligation	**0.05**	-
Interest (income) / expense – plan assets	**(0.19)**	-
Net interest (income) / expense for the year	**(0.14)**	-

Remeasurement for the period [actuarial (gain)/loss] (In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Experience (gain) / loss on plan liabilities	**0.82**	0.79
Demographic (gain) / loss on plan liabilities	**0.16**	-
Financial (gain) / loss on plan liabilities	**0.77**	-
Experience (gain) / loss on plan assets	**0.01**	-
Financial (gain) / loss on plan assets	**(0.01)**	-

Amount recognised in statement of other comprehensive income (OCI)

(In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening amount recognised in OCI outside profit and loss account	**0.79**	-
Remeasurement for the period-obligation (gain)/loss	**1.76**	0.79
Remeasurement for the period-plan assets (gain)/loss	**-**	-
Total remeasurement cost/(credit) for the period recognised in OCI	**1.76**	0.79
Closing amount recognised in OCI outside profit and loss account	**2.55**	0.79

The amounts to be recognised in the balance sheet (In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the end of the period	**3.57**	0.79
Fair value of plan assets as at the end of the period	**5.27**	-
Net asset / (liability) to be recognised in balance sheet	**1.70**	(0.79)

Expense recognised in the statement of profit and loss (In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Current service cost	**1.23**	-
Net interest (income) / expense	**(0.14)**	-
Transfer in/(out)	**-**	-
Net periodic benefit cost recognised in the statement of profit and loss	**1.09**	-

Reconciliation of net asset/(liability) recognised: (In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Net asset / (liability) recognised at the beginning of the period	**(0.79)**	-
Company contributions	**5.08**	-
Benefits directly paid by company	**0.26**	-
Expense recognised at the end of period	**(1.09)**	-
Amount recognised outside profit & loss for the year	**(1.76)**	(0.79)
Mortality charges and taxes	**-**	-
Adjustment to fund	**-**	-
Net asset / (liability) recognised at the end of the period	**1.70**	(0.79)

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(In ₹ Millions)

Discount rate	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in discount rate by 100 basis points	**3.37**	0.70
Decrease in discount rate by 100 basis points	**3.95**	0.90

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

(In ₹ Millions)

Salary growth rate	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in salary growth rate by 100 basis points	**3.90**	0.90
Decrease in salary growth rate by 100 basis points	**3.41**	0.71

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

(In ₹ Millions)

Withdrawal rate	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in withdrawal rate by 100 basis points	**3.53**	0.78
Decrease in withdrawal rate by 100 basis points	**3.69**	0.81

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(c) Other long term employee benefits:

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

(In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation	**4.53**	4.43
Fair value of plan assets	**-**	-
Net asset/(liability) recognized in the balance sheet	**(4.53)**	(4.43)

33 Earnings per share (EPS) (In ₹ Millions)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Loss for the year attributable to shareholders as at	**(729.55)**	(16.44)
Weighted average number of equity shares in calculating basic EPS (In Nos.)	**176,185,024**	51,802,107
EPS - basic (in ₹)	**(4.14)**	(0.32)
EPS - diluted (in ₹)	**(4.14)**	(0.32)

34 Related party disclosures

(i) Names of the related parties and related party relationship

a)	Holding Company	i)	Bharat Forge Limited
b)	Subsidiaries	i)	Tork Motors Private Limited (w.e.f. 22nd November, 2021) (Associate from 10th September 2021 till 21st November, 2021)
		ii)	Kalyani Mobility Inc., USA (erstwhile Kalyani Precision Machining, Inc.) (w.e.f. 14th September, 2021)
		iii)	Electroforge Limited (w.e.f. 25th July, 2022)
c)	Fellow Subsidiaries	i)	J S Auto Cast Foundry India Private Limited
d)	Key management personnel	i)	Mr. Kishore Mukund Saletore, Director
		ii)	Mr. Ravindra Bhaskarrao Nagarkar, Director
		iii)	Mr. Krishan Kohli, Director and Chief Executive Officer (Appointed w.e.f. 8th November, 2022)
		iv)	Ms. Tejaswini Chaudhari, Director (Appointed w.e.f. 9th November, 2022)
		v)	Mr. Sanjeev Ramachandra Kulkarni, Director and Chief Executive Officer (Appointed w.e.f. 29th October, 2021 and resigned w.e.f. 8th November, 2022)
		vi)	Mr. Ganadheesh Kulkarni, Chief Financial Officer (Appointed w.e.f. 16th December, 2021 and resigned w.e.f. 11th August,2022)
		vii)	Mr. Aseem Varshneya, Chief Financial Officer (Appointed w.e.f. 16th December, 2021 and resigned w.e.f. 6th January, 2023)
		viii)	Mr. Ashish Gajanan Bhat, Company Secretary@ (Appointed w.e.f. 29th October, 2021) @ On deputation from Bharat Forge Limited, the Holding Company
e)	Relatives of Key Management Personnel	i)	Mr. Bhargav Sanjeev Kulkarni
f)	Other related parties	i)	Kalyani Technoforge Limited
		ii)	Kalyani Transmission Technologies Private Limited
		iii)	Kalyani Stratergic Management Services Private Limited
		iv)	Kalyani Cleantech Private Limited
		v)	Akutai Kalyani Charitable Trust
		vi)	Refu Drive GmbH
g)	Post employment benefit trust	i)	Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme

(ii) Related parties with whom transactions have taken place during the period

(In ₹ Millions)

Sr. No.	Nature of transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
1	**Managerial remuneration**	a)	**Key managerial personnel**		
			Mr. Sanjeev Ramachandra Kulkarni	**11.81**	10.92
			Mr. Ganadheesh Kulkarni	**1.70**	0.74
			Mr. Krishan Kohli	**8.46**	-
			Mr. Aseem Varshneya	**1.97**	-
2	**Issue of share capital**	b)	**Holding Company**		
			Bharat Forge Limited	**270.54**	1,623.23
3	**Reimbursement of expenses received**	c)	**Holding Company**		
			Bharat Forge Limited	**-**	1.22
			Subsidiaries		
			Electroforge Limited	**0.03**	-
4	**Reimbursement of expenses Paid**	c)	**Holding Company**		
			Bharat Forge Limited	**1.68**	55.69
			Other related parties		
			Kalyani Technoforge Limited	**7.99**	13.86
			Akutai Kalyani Charitable Trust	**0.52**	-
5	**Purchase of assets**	d)	**Holding Company**		
			Bharat Forge Limited	**3.77**	21.97
			Other related parties		
			Kalyani Stratergic Management Services Private Limited	**0.07**	-
			Kalyani Cleantech Pvt Ltd	**2.93**	-
6	**Intercorporate loan taken**	e)	**Holding Company**		
			Bharat Forge Limited	**1,074.00**	-
			Other related parties		
			Kalyani Technoforge Limited	**-**	9.36
7	**Intercorporate loan repaid**	e)	**Holding Company**		
			Bharat Forge Limited	**24.00**	-
			Other related parties		
			Kalyani Technoforge Limited	**-**	9.36
9	**Interest paid on intercorporate loan**	e)	**Holding Company**		
			Bharat Forge Limited	**47.35**	-
			Other related parties		
			Kalyani Technoforge Limited	**-**	0.05
10	**Issue of 0% optionally convertible debentures**	f)	**Holding Company**		
			Bharat Forge Limited	**-**	400.00
11	**Conversion of 0% optionally convertible debentures**	f)	**Holding Company**		
			Bharat Forge Limited	**-**	400.00
12	**Purchase of securities**	g)	**Holding Company**		
			Bharat Forge Limited	**-**	300.30

(In ₹ Millions)

Sr. No.	Nature of transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
13	**Investments**	h)	**Subsidiaries**		
			Kalyani Mobility Inc.	**-**	349.96
			Tork Motors Private Limited	**-**	399.98
			Electroforge Limited	**0.10**	-
14	**Loans given**	i)	**Subsidiaries**		
			Kalyani Mobility Inc.[includes exchange (loss)/gain]	**261.63**	149.98
			Tork Motors Private Limited	**77.00**	-
15	**Advance given**	j)	**Subsidiaries**		
			Tork Motors Private Limited	**50.00**	-
16	**Interest income**	i)	**Subsidiaries**		
			Kalyani Mobility Inc.	**17.72**	1.04
			Tork Motors Private Limited	**3.56**	-
17	**Investment in ZOCD**	k)	**Subsidiaries**		
			Tork Motors Private Limited	**-**	400.00
18	**Conversion/redemption of ZOCD**	k)	**Subsidiaries**		
			Tork Motors Private Limited - conversion	**-**	399.98
			Tork Motors Private Limited - redemption	**-**	0.02
19	**Income from Sale of Goods/ Services**	l)	**Subsidiaries**		
			Tork Motors Private Limited	**145.55**	-
20	**Sale/discard of property, plant and equipments etc.**	l)	**Holding Company**		
			Bharat Forge Limited	**15.91**	-
21	**Purchase of Goods/Services**	l)	**Subsidiaries**		
			Tork Motors Private Limited	**127.23**	-
			Other related parties		
			Refu Drive GmbH	**72.56**	-
22	**Income from R & D services and sale of prototypes and other materials for R & D**	l)	**Holding Company**		
			Bharat Forge Limited	**28.45**	6.47
			Subsidiaries		
			Tork Motors Private Limited	**-**	0.13
			Kalyani Mobility Inc.	**14.24**	-
			Other related parties		
			Kalyani Technoforge Limited	**34.70**	25.35
23	**Purchase of other materials for R & D**	l)	**Holding Company**		
			Bharat Forge Limited	**18.68**	20.55
			Fellow Subsidiaries		
			J S Auto Cast Foundry India Private Limited	**0.54**	-
			Other related parties		
			Kalyani Transmission Technologies Private Limited	**0.15**	0.38
			Kalyani Technoforge Limited	**0.71**	0.63

(In ₹ Millions)

Sr. No.	Nature of transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
24	**Professional fees**	m)	**Relatives of key management personnel**		
			Mr. Bhargav Sanjeev Kulkarni	**0.02**	0.02
25	**Contributions paid**		**Post employment benefit trust**		
			Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme	**5.27**	-

a) Remuneration paid to the key managerial personnel as per per terms of appointment. The amount reported as remuneration are for the entire financial year irrespective of period of holding of office.

b) Equity shares have been issued at par by the Company to the Holding Company in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013. In the previous year, equity shares were issued at par to subscribers of Memorandum of Association. Refer Note 15 (f).

c) Expenses incurred by related parties on behalf of the Company and expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

d) The Company has purchased property, plant and equipment from the related party at the arm's length price, in normal course of business.

e) Intercorporate loan from the related party carried interest @ 8.70% p.a. (Previous Year : 8.15% p.a.)

f) During the previous year, the Company has issued 400,000 0% Optionally Convertible Debentures at par value of ₹ 1,000/- each. These debentures are convertible at any time after issue upto the tenure of the debtentures i.e. 10 years. During the year these 0% Optionally Convertible Debentures were converted into equity shares. Refer Note 15 (f) (ii).

g) During the previous year, 30,030,000 equity shares fully paid up were allotted to Bharat Forge Limited, the Holding Company, in consideration for acquisition of 14,208 equity shares of Tork Motors Private Limited. Refer Note 15 (f) (i).

h) During the year, the Company has incorporated wholly owned subsidary Electroforge Limited. During the previous year, the Company has bought 475,000 Common stock having no par value of Kalyani Mobility Inc. and 12,630 equity shares of Tork Motors Private Limited upon conversion of 0% Optionally Convertible Debentures.

i) Receivable after 2-3 years from date of disbursement of loan and one bullet payment along with interest at the end of the term. Loan given to Kalyani Mobility Inc. at the interest rate of 5% - 6.5% p.a. (Previous Year : 5% p.a.). Loan given to Tork Motors Private Limited at the interest rate of 8.70% - 9.25% p.a.

j) Advance given as per terms of the contract.

k) During the previous year, the Company has purchased 400,000 0% Optionally Convertible Debentures at par value of ₹ 1,000/-each of Tork Motors Private Limited. These debentures are convertible at any time after issue upto the tenure of the debtentures i.e. 1 year. During the year 12,630 equity shares of Tork Motors Private Limited were received upon conversion of 0% Optionally Convertible Debentures.

l) Purchase/sale of goods and services have been made at arm's length price and are subject to normal credit terms.

m) Professional fees paid to the relatives of key management personnel as per terms of contract.

(iii) Balances outstanding

(In ₹ Millions)

Sr. No.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2023 ₹	As at 31st March, 2022 ₹
1	**Trade payables**	**Holding Company**		
		Bharat Forge Limited	**24.76**	26.05
		Other related parties		
		Kalyani Technoforge Limited	**-**	0.34
		Kalyani Transmission Technologies Private Limited	**-**	0.27
		Refu Drive GmbH	**9.79**	-
2	**Other payables**	**Other related parties**		
		Kalyani Cleantech Private Limited	**1.06**	-
3	**Reimbursement of expenses payable**	**Other related parties**		
		Akutai Kalyani Charitable Trust	**0.32**	-
4	**Trade receivables**	**Subsidiaries**		
		Tork Motors Private Limited	**69.30**	-
		Kalyani Mobility Inc.	**14.24**	-
		Other related parties		
		Kalyani Technoforge Limited	**15.16**	-
5	**Other receivables**	**Holding Company**		
		Bharat Forge Limited	**23.73**	6.88
		Subsidiary Company		
		Tork Motors Private Limited	**50.00**	0.16
		Electroforge Limited	**0.03**	-
		Other related parties		
		Kalyani Technoforge Limited	**-**	14.97
6	**Intercorporate loan taken**	**Holding Company**		
		Bharat Forge Limited	**1,092.35**	-
7	**Loans given**	**Subsidiaries**		
		Kalyani Mobility Inc.	**454.27**	151.61
		Tork Motors Private Limited	**80.20**	-
8	**Managerial remuneration payable**	**Key Managerial Personnel**		
		Mr. Sanjeev Ramachandra Kulkarni	**-**	0.43
		Mr. Krishan Kohli	**0.87**	-
		Mr. Ganadheesh Kulkarni	**-**	0.11

35 Significant accounting judgements, 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

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

a) Revenue recognition

The Company's contracts with customers could include promises to transfer multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

b) Leases

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

c) 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's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the 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 risks specific to the asset. In determining the fair value less costs to 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 or other available fair value indicators.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

e) Deferred Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

f) Defined benefit plan

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 32.

g) Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete, slow-moving and items where net realizable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

36 Financial instruments by category

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities :

(In ₹ Millions)

	Carrying value		Fair value	
	As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
Financial assets				
Measured at amortised costs				
Loans	**160.90**	152.65	**160.90**	152.65
Other financial assets	**83.41**	27.84	**83.41**	27.84
Trade Receivable	**172.14**	-	**172.14**	-
Cash and cash equivalents	**32.68**	42.18	**32.68**	42.18
Other bank balances	**0.28**	136.91	**0.28**	136.91
Total:	**449.41**	359.58	**449.41**	359.58
Financial liabilities				
Measured at amortised costs				
Borrowings	**1,372.35**	-	**-**	-
Lease liabilities	**192.93**	38.66	**192.93**	38.66
Trade payables	**210.48**	62.32	**210.48**	62.32
Other financial liabilities	**68.48**	-	**68.48**	-
Total:	**1,844.24**	100.98	**471.89**	100.98

Investments in subsidiaries, joint ventures and associates which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

For trade receivables and trade payables and other assets and payables maturing within one year from the Balance Sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

37 Fair value hierarchy

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

38 Financial risk management disclosure

The Company's principal financial liabilities comprise short term borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and other bank balances 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 Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits.

i) Equity price risk

The Company's investment in equity instruments comprise of investments in subsidiaries which is strategic long term investments. Reports on the equity portfolio are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have exposure to the risk of changes in market interest rates as the Company's long-term debt obligations with fixed interest rates.

iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company does not hedge its forein currency exposures.

Foreign currency sensitivity :

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

(In ₹ Millions)

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2023	**5.00%**	**30.58**	**30.58**
	-5.00%	**(30.58)**	**(30.58)**
31st March, 2022	5.00%	7.66	7.66
	-5.00%	(7.66)	(7.66)

	Change in EUR Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2023	**5.00%**	**1.41**	**1.41**
	-5.00%	**(1.41)**	**(1.41)**
31st March, 2022	5.00%	0.02	0.02
	-5.00%	(0.02)	(0.02)

b) 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 and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2023 and 31st March, 2022 is the carrying amounts as illustrated in the respective notes.

i) Trade receivables :

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes group companies and marquee auto component manufacturers. Outstanding customer receivables are regularly monitored and reconciled. Wherever the Company assesses the credit risk as high the exposure is backed by either bank guarantee/letter of credit or security deposits.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts.

ii) Other receivables, deposits with banks, mutual funds and loans given :

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with reputed banks and financial institutions were the counterparty risk is minimum.

c) Liquidity risk :

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations as they fall due, due to insufficient availability of cash or cash equivalents. The Company's approach to managing liquidity is to ensure, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to Company's reputation.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an ongoing basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in mutual funds, interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of the Company's financial liabilities

(In ₹ Millions)

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2023				
Borrowings	**433.45**	**938.90**		**1,372.35**
Lease liabilities	**20.03**	**172.90**	**-**	**192.93**
Trade payables	**210.48**	**-**	**-**	**210.48**
Other financial liabilities	**68.48**	**-**		**68.48**
	732.44	**1,111.80**	**-**	**1,844.24**
Year ended 31st March, 2022				
Lease liabilities	9.06	29.60	-	38.66
Trade payables	62.32	-	-	62.32
	71.38	29.60	-	100.98

39 Capital commitment

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**190.84**	42.95

40 Lease

A Company as lessee

The Company has lease contracts for various items of building and leasehold land, etc. used in its operations. These leases generally have lease terms between 7 to 10 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.

The Company also has certain leases of various assets with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

i) The carrying amount of right-of-use assets recognised and the movements during the period:

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Carrying value as at the beginning of the year	**45.09**	-
Additions	**174.42**	48.65
Depreciation (including depreciation capitalised)	**(15.84)**	(3.56)
As at 31st March, 2023	**203.67**	45.09

ii) The carrying amount of lease liability and the movements during the period:

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	**38.66**	-
Additions during the period	**165.13**	41.14
Accretion of interest (including interest capitalised)	**5.90**	0.93
Rent payments	**(16.76)**	(3.41)
Balance at the end of the year	**192.93**	38.66
Current	**20.03**	9.06
Non - current	**172.90**	29.60

iii) The amounts recognised in statement of profit and loss :

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Depreciation expense of right-of-use assets	**15.84**	3.56
Interest expense on lease liabilities	**5.90**	0.93
Payments towards short term leases	**0.04**	-
	21.78	4.49

iv) The Company had total cash outflows for leases of ₹ 16.80 millions (31st March, 2022: ₹ 3.41 millions).

41 Loans and advances in the nature of loans given to subsidiaries

(In ₹ Millions)

	As at 31st March, 2023	As at 31st March, 2022
Kalyani Mobility Inc.*#		
Balance outstanding	**454.27**	152.65
Maximum amount outstanding during the year	**454.27**	152.65
Tork Motors Private Limited*#		
Balance outstanding	**80.20**	-
Maximum amount outstanding during the year	**80.20**	-

*Refer note 34 for terms and conditions for loan given to subsidiary.

#The effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

42 Disclosures required under Sec 186(4) of the Companies Act , 2013

(In ₹ Millions)

Name of the borrowing entity	As at 31st March, 2023	As at 31st March, 2022
Kalyani Mobility Inc.*	**454.27**	152.65
Tork Motors Private Limited#	**80.20**	-

Loans are given for General Corporate Purpose

*Receivable after 3 years from date of disbursement of loan and one bullet payment along with interest at the end of the term. Rate of interest 5%-6.5% p.a.

#Receivable after 2 years from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding. Rate of interest of 8.70% p.a.

43 Income and deferred taxes

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2023 and 31st March, 2022

(In ₹ Millions)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Accounting loss before tax	**(729.55)**	(16.44)
At India's enacted tax rate of 17.16% (31st March, 2022 : 17.16%)	**-**	-
Deferred tax at India's enacted tax rate of 17.16% (31st March, 2022 : 17.16%)	**(125.19)**	
Deferred tax savings on current year accounting loss	**-**	(2.82)
Tax effect of non-deductible expenses/non-taxable income	**(3.48)**	28.13
Tax effect on non-taxable income	**-**	(25.68)
Deferred tax savings not recognised on prudent basis	**128.67**	0.37
At the effective income tax rate	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

b) **Deferred Tax :**

The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to ₹ 61.60 millions (Previous year : ₹ Nil) and on account of unabsorbed depreciation and other disallowances aggregating to ₹ 71.41 millions (Previous year : ₹ 0.37 millions) under the Income Tax Act, 1961 on the considerations of prudence.

44 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(In ₹ Millions)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Principal amount due to suppliers under MSMED Act, 2006 * [Includes dues to payable for capital goods amounting to ₹ 2.77 millions]	**4.14**	-
Interest accrued and due to suppliers under on the above amount	**0.26**	-
Payment made to suppliers beyond the appointed day, during the year	**0.60**	-
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	**-**	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	**-**	-
Interest due and payable to suppliers for the payments already made, during the year	**0.01**	-
Interest accrued and remaining unpaid at the end of the year to suppliers	**0.27**	-

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

45 Exceptional items

(In ₹ Millions)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Gain on re-measurement of its previously held equity interest in Tork Motors Private Limited[a]	**-**	149.65
Impairment of loan given to Kalyani Mobility,Inc.[b]	**(373.57)**	-
Total :	**(373.57)**	149.65

(a) The Company determines the cost of its investment in the subsidiary as the sum of the fair value of the previously held equity interest at the date of obtaining control of the subsidiary plus consideration paid for the additional interest (fair value as deemed cost approach). Accordingly, The Company has recognised gain of ₹149.65 millions on re-measurement of its previously held equity interest in Tork Motors Private Limited in its statements of profit and loss as an exceptional item during previous year.

(b) Considering the financial position of Kalyani Mobility, Inc., the Company has assessed that there has been a significant increase in the credit risk on the loan receivable from Kalyani Mobility, Inc. Accordingly, the Company has recognised impairment of ₹ 373.57 millions.

46 Details of funds received by the Company from any person or entities, for lending or investing in other person or entities (Ultimate Beneficiary)

For the year ended 31st March, 2023

a) Issue of Equity Shares

The Company has raised funds through right issue of equity shares for lending to following subsidiaries

(In ₹ Millions)

Name of Investor	Date of investment received	Amount raised	Name of the beneficiary	Date of further investment into beneficiary	Amount Invested
Bharat Forge Ltd.	19th Aug, 2022	263.27	Kalyani Mobility Inc.	19th Aug, 2022	263.27

b) Loans

The Company has raised loans for lending to following subsidiaries

(In ₹ Millions)

Name of Investor	Date of borrowing	Amount raised	Name of the beneficiary	Date of further investment into beneficiary	Amount Invested
Bharat Forge Ltd.	8th Jun, 2022	50.00	Tork Motors Pvt.Ltd.	8th Jun, 2022	50.00

For the year ended 31st March, 2022

a) Issue of Equity Shares

The Company has raised funds through right issue of equity shares for lending to following subsidiaries

(In ₹ Millions)

Name of Investor	Date of investment received	Amount raised	Name of the beneficiary	Date of further investment into beneficiary	Amount Invested
Bharat Forge Ltd.	20th Jul, 2021	400.00	Tork Motors Pvt.Ltd.*	24th Nov, 2021	399.98
Bharat Forge Ltd.	9th Sept, 2021	347.57	Kalyani Mobility Inc.	9th Sept, 2021	347.57
Bharat Forge Ltd.	27th Sept, 2021	300.30	Tork Motors Pvt.Ltd.	27th Sept, 2021	300.30
Bharat Forge Ltd.	10th Feb, 2022	150.05	Kalyani Mobility Inc.	10th Feb, 2022	149.98

*Investment in optionally convertible debentures

47 Capital management

The Capital management objective of the Company is to (a) maximise shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital. For the purposes of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants attached to the interest -bearing loans and borrowings. 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 has adopted the objectives, policies or processes of Bharat Forge Limited, the Holding Company for managing capital during the year ended 31 March 2023.

48 Ratio analysis

Sr. No.	Discription	Footnote Ref.	Numerator	Denominator	31st March 2023	31st March 2022	Variance* %
(a)	Current ratio	(i)	Current assets	Current liabilities	1.05	5.21	-80%
(b)	Debt-Equity Ratio	(ii)	Total Debts	Shareholders' equity	1.20	-	Not Applicable
(c)	Debt Service Coverage Ratio	(ii)	Earnings available for debt service	Debt Service	(16.77)	-	Not Applicable
(d)	Return on equity ratio	(iii)	Profit/(Loss) for the year	Average shareholders' equity	(0.42)	(0.02)	1858%
(e)	Inventory Turnover Ratio	(ii)	Cost of goods sold	Average Inventory	1.06	-	Not Applicable
(f)	Trade Receivables Turnover Ratio	(ii)	Revenue	Average trade receivable	1.89	-	Not Applicable
(g)	Trade Payables Turnover Ratio	(ii)	Purchases + Other expenses	Average trade payables	1.63	-	Not Applicable
(h)	Net Capital Turnover Ratio	(ii)	Revenue	Working capital	(0.49)	-	Not Applicable
(i)	Net Profit Ratio	(ii)	Profit for the year	Revenue	(4.48)	-	Not Applicable
(j)	Return on capital employeed	(iv)	Earning before interest and taxes	Capital employed= Tangible Net Worth + Total Debt +Deferred Tax	(0.26)	(0.01)	2676%

(i) During the current financial year the Company was engaged in the business set up activities and only applicable ratios are given. These ratios are not necessarily comparable with ratios for the preceding financial year.

(ii) The Company has started its business operations in the current financial year hence the comparitive ratios of the previous years are not comparable.

(iii) Increase in losses has resulted in deterioration of the ratio.

(iv) Decrease in earnings before interest and taxes has resulted in in deterioration of the ratio.

49 Other statutory information

(a) The Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(b) There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(c) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) During the year ended 31st March, 2023, the Company was not party to any scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

50 The Company has entered into a Share Purchase Cum Subscription Agreement ("SPA") with its Holding Company, Bharat Forge Limited, for acquisition of 12,500 shares of nominal value of EUR 1 each of Refu Drive GmbH which is equivalent to 50% of total registered share capital of Refu Drive GmbH. Refu Drive GmbH is a joint venture company of Bharat Forge Limited and REFU Elektronic GmbH. The completion of acquisition shall be subject to receipt of all the necessary approvals and in accordance with the terms agreed upon in the SPA.

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPH4322

Place : Pune
Date : 2th May, 2023

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Krishan Kohli
Director and CEO
DIN: 08644811

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 2th May, 2023

THIS PAGE IS INTENTIONALLY LEFT BLANK

Kalyani Rafael Advanced Systems Private Limited

Directors

Mr. Rajinder Singh Bhatia

Mr. Vikram Munje

Mr. Rudra Kumar Jadeja

Mr. Tzvi Marmor

Mr. Alon Shlomy

Auditors

Deloitte Haskins & Sells

KRB Towers, Plot No. 1 to 4 & 4A

1st, 2nd & 3rd Floor, Jubilee Enclave,

Madhapur, Hyderabad, Telangana 500 081

Registered Office

Pune Cantonment,

Mundhwa,

Pune 411 036 MH

INDEPENDENT AUDITOR'S REPORT

To The Members of Kalyani Rafael Advanced Systems Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kalyani Rafael Advanced Systems Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total 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 financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the 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 Director's report, but does not include the financial statements and our auditor's report thereon. the Director's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the 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 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial 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 the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 Section 143(3) of the Act, based on our audit we report 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.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      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 it's knowledge and belief, 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(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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 it's knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

(c) Based on the 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(F.R.N. 117366W/W100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN : 23209354BGXTCB8147

Place: Secunderabad
Date: May 1, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Kalyani Rafael Advanced Systems Private Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS 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 with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 financial statements of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements 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.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(F.R.N. 117366W/W100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN : 23209354BGXTCB8147

Place: Secunderabad
Date: May 1, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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 and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment and right-of-use assets were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/alternate procedures performed as applicable, when compared with the books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets of the Company. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, book debt statements and other stipulated financial information filed by the Company with such banks till the date of this report are in agreement with unaudited books of account of the Company of the respective quarters ended i.e. June 30, 2022, September 30, 2022 and December 31, 2022. The Company is yet to submit the return/ statement for the quarter ended March 31, 2023 with the banks.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, and are of the opinion that, *prima facie,* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services Tax, Provident Fund, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year. We have been informed that the provisions of the Employees' State Insurance Act, 1948 ('the Act') are not applicable to the Company since the Company is contributing towards the Medical Insurance coverage and other benefits for all its employees as required by the Act. The Company is in process of obtaining a clarification/ exemption to that effect from the Employees' State Insurance Corporation, pending which no deductions/contributions have been made in respect of certain employees.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes:

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) The Company has not raised funds on short-term basis, hence reporting under clause (ix)(d) of the Order is not applicable.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loan during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv) In our opinion, the Company is not required to appoint internal auditors under Section 138 of the Companies Act, 2013 and the Company does not have an internal audit system. Hence reporting under clause (xiv)(a) and (b) of the Order is not applicable.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it’s holding company or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a,b,c) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order are not applicable.

(d) As represented to us by the Management, the Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities and 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 indicating 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) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore of more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

(xxi) The Company does not have any subsidiaries, associates and joint ventures requiring it to prepare consolidated financial statements. Accordingly, reporting under clause (xxi) of the Order is not applicable.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(F.R.N. 117366W/W100018)

Sumit Trivedi
Partner
Membership No. 209354
UDIN : 23209354BGXTCB8147

Place: Secunderabad
Date: May 1, 2023

Balance Sheet as at March 31, 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	Note No.	As at March 31,2023	As at March 31, 2022
I. ASSETS			
1. Non-current assets			
a) Property plant and equipment	3A	803.08	925.12
b) Right-of-use assets	3C	236.26	286.57
c) Intangible assets	3B	43.30	11.01
d) Financial assets			
i) Other financial assets	4	26.74	25.64
e) Deferred tax assets (net)	36	41.03	35.40
f) Other non-current assets	5	0.58	147.95
		1,150.99	**1,431.69**
2. Current assets			
a) Inventories	6	917.98	1,309.01
b) Financial assets			
i) Trade receivables	7	4,576.76	3,283.00
ii) Cash and cash equivalents	8	1,864.48	851.42
iii) Bank balances other than (ii) above	8	1,468.69	1,686.27
iv) Loans	9	-	230.00
v) Other financial assets	4A	36.63	43.40
c) Other current assets	5A	3,564.30	77.34
		12,428.84	**7,480.44**
TOTAL Assets (1 + 2)		**13,579.83**	**8,912.13**
II. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	10	3,980.29	3,980.29
b) Other equity	11	(200.07)	(329.64)
		3,780.22	**3,650.65**
LIABILITIES			
2. Non-current liabilities			
a) Financial liabilities			
i) Lease liabilities		239.50	229.54
b) Provisions	12	7.21	6.45
		246.71	**235.99**
3. Current liabilities			
a) Financial liabilities			
i) Lease liabilities		14.66	55.89
ii) Trade Payables	13		
Total outstanding dues of micro enterprises and small enterprises		960.06	230.91
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,223.52	4,511.20
iii) Other financial liabilities	14	-	211.22
b) Other current liabilities	15	3,324.88	3.35
c) Provisions	16	12.31	12.92
d) Current Tax Liabilities (net)	17	17.47	-
		9,552.90	**5,025.49**
TOTAL Equity and Liabilities (1+2+3)		**13,579.83**	**8,912.13**
Corporate information & significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner
UDIN : 23209354BGXTCB8147

Place : Hyderabad
Date : May 1, 2023

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director & CEO
DIN: 08486168

Rajinder Singh Bhatia
Director
DIN:05333963

Ms. Nikita Naik
Company Secretary
M. No. A61125

Place : Delhi / Pune
Date : May 1, 2023

Statement of Profit and Loss for the year ended March 31, 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars		Note No.	For the year ended March, 2023	For the year ended March 31, 2022
I.	**Revenue from operations**	18	13,130.50	7,509.30
II.	**Other income**	19	139.59	93.98
III.	**Total income (I + II)**		**13,270.09**	**7,603.28**
IV.	**Expenses**			
	a) Cost of materials consumed	20	2,416.20	2,267.56
	b) Purchases of Stock-in-trade	21	9,238.71	4,102.67
	c) Changes in stock of finished goods and work-in-progress	22	70.86	(60.92)
	d) Employee benefits expenses	23	287.27	330.46
	e) Finance costs	24	34.18	16.71
	f) Depreciation and amortisation expense	25	234.34	307.37
	g) Other expenses	26	813.36	617.08
(IV) Total Expenses			**13,094.92**	**7,580.93**
V.	**Profit before tax (III - IV)**		**175.17**	**22.35**
VI.	**Tax Expenses**			
	- Current tax		42.02	20.64
	- Tax Related to Earlier Years		6.22	-
	- MAT credit utilization	36	-	14.56
	- Deferred tax	36	(4.80)	(20.73)
	Total Tax Expenses (VI)		**43.44**	**14.47**
VII.	**Profit for the year (V - VI)**		**131.73**	**7.88**
VIII.	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to profit or loss in subsequent period (net of taxes)			
	- Remeasurements of the defined benefit (liabilities)/asset		(2.99)	2.03
	Income tax effect		0.83	(0.56)
Total other comprehensive (Loss) / Income			**(2.16)**	**1.47**
IX.	**Total Comprehensive income for the year (VII + VIII)**		**129.57**	**9.35**
X.	**Earnings per equity share - Basic and diluted (face value per equity share ₹ 10/-)**	31	**0.33**	**0.02**
Corporate information & significant accounting policies		1 & 2		
See accompanying notes forming part of the financial statements				

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner
UDIN : 23209354BGXTCB8147

Place : Hyderabad
Date : May 1, 2023

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director & CEO
DIN: 08486168

Rajinder Singh Bhatia
Director
DIN:05333963

Ms. Nikita Naik
Company Secretary
M. No. A61125

Place : Delhi / Pune
Date : May 1, 2023

Statement of Changes in Equity for the year ended March 31, 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

A Equity share capital

Particulars	Number of shares	Amount
Balance at April 01, 2021	3,98,02,943	3,980.29
Changes in equity share capital during the year	-	-
Balance as at March 31, 2022	**3,98,02,943**	**3,980.29**
Balance at April 01, 2022	**3,98,02,943**	**3,980.29**
Changes in equity share capital during the year	**-**	**-**
Balance as at March 31, 2023	**3,98,02,943**	**3,980.29**

B Changes in other equity

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance at April 01, 2021	(338.99)	(338.99)
Profit for the year	7.88	7.88
Other comprehensive income for the year, net of income tax	1.47	1.47
Balance as at March 31, 2022	**(329.64)**	**(329.64)**
Profit for the year	131.73	131.73
Other comprehensive income for the year, net of income tax	(2.16)	(2.16)
Balance as at March 31, 2023	**(200.07)**	**(200.07)**

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner
UDIN : 23209354BGXTCB8147

Place : Hyderabad
Date : May 1, 2023

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director & CEO
DIN: 08486168

Rajinder Singh Bhatia
Director
DIN:05333963

Ms. Nikita Naik
Company Secretary
M. No. A61125

Place : Delhi / Pune
Date : May 1, 2023

Cash Flow Statement for the year ended March 31, 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars		Year ended March 31,2023	Year ended March 31, 2022
Cash flow from operating activities			
Profit before tax		175.17	22.35
Adjustments for :			
Depreciation and amortisation		234.34	307.37
Finance costs incurred		34.18	16.71
Net unrealised exchange gain		(74.56)	(46.80)
Interest Income		(75.98)	(92.97)
Gain on sale of property, plant and equipment		(20.13)	-
Operating profit before working capital changes		**273.02**	**206.66**
Movements in working capital :			
(Increase) / decrease in other financial assets		(1.17)	14.72
(Increase) / decrease in other assets		(3,346.09)	74.56
Decrease in trade receivables		(1,244.58)	(178.47)
Decrease / (increase) in Inventories		391.03	(786.19)
Increase / (decrease) in other financial liabilities		3,288.86	(181.30)
(Decrease) / increase in Provisions		(2.84)	4.41
Increase in trade payables		1,368.46	1,528.20
Increase / (decrease) in other current liabilities		32.07	(15.09)
Cash generated from operations		**758.76**	**667.50**
Income taxes paid (Net)		(24.27)	(19.46)
Net cash flows generated by operating activities	**(A)**	**734.49**	**648.04**
Cash flows from investing activities			
Purchase of Property, plant and equipment		(326.27)	(45.86)
Sale proceeds of property, plant and equipment		41.60	-
Fixed deposit with banks not considered as cash and cash equivalents is matured		2,202.48	1,245.43
Fixed deposit with banks not considered as cash and cash equivalent placed		(1,984.90)	(1,175.52)
Inter corporate deposit (redeemed/(placed))		230.00	(230.00)
Interest income		82.82	87.69
Net cash flows generated / (used in) by investing activities	**(B)**	**245.73**	**(118.26)**
Cash flows from financing activities			
Repayment of lease liabilities		(31.27)	(46.09)
Finance costs		(34.18)	(16.71)
Net cash used in financing activities	**(C)**	**(65.45)**	**(62.80)**
Net increase in cash and cash equivalents (A+B+C)		**914.77**	**466.98**

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	Year ended March 31,2023	Year ended March 31, 2022
Cash and cash equivalents at the beginning of the year	**851.42**	**300.02**
Exchange fluctuation on foreign currency bank balances	98.29	84.42
Cash and cash equivalents at the end of the year (Refer Note 8A)	**1,864.48**	**851.42**

Note:

1. Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

2. Reconciliation of Financial Liabilities - Lease liabilities:

Opening balance	**285.43**	**32.67**
Add: Lease liabilities recognised during the year	**-**	298.85
Less: (Repayments) of lease liabilities	(31.27)	(46.09)
Closing balance	**254.16**	**285.43**

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner
UDIN : 23209354BGXTCB8147

Place : Hyderabad
Date : May 1, 2023

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director & CEO
DIN: 08486168

Rajinder Singh Bhatia
Director
DIN:05333963

Ms. Nikita Naik
Company Secretary
M. No. A61125

Place : Delhi / Pune
Date : May 1, 2023

Notes forming part of the financial statements

1. CORPORATE INFORMATION

Kalyani Rafael Advanced Systems Private Limited was incorporated on August 21, 2015, as a private limited company under the Companies Act, 2013.

The Company has been formed as a joint venture between Kalyani Group and Rafael Advanced Defense Systems Limited, Israel, with the object to engage in business of defence and aerospace that will include activities of conceptualization, research, design, development, production, integration, manufacture, assembly, modification, upgrade overhaul, engineering support, marketing, sales, after sales /product life cycle support and related activities of such programs and to act as off-set partner and/or to undertake off-set activities for original equipment manufacturers in defence, aerospace and other sectors.

To engage in projects and programs floated or to be floated by the Government of India or its instrumentalities or other entities based in India or abroad.

To Carry on the business of and to act as manufacturer, importer, marketer, agent, distributors, collaborators, or otherwise to deal in all types of automatic, semi-automatic, digital, electronic instruments, equipments, apparatus, machineries, tools and their parts, fittings, components and accessories used in health care treatment, diagnosis, research test cure, operation and for saving life or human-being and other allied products.

The Company had set up its manufacturing facilities at Raviryala, Ranga Reddy District, in the state of Telangana, which has been commissioned on August 3, 2017. The Company has commenced its commercial operations thereafter.

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 Statement of Compliance:

The financial statements which comprise the Balance sheet, the Statement of Profit and Loss, the Cash flow statement and the Statement of changes in Equity ("Financial Statements") have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company adopted Ind AS from April 1, 2016. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. The Company has consistently applied accounting policies to all periods.

2.02 Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policy 2.18. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.03 Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax liabilities, Leases and provisions and contingent liabilities.

Useful lives of Property, plant and equipment

The company reviews the useful life of property, plant and equipment at the end of the reporting period. This reassessment may results in change in depreciation expenses in future periods.

Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to unwinding of discount over passage of time is recognized as finance cost. Provisions are reviewed at the each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only 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 arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Defined benefit obligations

The Company uses actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., to determine such employee benefit obligations.

2.04 Revenue Recognition / Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of Goods:

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

Sale of Products/Goods: Revenue from sale of Products/Goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the Products/Goods. 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, customer loyalty points). In determining the transaction price for the sale of Products/Goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

b) Sale of Service: Revenue from sale of services is in nature of MRO services for defense equipments on customer product which normally takes 1 – 4 days for completion and MRO services revenue recognized is measured based on the fixed input method, agreed with the recipient of service, and therefore the services transferred to date.

c) **Interest Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

2.05 Foreign Currency

The functional currency of the Company is Indian rupee.

Initial Recognition

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction.

Conversion

Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

2.06 Employee benefits

a) **Short-term Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognised during the year when the employees render the service.

b) **Post Employment Benefits**

(1) **Defined Contribution Plan:**

Payments to defined contribution retirement benefit schemes viz. Company's Provident Fund Scheme is recognised as an expense when the employees have rendered the service entitling them to the contribution.

(2) **Defined Benefit Plan:**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

(i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Company has taken a cash accumulation policy with LIC of India for future payment of gratuity to the eligible employees.

(ii) **Compensated Absences**: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Such benefits are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

2.07 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income/ statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

2.08 Property, Plant and Equipment

Property plant & equipment are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of assets are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation on tangible property plant & equipment has been provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of plant and machinery, in whose case the life of the assets has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

i) Plant & Machinery - 10 Years

ii) Tools & Equipments - 10 Years

iii) Lease improvement costs are amortised over the period of the lease term.

Assets individually costing ₹ 5,000 or less are depreciated fully in the year of acquisition. Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition / till the date of sale/discard.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.09 Intangible Assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on written down value method over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10 Impairment

i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired.

IND AS 109 requires expected credit losses to be measured through a loss allowance. Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than six months.

For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

2.11 Inventories

Inventories of raw materials and components, work-in-progress, stock-in-trade, stores & spares and tools & instruments are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is ascertained on a weighted average basis. The cost of work-in-progress and finished goods is determined on absorption cost basis.

2.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Company recognises equity instrument at proceeds received net of direct issue costs.

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 a 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 recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivatives financial instruments and hedge accounting

Initial recognition and subsequent measurement

The company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk.such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequent re-measurement 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.

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

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk is an unrecognised firm commitment.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking the hedge, the hedging/ economic relationship, the hedge item or transaction, the nature of the risk being hedged, hedged ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below :

Fair value hedges :

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may being as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for the changes in its fair value attributable to the risk being hedged.

The company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognised as on asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in statement of profit and loss. When an unrecognised firm commitment is designated as hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss.

Cash flow hedges :

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instruments is recognised in OCI in the cash flow hedge reserve, while an ineffective portion is recognised immediately in the statement of profit and loss.

The company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance cost.

Amounts recognised as OCI are transferred to statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.13 Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with IND AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.14 Critical Accounting Judgments and key sources of estimation, uncertainty

The preparation of financial statements and related notes in accordance with IND AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and revenues and expenses.

Actual results could differ from those estimates due to those uncertainties on which assumptions are based. Estimates and assumptions are reviewed annually in order to verify they still reflect the best available knowledge of the Company's operations and of other factors deriving from actual circumstances. Changes, if any, are immediately accounted for in the income statement.

The present economic context, whose effects are spread into some businesses in which the company operates, determined the need to make assumptions related to future development with a high degree of uncertainty. For this reason, it is not possible to exclude that, in the next or in subsequent financial years, actual results may differ from estimated results. These differences, at present unforeseeable and unpredictable, may require adjustments to book values. Estimates are used in many areas, including accounting for non-current assets, deferred tax assets, bad debt provisions on accounts receivable, inventory obsolescence, employee benefits, contingent liabilities and provisions for risks and contingencies.

2.15 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in IND AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.16 Current/Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- 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 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period Current liabilities include the current portion of long term financial liabilities.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities (including of MAT) are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

2.17 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from other equity, net of any tax effects.

2.18 Fair Value Measurement

Fair value is the price that would be received from the sale of 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 an asset or transfer the liability takes place either:

- in the principle market for the asset or liability
- in the absence of principle market, in the most advantageous market for the asset or liability.

The principle 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.

The 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental 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 recognized in the financial statements on a recurring basis, the Company determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) Financial Assets

The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose

2) Non-Derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

2.19 Dividend

Dividend on share is recorded as liability on the date of approval by the shareholders.

2.20 Revenue from Contract with Customers

a. Disaggregation of revenue from contracts with customers

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

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products		
- Sale of goods	12,929.69	6,836.86
- Sale of service	200.81	556.85
Total revenue	**13,130.50**	**7,393.71**
Geographical Markets		
a. Within India	660.69	1,305.63
b. Outside India	12,469.81	6,088.08
Total revenue from contracts with customers	**13,130.50**	**7,393.71**
Timing of revenue recognition		
Goods transferred at a point in time	11,669.60	4,615.43
Bill and Hold transaction	1,260.09	2,221.43
Services transferred at a point in time	200.81	556.85
Total revenue from contracts with customers	**13,130.50**	**7,393.71**

b. Contract balances:

Additional disclosure under Trade Receivables Note

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. No provision for ECL on trade receivables.

c. Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments shall be disclosed

[In Indian Rupees (Lakhs), unless otherwise stated]

Revenue Reconciliation	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue recognised as per Statement of profit & loss	13,130.50	7,393.71
Adjustments	-	-
Contract Price	**13,130.50**	**7,393.71**

d. Transaction price allocated to the remaining performance obligations

Description of performance obligations:

Sale of goods:

The performance obligation is satisfied upon removal of goods from factory and payment is generally due within 30 to 45 days from the date of Invoice. The Company enters into a agreement with customer for products which are to be manufactured. The control of the product manufactured is transferred on the date of removal of goods from factory.

Sale of services:

The performance obligation is satisfied upon the completion of services in the place of service informed by the recipient with in India and payment is generally due with in 60 days from the date of invoice. The company enters into an agreement with customer for services which are to be performed as obliged. The completion of services confirms by the customer itself.

e. Accounting policy:

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

The disclosures of significant accounting judgements relating to revenue from contracts with customers are provided in Note no. f in below:

Revenue for sale of Goods

Refer Note 2.04 (a) & (b) for accounting policies relating to Sale of products/goods and sale of services.

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. In determining the transaction price for the sale of goods, the Company does not considers the effect of variable consideration.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note No. 32 and 33 (Financial instruments – initial recognition and subsequent measurement and Fair value).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Bill-and-Hold arrangements

A bill-and-hold arrangements is a contract under which an entity bills a customer for a goods but the entity retains physical possession of the goods until it is transferred to the customer at a point of time in future.

An entity shall determine when it has satisfied its performance obligation to transfer a product by evaluating when a customer obtains control of the goods.

f. Judgments

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

Identifying contract with customers

Company enters into agreements with its customers which define the key terms of the contract with customers. However, the rates and quantity for the supplies are separately agreed through purchase orders. Management has exercised judgement to determine that contract with customer for the purpose of Ind AS 115 is agreement is ready along with customer POs for the purpose of identification of performance obligations and other associated terms.

Identifying performance obligation

Company enters into a contract with customer for sale of products & services which are to be produced using the Sub assemblies and various mechanical parts and provided the services. The Company also determined that the promises to transfer the product and service within the context of the contract.

Determination of timing of satisfaction of performance obligation for sale of products & services

The Company concluded that revenue for sale of products & services is to be recognised at point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgment in determining the point when the control of the products & services are transferred based on the criteria's mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. Accordingly, the Company has exercised following judgments:

Finished goods

The goods manufactured are "make to print" or "Integration and Testing" as per specific customer designs for which the sub assembly, Harness, Mechanical Parts before commercial production commences. Further, the dispatch of goods is made on the basis of the specific production schedules obtained from the customer. The Company has made judgement in determining the point of time when the control is passed on to the customer considering the terms of contract with customers along with application of various commercial laws and industry practices.

Services

The instructions for services are provided by customer to the Company. Company can perform the service obligations in the plant. Once service is done by the Company the customer confirms the services. The Company has made judgement in determining the point of time when the performance is completed is passed on to the customer considering the terms of contract with customers along with application of various commercial laws and industry practices.

Determination of revenue in case of Bill-and-hold transaction

i) Reason for the bill-and-hold arrangement

The company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer has accepted the control and confirmed to the Company. However, due to the non-availability of international cargo and aircrafts, the physical movement of goods did not happen. Hence, company recognised the revenue of goods on these goods in the current year.

ii) The company identified the goods and stored separately in the factory premises until goods are cleared from the factory premises.

iii) The goods are ready for physical transfer to the customer from the factory premises of the company.

iv) The company cannot use the goods for any other purpose and direct it to another customer.

2.21. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 Leases. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

i) The following is the movement in lease liabilities during the year ended March 31, 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Balance at the beginning	285.43	32.67
Add: Lease liabilities recognised during the year	-	298.85
Add: Interest cost accrued during the year	24.63	7.75
Less: Payment of lease liabilities including interest	55.90	53.84
Balance at the end	**254.16**	**285.43**

ii) Maturity analysis of lease liabilities as on March 31, 2023 on an discounted basis.

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	14.66	55.89
One to three years	99.09	83.13
More than three years	140.41	146.41
Total discounted lease liabilities as at March 31, 2023	**254.16**	285.43

2.22 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1-Presentation of Financial Statements:

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:

This amendment has introduced a definition of' accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 – Income Taxes:

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and off setting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

[In Indian Rupees (Lakhs), unless otherwise stated]

3A. Property, plant and equipment

	As at March 31,2023	As at March 31, 2022
Carrying amounts of:		
Plant and equipment	491.45	528.25
Tools & Instruments	222.87	284.24
Computer equipments	4.05	23.64
Furniture and fixtures	31.90	32.87
Vehicles	15.03	18.07
Office equipment	2.73	3.03
Lease hold improvements	35.05	35.02
TOTAL - Property, plant and equipment	**803.08**	**925.12**

Cost	**Plant and equipment**	**Tools & Instruments**	**Computer Equipments**	**Furniture and fixtures**	**Vehicles**	**Office equipment**	**Leasehold improvements**	**Total**
Balance as at April 1, 2021	833.65	477.39	309.48	56.47	24.31	12.10	547.10	**2,260.50**
Additions	29.43	1.68	2.86	1.46		1.16	8.66	**45.25**
Disposals / adjustments*	-	-	-	-	-	-	-	**-**
Balance as at March 31, 2022	**863.08**	**479.07**	**312.34**	**57.93**	**24.31**	**13.26**	**555.76**	**2,305.75**
Additions	49.47	3.87	5.91	5.34		1.39	1.97	**67.95**
Disposals / adjustments	-	(43.33)	(3.40)	-	-	-	-	**(46.73)**
Balance as at March 31, 2023	**912.55**	**439.61**	**314.85**	**63.27**	**24.31**	**14.65**	**557.73**	**2,326.97**
Accumulated depreciation								
Balance as at April 1, 2021	251.65	149.55	264.13	19.62	3.21	7.75	423.19	**1,119.10**
Depreciation expense	83.18	45.28	24.57	5.44	3.03	2.48	97.55	**261.53**
Depreciation adjustments*	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	**334.83**	**194.83**	**288.70**	**25.06**	**6.24**	**10.23**	**520.74**	**1,380.63**
Depreciation expense	86.27	45.24	24.74	6.31	3.04	1.69	1.94	**169.23**
Disposals / adjustments	-	(23.33)	(2.64)	-	-	-	-	**(25.97)**
Balance as at March 31, 2023	**421.10**	**216.74**	**310.80**	**31.37**	**9.28**	**11.92**	**522.68**	**1,523.89**

* Adjustments includes transfers inter-se

[In Indian Rupees (Lakhs), unless otherwise stated]

3B. Intangible assets

	As at March 31,2023	As at March 31, 2022
Carrying amounts of:		
Acquired computer software	43.30	11.01
TOTAL	**43.30**	**11.01**

Cost	Acquired computer software	Total
Balance as at April 1, 2021	103.85	103.85
Additions	-	-
Balance as at March 31, 2022	**103.85**	**103.85**
Additions	47.10	47.10
Balance as at March 31, 2023	**150.95**	**150.95**
Accumulated amortisation		
Balance as at April 1, 2021	**86.59**	**86.59**
Amortisation expense	6.25	6.25
Balance as at March 31, 2022	**92.84**	**92.84**
Amortisation expense	14.81	14.81
Balance as at March 31, 2023	**107.65**	**107.65**

3C. Right-of-use assets

Carrying amounts of:		
Land & Building	236.26	286.57
TOTAL - Right-of-use assets	**236.26**	**286.57**

Cost	Land & Building	Total
Balance as at April 1, 2021	99.53	99.53
Additions	298.85	298.85
Deletions	(99.53)	(99.53)
Balance as at March 31, 2022	**298.85**	**298.85**
Additions	-	-
Deletions	-	-
Balance as at March 31, 2023	**298.85**	**298.85**
Accumulated amortisation		
Balance as at April 1, 2021	72.22	72.22
Amortisation expense	39.59	39.59
Deletions	(99.53)	(99.53)
Balance as at March 31, 2022	**12.28**	**12.28**
Amortisation expense	50.30	50.30
Deletions	-	-
Balance as at March 31, 2023	**62.59**	**62.58**

[In Indian Rupees (Lakhs), unless otherwise stated]

4 Other non-current financial assets (unsecured, considered good unless otherwise stated)

Particulars	As at March 31,2023	As at March 31, 2022
Security deposits	26.74	25.64
Total	**26.74**	**25.64**

4A Other current financial assets (unsecured, considered good unless otherwise stated)

a) Interest accrued but not due on fixed deposits	35.38	42.22
b) Security deposit	1.25	1.18
Total	**36.63**	**43.40**

5 Other non-current assets (unsecured, considered good unless otherwise stated)

a) Tax paid in advance less provision (current tax)	-	6.50
b) Prepaid expenses	0.58	1.39
c) Balances with Government authorities other than income tax	-	140.06
Total	**0.58**	**147.95**

5A Other current assets (unsecured, considered good unless otherwise stated)

a) Advance for supplies	3,342.39	59.28
b) Balances with Government authorities other than income tax	201.06	-
c) Prepaid expenses	20.85	18.06
Total	**3,564.30**	**77.34**

6 Inventories

a) Raw materials	895.25	1,066.01
b) Work-in-progress	-	70.86
c) Material in Transit	-	171.76
d) Stores & Spares	22.73	0.38
Total	**917.98**	**1,309.01**

[In Indian Rupees (Lakhs), unless otherwise stated]

7 Trade receivables

Particulars		As at March 31,2023	As at March 31, 2022
Considered good - secured		-	-
Considered good - un secured		4,576.76	3,283.00
Have significant increase credit risk		-	-
Credit impaired		-	-
	Total	**4,576.76**	**3,283.00**
Less : Allowance for credit impaired		-	-
Credit impaired (net)		-	-
	Total	**4,576.76**	**3,283.00**

Trade receivables ageing schedule for the year ended as on March 31, 2023 and March 31, 2022:

	Particulars	Outstanding for following periods from due date of invoice					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
a)	Undisputed Trade receivables Considered good	4,267.16	271.68	2.57	35.00	0.35	**4,576.76**
		(3,157.62)	(70.10)	(54.98)	(0.30)	**(-)**	**(3,283.00)**
	Total	**4,267.16**	**271.68**	**2.57**	**35.00**	**0.35**	**4,576.76**
		(3,157.62)	**(70.10)**	**(54.98)**	**(0.30)**	**(-)**	**(3,283.00)**

* Figures in brackets represents end of previous year.

1. Trade receivables are dues in respect of goods sold or services rendered in the normal course of business.
2. The normal credit period allowed by the Company ranges from 30 to 45 days against goods and 60 days against services

8 Cash and Bank Balances

Particulars	As at March 31,2023	As at March 31, 2022
A) Cash and cash equivalent		
a) Unrestricted balance with banks	1,862.84	814.40
b) In deposits with original maturity of less than three months	-	30.40
c) Cash on hand	1.64	6.62
Cash and cash equivalent	**1,864.48**	**851.42**
B) Other Bank balances		
a) Deposits with original maturity of more than three months (Refer Note i and ii below)	1,468.69	1,686.27
Other Bank balances	**1,468.69**	**1,686.27**
Note:		
(i) Under bank's lien as margin for bank guarantees issued	55.05	89.89
(ii) Includes deposits with maturity of more than 12 months	170.00	803.87

[In Indian Rupees (Lakhs), unless otherwise stated]

9 Loans

Particulars	As at March 31,2023	As at March 31, 2022
At amortized cost		
a) Inter-corporate deposits (Refer Note below)	-	230.00
Total	**-**	**230.00**

Note: During the previous year, the Company had invested its surplus funds as fixed deposit with Shriram Transport Finance Company Limited is ₹ 230 lakhs. Maximum amount outstanding during the year was ₹ Nil. (2021-22: 230 Lakhs) and amount outstanding as at March 31, 2023 is ₹ Nil (2021-22: ₹ 230 Lakhs) at the interest rate ranging between 6.66% to 7.41% per annum.

10 Equity share capital

Particulars		As at March 31,2023	As at March 31, 2022
Authorised capital			
80,000,000	(80,000,000) equity shares of ₹ 10 each	8,000.00	8,000.00
Total		**8,000.00**	**8,000.00**
Issued capital			
39,892,943	(39,892,943) equity shares of ₹ 10 each	3,989.29	3,989.29
Total		**3,989.29**	**3,989.29**
Subscribed and fully paid-up capital			
39,802,943	(39,802,943) equity shares of ₹ 10 each	3,980.29	3,980.29
Total		**3,980.29**	**3,980.29**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
At the beginning of the year	39,802,943	3,980.29	39,802,943	3,980.29
Add: Shares issued during the year	-	-	-	-
No. of shares outstanding at the end of the year	**39,802,943**	**3,980.29**	**39,802,943**	**3,980.29**

(b) Details of Promoter Shareholding and shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Kalyani Strategic Systems Limited	19,901,471	50.00%	19,901,471	50.00%
Rafael Advanced Defense Systems Ltd.	19,503,442	49.00%	19,503,442	49.00%

(c) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining amounts after deducting all its liabilities in proportion to the number of equity shares held.

[In Indian Rupees (Lakhs), unless otherwise stated]

	Particulars	As at March 31,2023	As at March 31, 2022
11	**Other equity**		
	I Retained earnings		
	Balance at the beginning of the year	(329.64)	(338.99)
	Profit for the year	131.73	7.88
	Remeasurements of defined benefits plans, net of tax	(2.16)	1.47
	Balance at the end of the year	**(200.07)**	**(329.64)**
12	**Non-current provisions**		
	Provision For employee benefits		
	a) Leave encashment	5.70	6.45
	b) Gratuity	1.51	-
	Total	**7.21**	**6.45**
13	**Trade payables**		
	Trade payables other than acceptances:		
	a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 30)	960.06	230.91
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,223.52	4,511.20
	Total	**6,183.58**	**4,742.11**

Trade payables ageing schedule for the year ended as on March 31, 2023 and March 31, 2022:

Particulars	Outstanding for following periods from due date of invoice						Total
	Unbilled dues	Not Due	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	
i) MSME	-	-	960.06	-	-	-	960.06
	(-)	(-)	(230.91)	(-)	(-)	(-)	(230.91)
ii) Others	-	225.34	4,985.26	11.99	0.33	0.60	5,223.52
	(258.53)	(1.90)	(3,781.63)	(466.04)	(1.89)	(1.21)	(4,511.20)
Total	**-**	**225.34**	**5,945.32**	**11.99**	**0.33**	**0.60**	**6,183.58**
	(258.53)	**(1.90)**	**(4,012.54)**	**(466.04)**	**(1.89)**	**(1.21)**	**(4,742.11)**

* Figures in brackets represents end of previous year .

[In Indian Rupees (Lakhs), unless otherwise stated]

	Particulars	As at March 31,2023	As at March 31, 2022
14	**Other current financial liabilities**		
	a) Payable on purchase of property, plant and equipment	-	0.60
	b) Advance from customers	-	210.62
	Total	**-**	**211.22**
15	**Other current liabilities :**		
	a) Statutory liabilities (other than income-tax)	35.42	3.35
	b) Advance from customers	3,289.46	-
	Total	**3,324.88**	**3.35**
16	**Current provisions**		
	Provisions		
	a) Leave encashment	4.15	6.87
	b) Gratuity	8.16	6.05
	Total	**12.31**	**12.92**
17	**Current tax liabilities (net)**		
	Provision for Income tax (net of taxes paid)	17.47	-
	Total	**17.47**	**-**

[In Indian Rupees (Lakhs), unless otherwise stated]

	Particulars		Year ended March 31,2023	Year ended March 31, 2022
18	**Revenue from operations**			
	a) Revenue from sale of goods		12,929.69	6,836.86
	b) Revenue from services		200.81	556.85
	c) Other operating revenue (Refer Note below)		-	115.59
		Total	**13,130.50**	**7,509.30**
	Note:			
	Other operating revenue comprise:			
	a) Duty draw back on exports		-	0.86
	b) Sale of MEIS scrips		-	114.57
	c) Others		-	0.16
		Total	**-**	**115.59**
19	**Other income**			
	a) Interest income			
	(i) Bank deposits		75.98	92.97
	(ii) Income tax refund		-	1.01
	b) Gain on disposal of Property, plant and equipment		20.13	-
	c) Miscellaneous Income		43.48	-
		Total	**139.59**	**93.98**
20	**Cost of materials consumed**			
	Opening stock		1,066.39	122.70
	Add: Purchases / adjustments		2,267.79	3,211.25
	Less: Closing stock		917.98	1,066.39
		Total	**2,416.20**	**2,267.56**
21	**Purchase of stock-in-trade**			
	Purchases of stock-in-trade		9,238.71	4,102.67
		Total	**9,238.71**	**4,102.67**

[In Indian Rupees (Lakhs), unless otherwise stated]

	Particulars	Year ended March 31,2023	Year ended March 31, 2022
22	**Changes in stock of finished goods and work-in-progress**		
	Inventories at the end of the year:		
	Work-in-progress	-	70.86
	Inventories at the beginning of the year:		
	Work-in-progress	70.86	9.94
	NET (INCREASE) / DECREASE :	**70.86**	**(60.92)**

	Particulars	Year ended March 31,2023	Year ended March 31, 2022
23	**Employee benefit expenses**		
	a) Salaries and wages	269.41	312.34
	b) Contribution to provident and other funds (Refer note 34)	12.08	8.72
	c) Staff welfare expenses	5.78	9.40
	Total	**287.27**	**330.46**

	Particulars	Year ended March 31,2023	Year ended March 31, 2022
24	**Finance costs**		
	a) Interest expenses - others	0.29	0.29
	b) Other borrowing cost - Bank charges	9.26	8.67
	c) Interest on lease liabilities	24.63	7.75
	Total	**34.18**	**16.71**

	Particulars	Year ended March 31,2023	Year ended March 31, 2022
25	**Depreciation and amortization expense:**		
	a) Depreciation of property, plant and equipment (Refer Note 3A)	169.23	261.53
	b) Amortisation of intangible assets (Refer Note 3B)	14.81	6.25
	c) Amortisation of right-of-use assets (Refer Note 3C)	50.30	39.59
	Total	**234.34**	**307.37**

[In Indian Rupees (Lakhs), unless otherwise stated]

	Particulars		Year ended March 31,2023	Year ended March 31, 2022
26	**Other expenses**			
	a)	Consumption of stores and spares	21.03	7.34
	b)	Job work charges	-	72.67
	c)	Inventory write off	-	2.98
	d)	Power and fuel	32.75	30.09
	e)	Equipment hire charges	-	1.59
	f)	Repairs & maintenance - others	13.27	13.61
	g)	Rates, insurance and taxes	19.10	17.63
	h)	Communication expenses	5.92	3.68
	i)	Travelling and conveyance	63.57	61.06
	j)	Stipend expenses	4.54	40.70
	k)	Printing & stationery	1.49	2.33
	l)	Legal and professional fees	137.76	88.24
	m)	Payment to auditors (Refer note below)	17.30	14.50
	l)	Exhibition Expenses	81.07	-
	n)	IT Maintenance charges	21.18	30.11
	o)	Manpower outsourcing	32.44	34.70
	p)	Project transfer and training cost	132.96	86.01
	q)	Event & exhibition expenses	7.94	5.19
	r)	Net loss on foreign currency transactions	142.13	50.22
	s)	Registration cum Documentation Charges	19.23	-
	t)	Miscellaneous expenses	59.68	54.43
		Total	**813.36**	**617.08**

Note: Payment to Statutory Auditors

Payment to Auditor's comprises:

i)	For Audit	17.00	10.00
ii)	For Group reporting		3.00
iii)	For Certification	-	1.50
iv)	Reimbursement of expenses	0.30	-
	Total	**17.30**	**14.50**

[In Indian Rupees (Lakhs), unless otherwise stated]

27 Segment Reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of defence and aerospace that will include activities of conceptualisation, research, design, development, production, integration, manufacture, assembly, modification, upgrade overhaul, engineering support, marketing, sales, after sales / product life cycle support and related activities of such programmes and to act as off-set partner and / or to undertake offset activities for original equipment manufacturers in defence, aerospace and other sectors; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

28 Related Party disclosures

(i) Names of the related parties and related party relationship

Ultimate Holding Company :	Bharat Forge Limited
Holding Company :	Kalyani Strategic Systems Limited
Enterprise having significant influence over the Company :	Rafael Advanced Defense Systems Limited, Israel
Common Directors	Analogic Controls India Limited
Common shareholders having significant influence over the company	Astra Rafael Comsys Pvt Ltd
Key Managerial Personnel	Rudra Kumar Jadeja - Chief Executive Officer & Director

(ii) Related parties with whom transactions have taken place during the year

Sr. No.	Nature of transaction	Rudra Kumar Jadeja - Chief Executive Officer	Astra Rafael Comsys Pvt Ltd	Analogic Controls India Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Sale of goods	-	155.41	-	11,977.87	79.95	12,213.23
		(-)	(-)	(-)	(5,924.65)	(35.79)	(5,960.44)
2	Sale of services	-	-	-	200.82	-	200.82
		(-)	(-)	(-)	(181.85)	(375.00)	(556.85)
3	Sale of property, plant & equipment	-	-		40.47	-	40.47
		(-)	(-)	(-)	(-)	(-)	(-)
4	Purchase of raw materials	-	-	1.75	2,649.09	-	2,650.84
		(-)	(-)	(-)	(3,744.31)	(-)	(3,744.31)
5	Other expenses - Fabrication charges	-	-	-	-	-	-
		(-)	(-)	(74.25)	(-)	(-)	(74.25)
6	Reimbursement of expenses received	-	-	-	-	40.50	40.50
		(-)	(-)	(0.54)	(-)	(0.54)	(1.08)
7	Project transfer and training cost	-	-	-	132.96	-	132.96
		(-)	(-)	(-)	(86.01)	(-)	(86.01)
8	Miscellaneous income	-	-	-	18.80	-	18.80
		(-)	(-)	(-)	(-)	(-)	(-)
9	Advances received	-	23.40	-	3,266.06	-	3,289.46
		(-)	(-)	(-)	(282.99)	(-)	(282.99)
10	Salary Cost	84.48	-	-	-	-	84.48
		(88.37)	(-)	(-)	(-)	(-)	(88.37)

* Figures in brackets represents end of March 31, 2022.

[In Indian Rupees (Lakhs), unless otherwise stated]

(ii) Balances outstanding

Sr. No.	Nature of Balances	Rudra Kumar Jadeja - Chief Executive Officer	Astra Rafael Comsys Pvt Ltd	Analogic Controls India Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Trade Receivable	-	8.01	-	4,443.35	-	4,443.35
		(-)	(-)	(-)	(2,958.48)	(67.46)	(3,025.94)
2	Trade Payables	-	-	-	2,181.63	-	2,181.63
		(-)	(-)	(9.26)	(3,798.35)	(-)	(3,807.61)
3	Other payables	-	-	-	130.45	-	130.45
		(-)	(-)	(-)	(194.64)	(-)	(194.64)
4	Receivable for property, plant and equipment	-	-	-	40.47	-	40.47
		(-)	(-)	(-)	(-)	(-)	(-)
5	Advances	-	23.40	-	3,266.06	-	3,289.46
		(-)	(62.30)	(-)	(148.32)	(-)	(210.62)
6	Salary Payable	0.05	-	-	-	-	0.05
		(2.72)	(-)	(-)	(-)	(-)	(2.72)

* Figures in brackets represents end of previous year .

29 Contingent Liabilities & Commitments

Particulars	As at March 31,2023	As at March 31, 2022
a) Contingent liabilities (To the extent not provided for)	-	-
b) Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	-	-

[In Indian Rupees (Lakhs), unless otherwise stated]

30 Dues to Micro and Small Enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act (MSME), 2006

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

Particulars	As at March 31,2023	As at 'March 31, 2022
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid:	960.06	230.91
ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid:	3.07	2.28
iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	1,449.69	1,180.92
iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	23.43	10.07
vii) Further interest remaining due and payable for earlier years	10.07	5.11

Interest payable as per section 16 of the Micro, Small and medium Enterprises Development, 2006, for the year is ₹ 23.43 Lakhs (March 31, 2022: ₹ 10.07 Lakhs). The same has not been accrued in the books of the Company.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

31 Earnings per share (EPS)

Particulars		As at March 31,2023	As at 'March 31, 2022
Profit for the year attributable to equity shareholders	₹	131.73	7.88
Weighted average number of equity shares	Nos.	39,802,943	39,802,943
Earning per share - Basic and diluted	₹	**0.33**	**0.02**

32 Financial Instruments and Risk Review

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. 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.

Financial Risk Management objectives and policies :

The company's principal financial liabilities other than derivatives comprise loan and borrowings, trade payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets including loans, trade and other receivables and cash and cash equivalent that derive directly from its operations. The company FVTOCI and FVTPL investments and enters into a derivative transactions.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the company. The FRMC provides assurance that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have relevant expertise, appropriate skills and supervision. It is the company's policy that no trading in activities for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below :

i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade payables and borrowings. None of the financial instruments of the Company result in material concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 4,576.76 Lakhs and ₹ 3,513.00 Lakhs as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with trade receivables.

Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Singapore Dollar, Great Britain Pound, Japanese Yen against the respective functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange.

The company manages its foreign currency risk by hedging its forecasted sales for next 1 year to the extent of 40% to 50% on rolling basis.

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 of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted upto the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The company discloses fair value of the outstanding derivative in the financial statements. The impact on the company's pre-tax equity due to change in fair value of the outstanding forward contracts as follows:

1) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise

The below table represents the unhedged foreign currency in Indian Rupees

Particulars	**Currency in ₹ Lakhs**	**As at March 31, 2023**	**As at March 31, 2022**
Assets			
Trade receivables	INR	4,530.71	3,121.55
Cash & Bank balances	INR	1,509.39	148.46
Liabilities			
Trade payables	INR	**5,294.73**	**4,581.71**

The below table represents the unhedged foreign currency in respective currencies

Particulars	**Currency in Lakhs**	**As at March 31, 2023**	**As at March 31, 2022**
Assets			
Trade receivables	USD	55.10	41.18
Cash & Bank balances	USD	18.36	1.96
Liabilities			
Trade payables	USD	**64.40**	**60.44**

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in USD exchange rates, with all other variables held constant, the impact on the Company's profit before tax due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

For the year ended	Currency	Change in rate	Effect on pre-tax equity
March 31, 2023	USD	+10%	74.37
	USD	-10%	(74.37)
March 31, 2022	USD	+10%	(131.83)
	USD	-10%	131.83

iii) Liquidity Risk

a) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per 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.

b) Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its 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.

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	March 31, 2023		March 31, 2022	
	Less than 1 Year	1-3 Years	Less than 1 Year	1-3 Years
Financial liabilities				
Trade payables	6,183.58	**-**	4,742.00	-
Payable for Property, Plant & Equipment	-	**-**	0.60	-
Lease Liabilities	14.66	**239.50**	55.89	229.54
Others	3,289.46	**-**	210.62	-

[In Indian Rupees (Lakhs), unless otherwise stated]

33 Fair Value Measurements

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Particulars	Fair value hierarchy	Carrying amount		Fair Value	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
FINANCIAL ASSETS					
Financial assets measured at amortised cost					
(a) Security deposits	Level 2	27.99	26.82	27.99	26.82
(b) Interest accrued on deposits	Level 2	35.38	42.22	35.38	42.22
(c) Cash in hand	Level 2	1.64	6.62	1.64	6.62
(d) Balance with banks in current account	Level 2	1,862.84	814.40	1,862.84	814.40
(e) Balances with banks in deposit accounts	Level 2	1,468.69	1,716.67	1,468.69	1,716.67
(f) Loans	Level 2	-	230.00	-	230.00
(g) Trade receivables	Level 2	4,576.76	3,283.00	4,576.76	3,283.00
(i) Advances for supplies	Level 2	3,342.39	59.28	3,342.39	59.28
TOTAL FINANCIAL ASSETS		**11,315.69**	**6,179.01**	**11,315.69**	**6,179.01**
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
(a) Payables on purchase of property plant & equipment	Level 2	-	0.60	-	0.60
(b) Trade Payable	Level 2	6,183.58	4,742.11	6,183.58	4,742.11
(c) Lease Liabilities	Level 2	254.16	285.43	254.16	285.43
(d) Others	Level 2	6,614.34	213.97	6,614.34	213.97
TOTAL FINANCIAL LIABILITIES		**13,052.08**	**5,242.11**	**13,052.08**	**5,242.11**

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short - term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financials instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investment is determined using quoted net assets value from the fund. Further, the subsequent measurement of all financial assets and liabilities (other than investment in mutual funds) is at amortised cost, using the effective interest method.

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowing of the Company and in case of financial assets is the average market rate of similar credit rated instrument.

The Company maintain policies and procedure to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate fair value:

(a) Fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) Security deposit paid are evaluated by the Company based on parameters such as interest rate non performance risk of the customer. The fair value of the Company's security deposit paid are determined by estimating the incremental borrowing rate of the borrower (primarily the landlords). Such rate has been determined using discount rate that reflects the average interest rate of borrowing taken by similar credit rate companies where the risk of non performance risk is more than significant.

(c) The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lessor, If not readily determinable , using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right-o-fuse asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

34 Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plan administered by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits. The Company has recognized ₹ 12.08 Lakhs for Provident Fund contributions (March 31, 2022: ₹ 8.72 Lakhs) in the Statement of Profit and Loss. The provident fund payable by the Company are in accordance with rules framed by the Government from time to time.

(b) Defined Benefit Plans:

Gratuity

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Defined benefit plans – as per actuarial valuation on March 31, 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	Funded Plan	
	Gratuity	
	March 31, 2023	March 31, 2022
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	3.18	2.85
Net interest expense	0.29	0.29
Components of defined benefit costs recognised in profit or loss	**3.47**	**3.14**

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	Funded Plan	
	Gratuity	
	March 31, 2023	March 31, 2022
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(0.01)	(0.03)
Actuarial gains and loss arising from changes in financial assumptions	(0.82)	(0.08)
Actuarial gains and loss arising from experience adjustments	2.56	(1.77)
Actuarial gains and loss arising from demographic adjustments	1.29	(0.15)
Components of defined benefit costs recognised in other comprehensive income	**3.02**	**(2.03)**
Total	**6.49**	**1.11**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	11.18	7.46
2. Fair value of plan assets as at 31st March	1.51	1.41
3. Surplus/(Deficit)	(9.67)	(6.05)
4. Current portion of the above	**8.16**	**6.05**
5. Non current portion of the above	**1.51**	**-**
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**7.46**	**6.25**
2. *Expenses Recognised in Profit and Loss Account*		
- Current Service Cost	3.18	2.85
- Interest Expense (Income)	0.38	0.37
3. *Recognised in Other Comprehensive Income*		
Remeasurement (gains) / losses		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	1.29	0.15
ii. Financial Assumptions	(0.82)	0.08
iii. Experience Adjustments	2.56	1.77
iv. Return on plan asset	(0.01)	(0.03)
4. Benefit payments	(2.87)	-
6. Present value of defined benefit obligation at the end of the year	**11.18**	**7.46**
III. Change in fair value of assets during the year ended March 31, 2023		
1. Fair value of plan assets at the beginning of the year	1.41	1.30
- Expected return on plan assets	0.09	0.08
- Actual Return on plan assets in excess of the expected return	0.01	0.03
2. Fair value of plan assets at the end of the year	**1.51**	1.41
IV. The Major categories of plan assets (As % of Total Plan Assets)		
- Funds Managed By Insurer	100%	100%
V. Actuarial assumptions		
1. Discount rate	7.40%	6.30%
2. Expected rate of return on plan assets	6.30%	5.90%
3. Attrition rate	7.50%	20.00%

Maturity Profile of Defined Benefit Obligation:

Year Ending March 31	Expected Benefit Payment in lakhs (₹)
2024	4.66
2025	0.22
2026	0.32
2027	0.63
2028	2.30
2029-2033	9.67

Sensitivity analysis for each significant actuarial assumption is required to be given, (illustration for medical inflation given below. Company needs to provide for others)

A. Effect of 1 % change in the assumed discount rate	1% Increase		1% Decrease	
	March 31, 2023 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs	March 31, 2023 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs
Defined Benefit Obligation	10.56	7.28	11.92	7.67

B. Effect of 1 % change in the assumed Salary Escalation Rate	1% Increase		1% Decrease	
	March 31, 2023 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs	March 31, 2023 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs
Defined Benefit Obligation	11.82	7.62	10.62	7.31

C. Effect of 1 % change in the assumed Withdrawal Rate	1% Increase		1% Decrease	
	March 31, 2023 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs	March 31, 2023 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs
Defined Benefit Obligation	11.06	7.43	11.31	7.50

VI. Experience Adjustments:		Year Ended	
		March 31, 2023 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs
		Gratuity	
1.	Defined Benefit Obligation	11.18	7.46
2.	Fair value of plan assets	1.51	1.41
3.	Surplus/(Deficit)	(9.67)	(6.05)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	1.74	(1.85)
5.	Experience adjustment on plan assets [Gain/(Loss)]	0.01	0.03

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

[In Indian Rupees (Lakhs), unless otherwise stated]

35 Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022	Variation	Explanation
(a) Current Ratio (in times)	Current assets	Current liabilities	1.30	1.49	-13%	-
(b) Debt-Equity Ratio (in times)	Total Debt (represents lease liabilities) (1)	Shareholder's Equity	0.07	0.08	-13%	-
(c) Debt Service Coverage Ratio (in times)	Earnings available for debt service(2)	Debt Service (3)	4.84	5.22	-7%	-
(d) Return on Equity (ROE) (in %)	Net Profits after taxes	Average Shareholder's Equity	4%	0%	1751%	Note 1
(e) Inventory turnover ratio (in times)	Sales	Average Inventory	11.79	8.07	46%	Note 2
(f) Trade Receivables turnover ratio (in times)	Revenue	Average Trade Receivable	3.34	2.33	43%	Note 3
(g) Trade payables turnover ratio (in times)	Purchases of goods & Services and other expenses	Average Trade Payables	2.20	1.97	12%	-
(h) Net capital turnover ratio (in times)	Revenue	Working Capital	4.57	3.01	52%	Note 4
(i) Net profit ratio (in %)	Net Profits after taxes	Revenue	0.01	0.00	838%	Note 5
(j) Return on Capital employed (in %)	Earning before interest and taxes	Capital Employed(4)	0.05	0.01	400%	Note 6
(k) Return on investment (in %)	Income generated from investments	Time weighted average investments	NA	NA	0%	NA

(1) Debt represents only lease liabilities
(2) Net Profit after taxes + Non-cash operating expenses + Interest + other adjustments like loss on sale of Fixed assets etc.
(3) Lease payments for the current year
(4) Tangible net worth + deferred tax liabilities + Lease Liabilities

Explanations:
Note 1 : Due to increase in the profit for the current year
Note 2 : Due to increase in sales and the closing inventory
Note 3 : Due to increase in sales in current year
Note 4 : Due to increase in sales in current year
Note 5 : Due to increase in the sales and profit for the current year
Note 6 : Due to Increase in the earnings before interest and taxes in current year

[In Indian Rupees (Lakhs), unless otherwise stated]

36 Deferred Tax Assets (net)

Nature of Timing Difference	As at March 31, 2023	As at March 31, 2022
Deferred Tax Liability		
Items related to OCI	0.28	(0.55)
Property, plant and equipment	-	(43.16)
Total (A)	**0.28**	**(43.71)**
Deferred Tax Asset		
Property, plant and equipment	35.72	-
Other deductible timing difference	4.01	78.09
MAT Credit	1.02	1.02
Total (B)	**40.75**	**79.11**
Deferred Tax Asset / Liability (Net) (A)+(B)	**41.03**	**35.40**

2022-23	Opening Balance	Recognized in Profit & Loss	Recognized in Other Comprehensive Income	MAT credit	Total
Deferred Tax Asset / (Liability)					
Property, Plant & Equipment	(43.16)	78.88	-	-	35.72
Remeasurement Defined Benefit Obligation	(0.55)	-	0.83	-	0.28
Disallowances under Income Tax Act, 1961, allowed on payment basis	(1.32)	0.35	-	-	(0.97)
Lease Liabilities	79.41	(74.43)	-	-	4.98
MAT credit	1.02	-	-	-	1.02
Total	**35.40**	**4.80**	**0.83**	**-**	**41.03**

2021-22	Opening Balance	Recognized in Profit & Loss	Recognized in Other Comprehensive Income	MAT credit	Total
Deferred Tax Asset / (Liability)					
Property, Plant & Equipment	5.04	(48.20)	-	-	(43.16)
Remeasurement Defined Benefit Obligation	0.01	-	(0.56)	-	(0.55)
Disallowances under Income Tax Act, 1961, allowed on payment basis	0.07	(1.39)	-	-	(1.32)
Lease Liabilities	9.09	70.32	-	-	79.41
MAT credit	15.58	-	-	(14.56)	1.02
Total	**29.79**	**20.73**	**(0.56)**	**(14.56)**	**35.40**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax (A)	175.17	22.35
Enacted tax rate (B)	27.82%	27.82%
Expected Tax Expenses (C=A * B)	48.73	6.22
Adjustments		
Tax effects of other adjustments	(5.29)	(12.90)
MAT credit utilization	-	14.56
Total Adjustments - D	**(5.29)**	**1.66**
Tax expense recognised in profit or loss (E = C+D)	**43.44**	**7.88**

37 The Company has considered the possible effects that may result from the pandemic while assessing the recoverability of receivables, inventory, and other financial assets. The Company has also considered the impacts on Deferred Tax Assets. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions

38 Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification and disclosure.

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director & CEO
DIN: 08486168

Rajinder Singh Bhatia
Director
DIN:05333963

Ms. Nikita Naik
Company Secretary
M. No. A61125

Place : Delhi / Pune
Date : May 1, 2023

Kalyani Strategic Systems Limited

Directors
Mr. Kishore Saletore
Mr. Rajinder Singh Bhatia
Mr. Vikram Munje

Auditors
P V Deo & Associates LLP
Chartered Accountants
604, Jeevan Heights,
Thorat Colony, Erandwana,
Pune 411 004

Registered Office
Pune Cantonment,
Mundhwa,
Pune 411 036 MH

Independent Auditor’s Report

To the Members of Kalyani Strategic Systems Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kalyani Strategic Systems Limited** (“the Company”) which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the Board’s Report including annexures to Board’s Report, but does not include the financial statements and our auditor’s report thereon. The Board’s Report including annexures to Board’s Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board’s Report including annexures to Board’s Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPG1097

Place : Pune
Date : 2nd May, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the 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 intangible assets.

(b) As explained to us, the property, plant and equipment have been physically verified by the management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the property, plant and equipment.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising stock of raw materials, work in progress, finished goods and stock in trade was physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, by banks on the basis of security of current assets of the Company. Based on the records examined by us in the 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. The Company is also required to submit bi-monthly budgeted cash flow statements to the bank. Since the statements are filed on budgeted basis, the figures mentioned in the statements do not necessarily agree with the books of account.]

(iii) (a) The Company has not made any investments in, provided any guarantee or security during the year to companies, firms, limited liability partnerships or any other parties. In respect of the loans or advances in the nature of loans, secured or unsecured, granted by the Company during the year to companies, firms, limited liability partnerships or any other parties, we report as under.

In ₹ Lakhs

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Subsidiary	NIL	NIL	NIL	NIL
Associates	NIL	NIL	NIL	NIL
Joint ventures	NIL	NIL	NIL	NIL
Fellow Subsidiary	NIL	NIL	15.92	NIL
Other related party	NIL	NIL	NIL	NIL

In ₹ Lakhs

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Balance outstanding as at 31st March, 2023:				
Fellow Subsidiary	NIL	NIL	172.02	NIL
Other related party	NIL	NIL	NIL	NIL

(b) The terms and conditions of the grant of loan and investment made were not found prima facie prejudicial to the Company's interest.

(c) In respect of loans granted to companies, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following case:

In ₹ Lakhs

Name of the Entity	Amount	Due date (in days)	Extent of delay	Remarks, if any
BF Elbit Advanced Systems Private Limited	172.02	Not Applicable	Not applicable	Amount of interest accrued and due on the loan has been converted into loan as on 31st March, 2023 net of withholding taxes.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which are overdue for more than ninety days.

(e) No loan or advance in the nature of loan granted and which has fallen due during the year has been renewed or extended or fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) Details of loans granted which are repayable on demand or without specifying any terms of repayment are as under.

In ₹ Lakhs

	All parties	Promoters	Related parties
Aggregate amount of loans/ advances in the nature of loans :			
Repayable on demand	172.02	NIL	172.02
Agreement does not specify any terms or period of repayment	NIL	NIL	NIL
Total :	**172.02**	**NIL**	**172.02**
Percentage of loans/ advances in the nature of loans to the total loans	100%	0%	100%

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made and loans given. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was generally found to be regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, the company has utilized funds raised by way of preferential allotment or private placement of shares for the purposes for which they were raised.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013.

(xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 any cash losses during the current financial year covered by this report but Company has incurred cash losses in the preceding financial year.

In ₹ Lakhs

	Current Financial Year	Preceding Financial Year
Cash losses incurred	**NIL**	134.55

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPG1097

Place : Pune
Date : 2nd May, 2023

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Kalyani Strategic Systems Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning Of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent Limitations Of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPG1097

Place : Pune
Date : 2nd May, 2023

Balance sheet as at 31st March, 2023

(In ₹ Lakhs)

	Notes	As at 31st March, 2023	As at 31st March, 2022
I. ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**668.31**	542.12
b) Capital work in progress	3	**100.30**	85.78
c) Intangible assets	4	**-**	-
d) Intangible assets under development		**-**	-
e) Right of use assets	5	**1,501.95**	755.24
f) Financial assets			
i) Investments in subsidiaries, associates and joint ventures	6	**3,366.46**	2,000.15
ii) Other financial assets	7	**10.74**	-
g) Other non-current assets	8	**537.52**	653.73
h) Deferred Tax Assets	9	**47.38**	**-**
i) Income tax assets (net)	10	**-**	3.79
		6,232.66	4,040.81
2 Current assets			
a) Inventories	11	**703.86**	13.81
b) Financial assets			
i) Current investments	12	**29,727.65**	**-**
ii) Trade receivable	13	**3,472.59**	542.53
iii) Cash and cash equivalents	14	**68.61**	38.42
iv) Bank balances other than (iii) above	14	**50,636.25**	3.63
v) Loans	15	**172.02**	157.69
vi) Other financial assets	16	**2.11**	4.00
c) Other current assets	17	**1,195.39**	9.67
		85,978.48	769.75
TOTAL :		**92,211.14**	4,810.56
II. EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	18	**6,651.07**	4,213.26
b) Other equity	19	**1,157.64**	(304.75)
		7,808.71	3,908.51
2 Non-current liabilities			
a) Provisions	20	**18.45**	3.29
b) Other non-current liabilities	21	**53,838.54**	-
		53,856.99	3.29
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	22	**110.99**	750.89
ii) Trade payables	23		
Total outstanding dues of micro enterprises and small enterprises		**-**	1.61
Total outstanding dues of creditors other than micro enterprises and small enterprises		**3,288.28**	144.40
iii) Other financial liabilities	24	**13.45**	0.32
b) Provisions	25	**31.59**	0.14
c) Other current liabilities	26	**26,857.88**	1.40
d) Income tax liabilities (net)	27	**243.25**	-
		30,545.44	898.76
TOTAL :		**92,211.14**	4,810.56
Significant accounting policies and notes forming an integral part of the Financial Statements	1 to 58		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPG1097

Place: Pune
Date: 2nd May, 2023

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Kishor Mukund Saletore
Director
DIN: 01705850

Ms. Soma Dutta
Company Secretary
Membership No. A57140

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2023

Statement of profit and loss for the year ended 31st March, 2023

(In ₹ Lakhs)

		Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
I	**Revenue from operations**	28	**3,181.96**	560.84
II	**Other income**	29	**2,008.18**	46.06
III	**Total income**		**5,190.14**	606.90
IV	**Expenses**			
	Cost of material consumed	30	**119.06**	26.42
	Purchases of stock in trade	31	**2,720.70**	519.35
	Changes in inventories of finished goods, stock in trade and work in progress	32	**(105.03)**	-
	Employee benefits expenses	33	**194.74**	67.96
	Finance cost	34	**76.05**	10.87
	Depreciation and amortization expense	35	**55.80**	24.81
	Other expenses	36	**440.00**	116.86
	Total expenses		**3,501.32**	766.27
V	**Profit/(Loss) before tax**		**1,688.82**	(159.37)
VI	**Tax expenses**			
	Current tax		**(311.38)**	-
	Deferred tax		**49.17**	-
	MAT Credit Availed		**72.39**	-
	MAT Credit Utilised		**(72.39)**	-
			(262.21)	-
VII	**Profit/(Loss) for the year**		**1,426.61**	(159.37)
VIII	**Other comprehensive income**			
	Other comprehensive income not to be reclassified to profit and loss in the subsequent period			
	- Remeasurement of (losses)/ Gains of defined benefit plans		**6.87**	0.47
	- Income tax on above		**(1.79)**	**-**
			5.08	0.47
IX	**Total comprehensive income for the year**		**1,431.69**	(158.90)
X	**Earnings per equity share [nominal value of share ₹ 10/-] - fully paid shares**			
	a) Basic (In ₹)	40	**2.99**	(0.38)
	b) Diluted (In ₹)	40	**2.99**	(0.38)
	Significant accounting policies and notes forming an integral part of the Financial Statements	1 to 58		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPG1097

Place: Pune
Date: 2nd May, 2023

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Kishor Mukund Saletore
Director
DIN: 01705850

Ms. Soma Dutta
Company Secretary
Membership No. A57140

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2023

Statement of changes in equity for the year ended 31st March, 2023

a Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	**(In ₹ Lakhs)**	Nos.	(In ₹ Lakhs)
Balance at the beginning of the year	**4,81,51,576**	**4,213.26**	4,81,51,576	4,213.26
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting year	**4,81,51,576**	**4,213.26**	4,81,51,576	4,213.26
Changes in equity share capital during the current year				
Call money received on partly paid shares	**-**	**601.89**	-	-
Shares issued during the year	**1,83,59,158**	**1,835.92**	-	-
Balance at the end of the year	**6,65,10,734**	**6,651.07**	4,81,51,576	4,213.26

b Other equity (In ₹ Lakhs)

	Reserves and Surplus				Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures	Total Other Equity
	Securities Premium	Retained earnings	Capital Reserve arising on Amalgamation	Total		
	₹	₹	₹	₹	₹	₹
Balance at the end of the year 1st April, 2021		(145.85)	-	(145.85)	-	(145.85)
Changes in other equity due to prior period errors	-	-	-	-	-	-
Add :						
Loss for the year	-	(159.37)	-	(159.37)	-	(159.37)
Other comprehensive income for the year	-	0.47	-	0.47	-	0.47
Balance at the end of the year 31st March, 2022	**-**	**(304.75)**	**-**	**(304.75)**	**-**	**(304.75)**
Changes in other equity due to prior period errors					**-**	**-**
Add : Acquired in Scheme of Amalgamation from Transferror Company	**11.35**	**(2,008.93)**	**1,386.43**	**(611.15)**	**632.63**	**21.48**
OCI Acquired in Scheme of Amalgamation from Transferror Company		**9.22**		**9.22**	**-**	**9.22**
Add : Acquired in Scheme of Amalgamation from Transferror Company						
Add :						
Loss for the year	**-**	**1,426.61**		**1,426.61**	**-**	**1,426.61**
Other comprehensive income for the year	**-**	**6.87**		**6.87**	**-**	**6.87**
Balance at the end of the period 31st March, 2023	**11.35**	**(870.98)**	**1,386.43**	**526.80**	**632.63**	**1,159.43**

c Other equity (In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Equity share capital	**6,651.07**	4,213.26
Other equity	**1,159.43**	(304.75)
TOTAL :	**7,810.50**	3,908.51
Significant accounting policies and notes forming an integral part of the Financial Statements	1 to 58	

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPG1097

Place: Pune
Date: 2nd May, 2023

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Kishor Mukund Saletore
Director
DIN: 01705850

Ms. Soma Dutta
Company Secretary
Membership No. A57140

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2023

Cash Flow Statement for the year ended 31st March, 2023 (In ₹ Lakhs)

			Year ended 31st March, 2023	Year ended 31st March, 2022
(A)	**Cash flow from operating activities**			
	Profit/(Loss) before tax		**1,688.80**	(159.37)
	Add :			
	Depreciation		**55.81**	24.81
	Investment Written Off		**12.00**	-
	Allowances for credit losses		**0.45**	-
	Interest Expenses		**52.23**	10.86
	Other interest		**0.24**	-
	Interest on Income Tax		**15.58**	-
	Other Borrowing Cost		**8.00**	-
	Other comprehensive income		**-**	
	Remeasurement of the net defined benefit liability/asset		**6.87**	0.47
			1,839.98	(123.24)
	Less :			
	Interest Income from deposits		**(699.60)**	(21.03)
	Interest Income from loans given		**(15.92)**	-
	Profit on sale on short term investments		**(691.61)**	(6.04)
	Fair Value Adjustment on Investments (Net)		**(505.61)**	-
	Provision for diminishing in value of Inventory		**62.50**	-
	Operating profit/(loss) before working capital changes		**(10.26)**	(150.31)
	Movements in working capital :			
	Increase / (decrease) in Other non-current financial assets		**(10.74)**	-
	(Increase) / decrease in other non-current assets		**114.78**	(238.82)
	(Increase) / decrease in inventories		**(690.06)**	-
	(Increase) / decrease in trade receivable		**(2,930.06)**	(540.93)
	(Increase) / decrease in other current financial assets		**1.89**	0.22
	(Increase) / decrease in other current assets		**(1,185.76)**	(0.32)
	Increase / (decrease) in non-current Provisions		**15.15**	0.65
	Increase / (decrease) in other non-current liabilities		**53,838.54**	-
	Increase / (decrease) in trade payables		**3,142.27**	(181.06)
	Increase / (decrease) in other current financial liabilities		**13.13**	(4.86)
	Increase / (decrease) in current provisions		**31.45**	0.01
	Increase / (decrease) in other current liabilities		**26,856.48**	(0.72)
			79,197.07	(965.83)
	Cash generated from operations		**79,186.81**	(1,116.13)
	Direct taxes paid (net of refunds)		**(76.21)**	3.69
	Net cash from/(used in) operating activities	**(A)**	**79,110.60**	(1,112.44)
(B)	**Cash flows from investing activities**			
	Purchase of Property, Plant and Equipment		**(187.01)**	(46.57)
	Payment of additional lease premium		**(789.37)**	-
	Purchase of Investments in subsidiaries and joint ventures		**457.61**	-
	Purchase of Units of Mutual Funds		**(88,314.59)**	(83.45)
	Sale of Investment in Mutual Funds		**59,092.55**	460.57
	(Investments In)/Liquidation of fixed deposits		**(50,634.04)**	155.92
	Interest income		**699.60**	1.88
	Net cash used in investing activities	**(B)**	**(79,675.25)**	488.35

(In ₹ Lakhs)

			Year ended 31st March, 2023	Year ended 31st March, 2022
(C)	**Cash flows from financing activities**			
	Inter corporate loans given		**(14.33)**	(213.14)
	Repayment of intercorporate loans		**-**	200.00
	Interest received on Inter corporate loans given		**15.92**	18.73
	Profit on sale on short term investments		**691.61**	
	Proceeds from short term borrowings		**-**	660.13
	Repayment of short term borrowings		**(639.90)**	-
	Interest paid on borrowings		**(52.23)**	(10.86)
	Other interest		**(0.24)**	
	Other Borrowing Cost		**(8.00)**	-
	Call money received on partly paid shares		**601.89**	-
	Net cash from/(used in) financing activities	**(C)**	**594.72**	654.86
(D)	**Net increase/(Decrease) in cash and cash equivalents (A+B+C)**		**30.07**	30.77
(E)	**Cash and cash equivalents at the beginning of the year**		**38.42**	7.66
	Cash and cash acquired thorugh Sheme of amalgamation		**0.12**	-
			38.54	7.66
(F)	**Cash and cash equivalents at the end of the year**		**68.61**	38.42

(In ₹ Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
Components of cash and cash equivalents		₹	₹
Cash on hand		**0.05**	-
Balances with banks			
In Current accounts		**68.56**	38.42
	TOTAL :	**68.61**	38.42
Significant accounting policies and notes forming an integral part of the Financial Statements	1 to 58		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPG1097

Place: Pune
Date: 2nd May, 2023

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Kishor Mukund Saletore
Director
DIN: 01705850

Ms. Soma Dutta
Company Secretary
Membership No. A57140

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2023

Notes forming part of financial statements for the year ended 31st March, 2023

1. Corporate information :

Kalyani Strategic Systems Limited was incorporated on 20th December, 2010, as a public limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited, which holds 100% of the issued and subscribed equity share capital of the Company. The Company's CIN is U31902PN2010PLC138025.

The Company has been formed with the object to engage in the business of scientific, technical and other research and development in the field of developing/ deploying advance defence, aerospace and other strategic areas. During the financial year covered by these statements, the Company was engaged in trading activities and in carrying out trial runs of its products.

The Company has identified 12 months as its operating cycle.

These Financial statements were authorised for issue in accordance with resolution of the Board of Directors on 02nd May, 2023.

In view of Rule 6 of the Companies (Accounts) Rules, 2014, the Company has decided not to present consolidated financial statements for the year ended 31st March 2023, since its Holding Company namely Bharat Forge Limited is going to present the consolidated financial statements and the conditions prescribed said rule have been complied with.

The Scheme of Amalgamation :

In a Scheme of Amalgamation approved by the Ministry of Corporate Affairs through Regional Director (W.R), as per Order dated 24th February, 2023, Analogic Controls India Limited (the Transferor Company), a wholly owned subsidiary of the Company merged with the Company with retrospective effect from the Appointed Date being 1st April, 2022. The entire business and undertakings of the Transferor Company were transferred to and vested in the Company, on a going concern basis with retrospective effect from the respective Appointed Date. The business and undertakings so transferred comprised all the assets and properties, whether movable or immovable, real or personal, including all the debts, liabilities and obligations as specified in the Scheme.

The said scheme became effective from 2nd March, 2023 (the Effective Date) upon which the entire business and undertaking together with all the related assets and liabilities as stated above were deemed to have been transferred to and vested in the Company with retrospective effect from 1st April, 2022.

The business of the Transferred Undertaking was deemed to have been carried out by the Transferor Company in Trust for the Company from the respective Appointed Dates till the Effective Date. Any income or profit arising to the Transferor Company in relation to the transferred business and undertaking and all costs, charges, expenses and losses incurred by the Tranferor Company in relation to the transferred business and undertaking, are for all purposes treated as the income, profits, costs, charges, expenses and losses, as the case may be, of the Company in accordance with the Scheme. Accordingly, these Financial Statements incorporate the result of the activities carried out by Analogic Controls India Limited in trust for the Company from 1st April, 2022 till 2nd March, 2023. The effect of the said scheme is recorded in the books of the Company and Transferor Company as stated in the scheme and in accordance with the provisions of Appedix 'C' of Ind AS 103 - Business Combinations. Accordingly the comparitive figures in this financial statement have been restated.

These Financial Statements include necessary disclosures at appropriate places in respect of Property, Plant & Equipment, Accumulated Depreciation, Cash and Cash Equivalents and Reserves including surplus in the Statement of Profit and Loss deemed to have been transferred from the Transferor Company on the respective Appointed Dates.

2. Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These 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 thereafter and the provisions of the Companies Act, 2013.

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.4 Investment in subsidiaries, associates and joint ventures :

The Company has accounted for its investment in subsidiaries, associates and joint ventures at cost, less accumulated impairment (Refer to note 2.16).

2.5 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

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

2.6 Revenue recognition :

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

The policy of recognizing the revenue is determined by the five stage model proposed by Ind AS 115 "Revenue from contract with customers". The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 43.

a) Revenue from sale of goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.16.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Dividend Income

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

h) Profit / Loss on sale of investments

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

i) Significant Financing Component

For the majority of the contracts, advance payments are received, prior to commencement of work and milestone payments are paid in accordance with the terms of the contract.

Payments received from customers in advance are not considered to be a significant financing component as they are given with the objective to protect the interest of the contracting parties.

j) Billed and hold sales

Bill and hold sales is recognised when the following criteria are met :

i the reson for the bill and hold sales is substantive

ii the product is identified separately as belonging to the customer

iii the product is currently ready for physical transfer to the customer

iv the company does not have ability to use the product or direct it to other customer

2.7 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 or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

2.8 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Indirect taxes paid, except:

i 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.

ii 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.

2.9 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

Type of Asset	**Estimated useful life**
i) Factory Building	30 years
ii) Plant and Machinery	15 years
iii) Furniture	10 years
iv) Office equipment	5 years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Intangible assets :

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

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.

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

2.11 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

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 measurement 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:

Type of Asset	Useful life of asset
i) Leasehold Land	Over the period of lease agreement

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.

ii) **Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized 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 incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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.

2.12 Inventories :

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

Inventories of research and development (R & D) activity are valued at cost or estimated realisable value whichever is lower.

2.13 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, where 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.15 Retirement and other employee benefits :

a) Provident Fund :

The Company operates a defined contribution plan.

For all the employees of the Company, portion of provident fund is contributed to the Government administered pension fund which is a defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Gratuity :

The Company operates a defined benefits plan for its employees. The plan is at present unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method. Actuarial valuation is carried out for the plan using the project unit credit method.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

c) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.16 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's investments in its subsidiary, associate and joint venture are carried at cost in accordance with Ind AS 27.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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 has chosen to account for investments in subsidiaries, joint ventures and associates at cost determined in accordance with IND AS -27.

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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. 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/ loss 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.

ii 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.17 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.18 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.19 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.20 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.21 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.22 Use of estimates

The preparation of Financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying standalone financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Property, plant and equipment

(In ₹ Lakhs)

	Freehold land	Leasehold improvements	Building	Plant and machinery	Furniture and Fixtures	Computers and Printers	Office equipment	Total	Capital work in progress
Gross block, at Cost :									
As at 31st March, 2021	273.32	-	305.08	10.15	1.30		-	589.85	73.80
Additions	-	-	-	-	-	-	1.42	1.42	11.98
Disposals	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	273.32	-	305.08	10.15	1.30	-	1.42	591.27	85.78
Acquired in Scheme of Amalgamation from the Transferor Company	**-**	**13.36**	**-**	**234.53**	**45.87**	**42.48**	**36.43**	**372.67**	**18.13**
Additions	**-**	**-**	**4.18**	**27.45**	**0.87**	**4.96**	**0.29**	**37.75**	**1.35**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.96)**
As at 31st March, 2023.	**273.32**	**13.36**	**309.26**	**272.13**	**48.04**	**47.44**	**38.14**	**1,001.69**	**100.30**
Depreciation and Amortization :									
Upto 31st March, 2021	-	-	32.78	0.46	0.10	-	-	33.34	-
Disposals	-	-	-	-	-	-	-	-	-
For the year	-	-	14.78	0.68	0.13	-	0.22	15.81	-
Upto 31st March, 2022	-	-	47.56	1.14	0.23	-	0.22	49.15	-
Transferred in Scheme of Amalgamation from the Transferor Company	**-**	**12.10**	**-**	**112.91**	**42.02**	**41.09**	**29.80**	**237.92**	
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**0.24**	**14.95**	**26.62**	**1.14**	**0.84**	**2.52**	**46.31**	**-**
Upto 31st March, 2023.	**-**	**12.34**	**62.51**	**140.67**	**43.39**	**41.93**	**32.54**	**333.38**	**-**
Net Block :									
As at 31st March, 2022	273.32	-	257.52	9.01	1.07	-	1.20	542.12	85.78
As at 31st March, 2023.	**273.32**	**1.02**	**246.75**	**131.46**	**4.65**	**5.51**	**5.60**	**668.31**	**100.30**

CWIP Ageing Schedule

(In ₹ Lakhs)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2023					
Projects in process	**-**	**21.98**	**37.25**	**41.08**	**100.31**
As at 31st March, 2022					
Projects in process	11.98	32.73	41.08	-	85.79

4 Intangible assets

(In ₹ Lakhs)

	Softwares	Total Intangible Assets	Intangibles under development
Gross block, at Cost :			
As at 31st March, 2021.	-	-	-
Additions	-	-	-
Disposals	-	-	-
As at 31st March, 2022.	-	-	-
Acquired in Scheme of Amalgamation from the Transferror Company	**18.94**	**18.94**	**5.00**
Additions	-	-	-
Disposals	-	-	**(5.00)**
As at 31st March, 2023.	**18.94**	**18.94**	-
Depreciation and Amortization :			
Upto 31st March, 2021.	-	-	-
Disposals	-	-	-
For the year	-	-	-
Upto 31st March, 2022.	-	-	-
Transferred in Scheme of Amalgamation from the Transferor Company	**18.94**	**18.94**	-
Disposals	-	-	-
For the year	-	-	-
Upto 31st March, 2023.	**18.94**	**18.94**	-
NET BLOCK :			
As at 31st March, 2022.	-	-	-
As at 31st March, 2023.	-	-	-

5 Right of use assets

(In ₹ Lakhs)

	Land	Total
Gross block, at Cost :		
As at 31st March, 2021.	757.42	757.42
Additions	33.17	33.17
Disposals	-	-
As at 31st March, 2022.	790.59	790.59
Additions	**756.20**	**756.20**
Disposals	**-**	**-**
As at 31st March, 2023.	**1,546.79**	**1,546.79**
Depreciation and Amortization :		
Upto 31st March, 2021.	26.35	26.35
Disposals	-	-
For the year	9.00	9.00
Upto 31st March, 2022.	35.35	35.35
Disposals	**-**	**-**
For the year	**9.49**	**9.49**
Upto 31st March, 2023.	**44.84**	**44.84**
NET BLOCK :		
As at 31st March, 2022.	755.24	755.24
As at 31st March, 2023.	**1,501.95**	**1,501.95**

6 Investments in subsidiaries, associates and joint ventures

(In ₹ Lakhs)

No of shares held			As at	As at
31st March, 2023	31st March, 2022		**31st March, 2023**	31st March, 2022
(At Cost)				
Equity Instruments, Unquoted :				
Investment in Subsidiaries :				
1,99,01,471	(19,901,471)	Equity shares having Face value of ₹ 10/- each, fully paid up, of Kalyani Rafael Advanced Systems Private Limited[(a)]	**1,990.15**	1,990.15
377	-	Equity shares having Face value of ₹ 10/- each, fully paid up, of Sagar-Manas Technologies Limited[(b)]	**0.04**	**-**
1,84,89,670	-	Equity shares having Face value of ₹ 10/- each, fully paid up, of Analogic Controls India Limited[(c)]	**464.09**	-
(1,84,89,670)	-	Less : Cancelled in the scheme of amalgamation.	**(464.09)**	-
-	-		**-**	**-**
Investment in Associates :				
1,36,500	**-**	Equity shares having Face value of ₹ 10/- each, fully paid up, of Aeron Systems Private Limited[(d)]	**1,371.83**	-
Investment in joint ventures :				
1,20,000	(1,00,000)	Equity shares having Face value of ₹ 10/- each, fully paid up, of BF Premier Energy Systems Private Limited[(e)]	**12.00**	10.00
(1,20,000)	-	Less : Investment written off	**(12.00)**	-
-	(1,00,000)		**-**	**10.00**
Share application money paid, pending for allotment				
		Kalyani Strategic Systems Australia Pty. Ltd.[(f)]	**4.44**	-
		TOTAL :	**3,366.46**	2,000.15

(a) On 31st March, 2023 and on 31st March, 2022, Kalyani Strategic Systems Ltd., Kalyani Technoforge Ltd. (KTFL) and Rafael Advanced Defense Systems Limited held 50%, 1% and 49%, respectively of the equity share capital of Kalyani Rafael Advanced Systems Private Limited ("KRAS"). As per the Inter Se Agreement between the Company and KTFL, KTFL has agreed always to act in accordance with the directions or instructions of the Company, including in exercising its voting rights. KRAS is, therefore, considered to be a subsidiary in view of the control exercised by the Company.

(b) Sagar-Manas Technologies Limited ("SMTL"), a public limited company is 51 : 49 JV between KSSL and Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan"), Kyrgyzstan. JV will be engaged in upgradation and manufacturing/providing solutions for marine and defence products.

(c) On 30th September, 2022 the Company acquired 18,489,670 Equity shares having face value ₹ 10/- each of Analogic Controls India Limited from Bharat Forge Limited at a fair value of ₹ 2.51 per share amounting to ₹ 464.09 Lakhs.

(d) On 23rd February, 2023 the Company acquired 136,500 Equity shares having face value ₹ 10/- each of Aeron Systems Private Limited from Bharat Forge Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 1,371.83 Lakhs.

(e) During the year BF Premier Energy Systems Pvt. Ltd. has applied to the Registrar of Companies for removing its name persuant to section 248 (2) of the Company Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 on Form No. STK - 2 on 2nd March, 2023.

(f) The Company has formed this wholly owned subsidiary in Australia and has remitted share application money which was awaiting allotment as at 31st March, 2023. Kalyani Strategic Systems Australia Pty. Ltd. is expected to allot 8000 ordinary shares of 1 Australian Dollar each.

7 Other financial assets

(Unsecured, good) (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Security Deposit	**10.74**	-
TOTAL :	**10.74**	-

8 Other non-current assets

(Unsecured, good) (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Capital advances	**509.65**	470.99
Prepaid expenses	**26.43**	5.67
Balances in Fixed Deposits with banks[(a)]	**1.44**	-
Balances with government authorities	**-**	177.07
Other balances with government authorities		
Good	**-**	-
Doubtful	**5.69**	-
Less : Allowances for credit losses	**(5.69)**	-
	-	-
TOTAL :	**537.52**	653.73
(a) Fixed deposits are under lien with bank, as margin for non fund bases credit facilities.	**1.44**	-

9 Deferred Tax Liability/Assets

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Deferred tax asset	**47.38**	-
TOTAL :	**47.38**	-

10 Income tax assets

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Taxes paid in advance	**-**	3.79
TOTAL :	**-**	3.79

11 Inventories

(As taken, valued and certified by the Directors) (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Raw materials[(a)]	**451.75**	13.81
Stock in Trade[(b)]	**205.25**	-
Work-in-progress	**45.20**	-
Finished Goods	**1.66**	-
TOTAL :	**703.86**	13.81

(a) Net of provision for slow-moving/non-moving inventory, ₹ 62.50 lakhs (31st March, 2022 : NIL)

(b) Out of the Stock in trade stock of ₹ 205.25 Lakhs (31st March, 2022 : NIL) was in transit.

12 Current Investment

(In ₹ Lakhs)

No of units 31st March, 2023	No of units 31st March, 2022		As at 31st March, 2023	As at 31st March, 2022
At Fair Value through profit and loss				
		in Units of Mutual Funds (Unquoted)		
273,093.58	-	Units of Axis Liquid Fund - Regular Growth	**6,784.07**	-
1,782,068.85	-	Units of ICICI Prudential Liquid Fund - Growth	**5,892.49**	-
110,618.13	-	Units of Kotak Money Market Fund - Regular Plan - Growth	**4,207.07**	-
115,302.05	-	Units of Kotak Liquid Fund - Regular Plan - Growth	**5,208.62**	-
116,585.04	-	Units of Nippon India Money Market Fund - Growth Fund - Growth Option	**4,095.21**	-
64,919.38	-	Units of Nippon India Liquid Fund - Growth Fund - Growth Option	**3,540.19**	-
		TOTAL :	**29,727.65**	-

13 Trade receivable

(Unsecured) (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Considered Good - Unsecured	**3,472.59**	542.53
Credit impaired	**89.68**	-
Less : Allowances for credit losses	**(89.68)**	-
	-	-
TOTAL :	**3,472.59**	542.53

For terms and conditions relating to related party receivable refer Note No. 39

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

Trade Receivables ageing schedule : (In ₹ Lakhs)

	Outsanding for following periods from due date of payment						
	Unbilled	**Less than 6 months**	**6 months - 1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
As at 31st March, 2023							
Undisputed trade receivables - considered good	**-**	**2,806.01**	**458.80**	**207.78**	**-**	**-**	**3,472.59**
Undisputed trade receivables - which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Undisputed trade receivables - credit impaired	**-**	**-**	**-**	**15.95**	**12.56**	**61.17**	**89.68**
Disputed trade receivables - considered good	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disputed trade receivables - which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disputed trade receivables - credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total :	**-**	**2,806.01**	**458.80**	**223.73**	**12.56**	**61.17**	**3,562.27**
As at 31st March, 2022							
Undisputed trade receivables - considered good	-	542.53	-	-	-	-	542.53
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total :	-	542.53	-	-	-	-	542.53

14 Cash and bank balances

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents :		
Cash on hand	**0.05**	-
Balances with banks		
In Current accounts	**68.56**	38.42
	68.61	38.42
Other bank balances :		
Deposits with maturity of more than three months including Interest Accrued [(a)(b)]	**50,636.25**	3.63
	50,636.25	3.63
TOTAL :	**50,704.86**	42.05
(a) Other FD's having maturity after 3 months but within 12 months.		
(b) Fixed deposits are under lien with bank, as margin for non fund based credit facilities.	**3.93**	3.63

15 Loans (Current)

(Unsecured, good)

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Loans to related parties:		
Inter-corporate loan to a fellow subsidiary[(a)(b)(c)]	**172.02**	157.69
TOTAL :	**172.02**	157.69

(a) Including interest due, thereon

(b) For terms and conditions relating to related party receivable refer Note No. 39

(c) For complinace with provisions with provision of 186(4) refer Note No. (c) 57.

16 Other financial assets

(Unsecured, Good)

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Security Deposit	**2.03**	1.74
Other Interest accrued	**0.08**	-
Other amounts receivable	**-**	2.26
TOTAL :	**2.11**	4.00

17 Other current assets

(Unsecured, Good) (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Balances with government authorities	**714.87**	3.13
Advance to vendors	**21.06**	0.44
Prepaid Expenses	**21.68**	6.10
Duty drawback and other claims receivable	**15.22**	-
Contract Assets	**420.96**	-
Other advances recoverable in cash or in kind or for value to be received	**1.60**	-
TOTAL :	**1,195.39**	9.67

18 Equity share capital

(In ₹ Lakhs)

			As at 31st March, 2023	As at 31st March, 2022
Authorised				
7,50,00,000	(5,00,00,000)	Equity shares of ₹ 10/- each	**7,500.00**	5,000.00
2,00,00,000	-	Add : Increased by the Authorised share capital of the Transferor Company as per the Scheme of Amalgamation (awaiting updating on the MCA portal)	**2,000.00**	-
9,50,00,000	(5,00,00,000)	**TOTAL :**	**9,500.00**	5,000.00
Issued				
6,65,10,734	(4,81,51,576)	Equity shares of ₹ 10/- each	**6,651.07**	4,815.16
		TOTAL :	**6,651.07**	4,815.16
Subscribed				
6,65,10,734	(4,81,51,576)	Equity shares of ₹ 10/- each	**6,651.07**	4,815.16
		TOTAL :	**6,651.07**	4,815.16
Paid-up				
6,65,10,734	(3,61,13,684)	Equity shares of ₹ 10/- each, fully paid up	**6,651.07**	3,611.37
-	(1,20,37,892)	Equity shares of ₹ 10/- each, ₹ 5/- per share paid up	**-**	601.89
				-
6,65,10,734	(4,81,51,576)		**6,651.07**	4,213.26

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	**(In ₹ Lakhs)**	Nos.	(In ₹ Lakhs)
At the beginning of the year	**4,81,51,576**	**4,213.26**	4,81,51,576	4,213.26
Call money received on partly paid shares	**-**	**601.89**	-	-
Shares issued during the year	**1,83,59,158**	**1,835.92**	-	-
Shares bought back during the year	**-**	**-**	-	-
Outstanding at the end of the year	**6,65,10,734**	**6,651.07**	4,81,51,576	4,213.26

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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

(c) Details of shares held by the Holding Company

Name of Shareholder	31st March, 2023		31st March, 2022	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid up				
Bharat Forge Limited#	**6,65,10,734**	**100.00**	3,61,13,684	100.00
Equity shares of ₹ 10 each fully paid, ₹ 5/- per share paid up				
Bharat Forge Limited#	**-**	**-**	1,20,37,892	100.00

including the shares held through nominees

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

Name of Shareholder	31st March, 2023		31st March, 2022	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid up				
Bharat Forge Limited, the Holding Company#	**6,65,10,734**	**100.00**	3,61,13,684	100.00
Equity shares of ₹ 10 each fully paid, ₹ 5/- per share paid up				
Bharat Forge Limited, the Holding Company#	**-**	**-**	1,20,37,892	100.00

including the shares held through nominees

(e) Shares held by Promoters as at 31st March, 2023 (In ₹ Lakhs)

Name of the promoter	**31st March, 2023**		31st March, 2022		**% Changes during the year**
	No. of Shares	**%**	No. of Shares	%	
i) Equity shares of ₹ 10 each fully paid up					
Bharat Forge Limited#	**6,65,10,734**	**100**	3,61,13,684	100	-
ii) Equity shares of ₹ 5 each fully paid up					
Bharat Forge Limited#	**-**	**-**	1,20,37,892	100	-100.00%

Including shares held through Nominees

Shares held by Promoters as at 31st March, 2022

Name of the promoter	31st March, 2022		31st March, 2021		**% Changes during the year**
	No. of Shares	%	No. of Shares	%	
i) Equity shares of ₹ 10 each fully paid up					
Bharat Forge Limited#	3,61,13,684	100	1,84,17,978	51	49.00
ii) Equity shares of ₹ 5 each fully paid up					
Bharat Forge Limited#	1,20,37,892	100	61,39,324	51	49.00

Including shares held through Nominees

(f) Equity shares allotted as fully paid-up pursuant to contracts without payment being received in cash

The Company has issued 4,640,908 equity shares of ₹ 10/- each at par to Bharat Forge Limited, its Holding Company on Private placement basis during the current financial year as consideration other than cash against purchase of shares of Analogic Controls India Limited. These shares rank pari-passu in all respects with the existing equity shares.

The Company has issued 1,37,18,250 equity shares of ₹ 10/- each at par to the Bharat Forge Limited its Holding Company on Private placement basis during the current financial year as consideration other than cash against purchase of shares of Aeron Systems Pvt. Ltd. These shares rank pari-passu in all respects with the existing equity shares.

19 Other equity

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Securities Premium		
As per last account	-	-
Add :		
Transferred as per the Scheme of Amalgamation from the Transferror Company	**11.35**	-
(Refer Note No. 53)	**11.35**	-
Retained earnings		
As per last account	**(304.75)**	(145.85)
Add :		
Retained earning transferred in Scheme of Amalgamation from Transferror Company	**(2,008.93)**	-
OCI transferred in Scheme of Amalgamation from Transferror Company	**9.22**	-
Add :		
Profit/(Loss) for the year	**1,426.61**	(159.37)
Other comprehensive income for the year	**5.08**	0.47
	(872.77)	(304.75)
Capital Reserve arising on Amalgamation		
As per last account	-	-
Add :	-	-
Arising in Scheme of Amalgamation from Transferor Company	**1,386.43**	-
	1,386.43	-
Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures		
As per last account	-	-
Add :		
Acquired in Scheme of Amalgamation from Transferor	**632.63**	-
	632.63	-
Closing balance	**1,157.64**	(304.75)

20 Provisions (Non - current)

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Provisions for employee benefits :		
Gratuity	**14.82**	1.76
Compensated absences	**3.63**	1.53
TOTAL :	**18.45**	3.29

21 Other Liabilities (Non-Current)

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Contract Liabilities		
Deferred Revenue [(a)]	**0.41**	-
Advances from customers	**53,838.13**	-
TOTAL :	**53,838.54**	-

(a) Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

22 Borrowings (Current)

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Secured :		
Overdraft		
From Axis Bank Limited[(a)]	**0.13**	247.93
From ICICI Bank Limited[(b)]	**110.86**	-
Unsecured :		
Inter corporate borrowings		
From Holding Company[(c)]	**-**	502.96
TOTAL :	**110.99**	750.89

(a) Overdraft from Axis Bank Limited is repayable on demand and carries interest at 3 MCLR plus 1%, presently at 7.35% p.a. This facility is secured by first pari-passu charge on the current assets.

(b) Overdraft facility availed from ICICI Bank is secured by first and exclusive charge on inventory and receivables of the Company. Rate of Interest applicable I-MCLR-6M + spread. Currenly I-MCLR-6M is 7.20% and Spred is 3.71% p.a.

(c) The loan from the Holding Company is repayable in 1 year and carries interest at 7.50% p.a. For balances and terms and conditions relating to related party payable refer Note No. 39

23 Trade payables

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Total outstanding dues of micro enterprises and small enterprises	**-**	1.61
Total outstanding dues of creditors other than micro enterprises and small enterprises	**3,288.28**	144.40
(Including related party payables)		
TOTAL :	**3,288.28**	146.01

For balances and terms and conditions relating to related party payable refer Note No. 39

Trade payables are non-interest bearing and are generally settled on 30 to 90 days.

Trade payables ageing schedule

	Outsanding for following periods from due date of payment						
	Unbilled	**Not Due**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
As at 31st March, 2023							
Undisputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Undisputed dues to other than MSME	**33.04**	**2.33**	**3,232.74**	**4.81**	**1.56**	**13.80**	**3,288.28**
Disputed dues to MSME	**-**		**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**		**-**	**-**	**-**	**-**	**-**
	33.04	**2.33**	**3,232.74**	**4.81**	**1.56**	**13.80**	**3,288.28**
As at 31st March, 2022							
Undisputed dues to MSME	-	-	1.61	-	-	-	1.61
Undisputed dues to other than MSME	76.87	-	21.96	43.14	-	2.43	144.40
Disputed dues to MSME							-
Disputed dues to other than MSME							-
	76.87	-	23.57	43.14	-	2.43	146.01

24 Other financial liabilities (Current)

(In ₹ Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
Creditors for Capital Expenses		**0.43**	-
Other Amounts Payable		**13.02**	0.32
	TOTAL :	**13.45**	0.32

25 Provisions (Current)

(In ₹ Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
Provisions for employee benefits :			
Gratuity		**2.00**	-
Compensated absences		**0.59**	0.14
Other provisions :			
Liquidated damages[(a)(b)]		**29.00**	-
	TOTAL :	**31.59**	0.14

(a) In pursuance of Ind AS-37 'Provisions, contingent liabilities and contingent assets', the provisions required for liquidated damages have been incorporated in the books of account in the following manner:

Opening Balance	**-**	-
Arising during the year	**28.27**	-
Utilised during the year	**(28.06)**	-
Provision Written Back	**(4.84)**	-
Closing balance	**(4.63)**	-

(b) Provision for liquidated damages represents the expected claims not in the nature of variable consideration which the Company may need to pay for non-fulfilment of certain commitments as per the terms of the respective sales contracts. These are determined on a case to case basis considering the dynamics of each contract and the factors relevant to that sale.

26 Other current liabilities

(In ₹ Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
Statutory liabilities		**11.22**	1.40
Contract Liabilities			
Deferred Revenue[(a)]		**223.80**	-
Advances from customers		**26,622.86**	-
	TOTAL :	**26,857.88**	1.40

(a) Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

27 Income tax liabilities (net)

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Income Tax provisions (net)	243.25	-
TOTAL :	**243.25**	-

28 Revenue from operations

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of products	**3,135.92**	560.84
Sale of services	**21.34**	-
Other Operating Income	**24.70**	-
TOTAL :	**3,181.96**	560.84

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2023 and 31st March, 2022 by offerings and contract type.

Revenue by offerings :

Sale of products	**3,135.92**	560.84
Product assembly, integration and repairing services	**19.99**	-
Warranty services	**1.35**	-
Export Incentive	**24.70**	-
TOTAL :	**3,181.96**	560.84

Revenue by geographical segment :

Within India	**249.13**	560.84
Outside India	**2,932.83**	-
TOTAL :	**3,181.96**	560.84

Revenue by contract type :

Fixed price contracts	**3,181.96**	560.84
TOTAL :	**3,181.96**	560.84

29 Other income

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest received		
On loan to a fellow subsidiary	**15.92**	14.60
On loan to other related party	**-**	4.13
On deposits with bank	**699.52**	1.88
On other deposits	**0.08**	-
On income tax refund	**0.31**	0.42
Rent Income	**-**	17.40
Profit on sale on short term investments	**691.61**	6.04
Fair Value Adjustment on Investments (Net)	**505.61**	-
Sundry balances written back	**37.32**	1.59
Provision for Doubtful Debts Written Back	**22.33**	-
Provision for LD Written Back	**4.85**	-
Miscellaneous Income	**30.63**	-
TOTAL :	**2,008.18**	46.06

30 Cost of material consumed

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Inventory at the beginning of the year	**13.81**	13.81
Add: Transferred in Scheme of Amalgamation from Transferor Company	**204.35**	-
Add: Purchases	**352.65**	26.42
Less: Inventory at the end of the year	**(451.75)**	(13.81)
Cost of raw material and components consumed	**119.06**	26.42

31 Purchases of stock in trade

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Purchases of stock in trade	**2,720.70**	519.35
TOTAL :	**2,720.70**	519.35

32 Changes in inventories of finished goods, stock in trade and work in progress

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Inventories at the beginning of the year		
Stock in Trade	**-**	
Work-in-progress	**143.56**	-
Finished Goods	**3.52**	-
	147.08	-
Inventories at the close of the year		
Stock in Trade	**205.25**	
Work-in-progress	**45.20**	-
Finished Goods	**1.66**	-
	252.11	-
TOTAL :	**(105.03)**	-

33 Employee benefit expenses

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Salaries and wages	**163.69**	57.86
Contributions to provident and other funds	**9.82**	3.83
Gratuity	**10.16**	1.18
Staff welfare expenses	**11.07**	5.09
TOTAL :	**194.74**	67.96

34 Finance cost

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest on borrowings	**52.23**	10.86
Interest on Income tax	**15.58**	-
Other interest	**0.24**	0.01
Other Borrowing Cost	**8.00**	-
TOTAL :	**76.05**	10.87

35 Depreciation and amortization expenses

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
On property, plant and equipment	**46.31**	15.81
On intangible assets	**-**	-
On right of use assets	**9.49**	9.00
TOTAL :	**55.80**	24.81

36 Other expenses

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Consumption of Stores and Spares	**0.07**	-
Labour and Processing Charges	**1.78**	-
Power and Fuel	**10.77**	-
Repairs and Maintenance - Buildings	**1.50**	-
Repairs and Maintenance - Plant and Machinery	**1.40**	-
Repairs and Maintenance - Others	**10.87**	5.30
Insurance	**1.47**	0.18
Rent (Refer note 50)	**1.36**	0.96
Liquidated damages (Refer note 25)	**34.57**	-
Communication	**1.47**	-
Bank Charges and Commission	**11.13**	12.15
Legal and professional fees	**101.68**	25.76
Technical Consultancy	**8.83**	0.60
Water charges	**3.41**	3.16
Security Services	**7.06**	1.89
Payment to Auditors (Refer details below)	**7.95**	2.50
Advertising and business promotion expenses	**68.91**	13.84
Rates and Taxes	**84.15**	39.82
Travelling and conveyance	**18.90**	4.52
Allowances for credit losses	**0.45**	-
Amalgamation expenses	**16.12**	
Share issue expenses	**25.25**	-
Investment Written Off	**12.00**	-
Miscellaneous expenses#	**8.90**	6.18
TOTAL :	**440.00**	116.86

Miscellaneous expenses include general office expenses, printing and stationery etc.

Payment to auditors :

As auditor:		
- Audit fees	**5.25**	1.70
- Tax audit fees	**1.50**	0.50
- Certification and other income tax matters	**1.20**	0.30
Reimbursement of out of pocket expenses#	**-**	-
TOTAL :	**7.95**	2.50

Paid to the previous auditor

37 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 8.98 lakhs (Previous Year: ₹ 3.83 lakhs) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

During the current financial year the Company has amalgamated the Analogic Controls India Limited (transfer Company) the Kalyani Strategic Systems Limited. The note relate to accounting policy has been stated in the Note No. 2.15. On the basis of accounting policy stated the information presented below represents the combined position of the merged entity.

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972 subject to a cap of Rs. 20 lakhs.

With effect from 1st April, 2022, in case of normal retirement of employees who have completed 10 years of services, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap of gratuity is 20 years. In case of early retirement of employees who have completed 15 years of services, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap of gratuity is 20 years. In case of death in service employees, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap of gratuity is 20 years.

The Plan is funded as on the valuation date.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a) Asset-Liability Mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Mortality table	**IALM(2012-14) Ult**	IALM 2012-14 Ult
Discount rate	**7.50%**	7.30%
Expected rate of return on plan assets	**7.20%**	0.00%
Salary Growth Rate	**7.00%**	8.00%
Expected average remaining working lives (in years)	**12.31**	14.18
Withdrawal rate	**5.00%**	6.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the beginning of the year	**1.76**	1.05
Add : Acquired in Scheme of Amalgamation from Transferror Company	**15.68**	-
Interest expense	**1.24**	0.07
Past service cost	**4.83**	-
Current service cost	**4.35**	1.11
Benefits (paid)	**(0.41)**	-
Remeasurements on obligation [Actuarial (Gain) / Loss]	**(6.88)**	(0.47)
Present value of obligation as at the end of the year	**20.56**	1.76

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Fair value of plan assets at the beginning of the year	**-**	-
Add : Acquired in Scheme of Amalgamation from Transferror Company	**3.51**	-
Interest Income	**0.25**	-
Contributions	**-**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**(0.01)**	-
Fair value of plan assets at the end of the year	**3.75**	-
Actual return on plan assets	**0.24**	-

Net Interest (Income/Expense)

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest (Income) / Expense – Obligation	**1.24**	0.07
Interest (Income) / Expense – Plan assets	**(0.25)**	-
Net Interest (Income) / Expense for the year	**0.99**	0.07

Remeasurement for the period [Actuarial (Gain)/loss] (In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Experience (Gain) / Loss on plan liabilities	**(9.75)**	(0.58)
Demographic (Gain) / Loss on plan liabilities	**(0.04)**	-
Financial (Gain) / Loss on plan liabilities	**2.91**	0.12
Experience (Gain) / Loss on plan assets	**0.02**	-
Financial (Gain) / Loss on plan assets	**(0.01)**	-

Amount recognised in Statement of Other comprehensive Income (OCI)

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening amount recognised in OCI outside profit and loss account	**(0.29)**	0.17
Add : Acquired in Scheme of Amalgamation from Transferror Company	**(10.43)**	-
Remeasurement for the year - Obligation (Gain)/Loss	**(6.88)**	(0.47)
Remeasurement for the year - Plan assets (Gain)/Loss	**0.01**	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**(6.87)**	(0.47)
Closing amount recognised in OCI outside profit and loss account	**(17.59)**	(0.30)

The amounts to be recognised in the Balance Sheet (In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the end of the period	**(20.56)**	(1.76)
Fair value of plan assets as at the end of the period	**3.75**	-
Net Asset / (liability) to be recognised in balance sheet	**(16.81)**	(1.76)

Expense recognised in the statement of profit and loss

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Past service cost	**4.83**	-
Current service cost	**4.35**	1.11
Net Interest (Income) / Expense	**0.99**	0.07
Net periodic benefit cost recognised in the statement of profit and loss	**10.17**	1.18

Reconciliation of Net Asset/(Liability) recognised: (In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Net asset / (liability) recognised at the beginning of the period	**(1.76)**	(1.05)
Add : Acquired in Scheme of Amalgamation from Transferror Company	**(12.17)**	-
Company contributions	**-**	-
Benefits directly paid by the Company	**0.41**	-
Expense recognised at the end of period	**(10.16)**	(1.18)
Amount recognised outside profit & loss for the period	**6.87**	0.47
Net asset / (liability) recognised at the end of the period	**(16.81)**	(1.76)

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(In ₹ Lakhs)

Discount rate	**Present value of obligation**	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in discount rate by 100 basis points	**19.08**	1.54
Decrease in discount rate by 100 basis points	**22.26**	2.04

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

(In ₹ Lakhs)

Salary growth rate	Present value of obligation	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in salary growth rate by 100 basis points	**22.07**	2.01
Decrease in salary growth rate by 100 basis points	**19.22**	1.56

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

(In ₹ Lakhs)

Withdrawal rate	Present value of obligation	
	Year ended 31st March, 2023	Year ended 31st March, 2022
Increase in withdrawal rate by 100 basis points	**20.48**	1.75
Decrease in withdrawal rate by 100 basis points	**20.65**	1.78

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

(In ₹ Lakhs)

Period/Year Ending	31st March, 2024	31st March, 2023
Within the next 12 months (next annual reporting period)	**2.00**	-

(c) Other long term employee benefits :

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

(In ₹ Lakhs)

Sr. No.		As at 31st March, 2023	As at 31st March, 2022
1	Present Value of Obligation	**4.22**	1.67
2	Fair Value of Plan Assets*	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**(4.22)**	(1.67)

* The Company has not funded the liability as on 31st March, 2023.

38 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of business of scientific, technical and other research and development in the field of developing/ deploying advance defence, aerospace and other strategic areas; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

39 Related party disclosures

(i) Names of the related parties and related party relationship

Key Management Personal :	i)	Mr. Rajesh Khurana - Chief Executive Officer[a]
	ii)	Mr. Yogendra Thakar - Chief Financial officer (Since resigned w.e.f. 26th July, 2022)[a]
	iii)	Ms. Suchi Gandhi - Chief Financial officer (Appointed w.e.f. 29th July, 2022)[a]
	iv)	Ms. Jenny Chhabada - Company Secretary (Since resigned w.e.f. 7th January, 2022)[a]
	v)	Ms. Soma Dutta - Company Secretary (Appointed w.e.f. 5th July, 2022)[a]
		(a) On deputation from Bharat Forge Limited, the Holding Company
Holding Company :		Bharat Forge Limited
Subsidiary Company :	i)	Kalyani Rafael Advanced Systems Private Limited
	ii)	Kalyani Strategic Systems Australia Pty Ltd
	iii)	Sagar-Manas Technologies Limited
Assosiate Company :	i)	Aeron Systems Private Limited (w.e.f. 23rd Febraury, 2023)
Fellow Subsidiary Companies :	i)	BF Elbit Advanced Systems Private Limited
Joint Venture :	**i)**	**BF Premier Energy Systems Private Limited[a]**
		(a) (Refer note 41)
	ii)	Open Joint Stock Company Dastan Transnational Corporation Ltd.
Other related parties :	i)	Inmet Technology Solutions Private Limited
(Enterprises significantly influenced by the Holding Company)	ii)	Kalyani Strategic Management Services Limited
	iii)	Saarloha Advanced Materials Private Limited
	iii)	Bf Infrastructure Limited

(ii) Related parties with whom transactions have taken place during the year

(In ₹ Lakhs)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
1	**Intercorporate loan taken**	**Holding Company**		
		Bharat Forge Limited	**-**	500.00
2	**Interest paid on intercorporate loan**	**Holding Company**		
		Bharat Forge Limited	**24.76**	3.29
3	**Intercorporate loan Repaid including interest payable**	**Holding Company**		
		Bharat Forge Limited	**579.57**	-
4	**Sale of investment in Sagar-Manas Technologies Limited**	**Joint Venture Partner**		
		Open Joint Stock Company Dastan Transnational Corporation Ltd.	**0.04**	-
5	**Issue of Equity shares**	**Holding Company**		
		Bharat Forge Limited	**1,835.92**	-
6	**Final call money received on Equity Shares**	**Holding Company**		
		Bharat Forge Limited	**601.89**	-
7	**Investment in equity shares**	**Associate Company**		
		Aeron Systems Private Limited	**1,371.83**	-
		Subsidiary Company		
		Sagar-Manas Technologies Limited	**0.08**	-
		Joint Venture		
		BF Premier Energy Systems Private Limited	**2.00**	
8	**Investment Written off**	**Joint Venture**		
		BF Premier Energy Systems Private Limited	**12.00**	-
9	**Share application money paid for investment in equity shares**	**Subsidiary Company**		
		Kalyani Strategic Systems Australia Pty Ltd	**4.44**	-
10	**Lease Rent paid**	**Holding Company**		
		Bharat Forge Limited	**2.40**	1.44
11	**Intercorporate loan given**	**Associate Company**		
		Aeron Systems Private Limited	**-**	200.00
12	**Repayment of intercorporate loan received**	**Associate Company**		
		Aeron Systems Private Limited	**500.00**	200.00

(In ₹ Lakhs)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
13	**Interest received on intercorporate loans**	**Fellow Subsidiary Company**		
		BF Elbit Advanced Systems Private Limited	**15.92**	14.60
		Associate Company		
		Aeron Systems Private Limited	**-**	4.13
13	**Expenses incurred/ payments made by related parties on behalf of the Company**	**Holding Company**		
		Bharat Forge Limited	**70.08**	337.85
		Key Management Personnel		
		Yogendra Thakar	**-**	0.67
14	**Expenses incurred/ payments made by the Company on behalf of the related parties**	**Holding Company**		
		Bharat Forge Limited	**12.89**	-
		Subsidiary Company		
		Sagar-Manas Technologies Limited	**-**	0.41
		Joint Venture		
		BF Premier Energy Systems Private Limited	**0.60**	
15	**Sale of Products (Excluding Taxes)**	**Holding Company**		
		Bharat Forge Limited	**0.05**	-
		Subsidiary Company		
		Kalyani Rafael Advanced Systems Private Limited	**1.75**	-
16	**Sale of Service (Excluding Taxes)**	**Holding Company**		
		Bharat Forge Limited	**22.06**	-
		Subsidiary Company		
		Kalyani Rafael Advanced Systems Private Limited	**2.07**	-
17	**Sale of traded goods**	**Associate Company**		
		Aeron Systems Private Limited	**-**	560.84
18	**Purchases of goods**	**Holding Company**		
		Bharat Forge Limited	**3,413.92**	-
		Enterprises significantly influenced by the Holding Company		
		Inmet Technology Solutions Private Limited	**11.74**	-
		Saarloha Advanced Materials Private Limited	**2.15**	-

(In ₹ Lakhs)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
19	Purchases of Services	**Holding Company**		
		Bharat Forge Limited	**3.77**	-
		Enterprises signidicantly influenced by the Holding Company		
		Kalyani Strategic Management Services Limited	**20.00**	-
20	Purchases of Fixed assets	**Enterprises significantly influenced by the Holding Company**		
		Inmet Technology Solutions Private Limited	**10.68**	-
		Bf Infrastructure Limited	**7.00**	-

(iii) Balances outstanding

(In ₹ Lakhs)

Sr. no.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2023	As at 31st March, 2022
1	Intercorporate Loan receivable(including interest due thereon)	**Fellow Subsidiary Company**		
		BF Elbit Advanced Systems Private Limited	**172.02**	157.69
2	Intercorporate Loan payable (including interest due thereon)	**Holding Company**		
		Bharat Forge Limited	**-**	502.96
3	Trade Payables	**Holding Company**		
		Bharat Forge Limited	**3,176.99**	54.32
		Enterprises signidicantly influenced by the Holding Company		
		Inmet Technology Solutions Private Limited	**11.53**	-
		Kalyani Strategic Management Services Ltd.	**21.60**	-
4	Trade Receivables	**Associate Company**		
		Aeron Systems Private Limited	**200.00**	542.53
5	Other receivables	**Joint Venture**		
		Sagar-Manas Technologies Limited	**0.48**	0.41
6	Corporate guarantee provided to bank	**Holding Company**		
		Bharat Forge Limited	**5,000.00**	5,000.00

(iv) Terms and conditions of transactions with related parties

a) Reimbursement of costs paid to/received from related parties are at cost.

b) All other transactions including rent paid/received are in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

c) Intercorporate loan taken from the Holding Company is unsecured, repayable in one year and carries interest @ 7.5% p.a.

d) The loans given to the related parties are unsecured and repayable on demand and the same are compliant with the provisions of section 186 of the Companies Act, 2013. The loans carried interest in the range of of 9.70% p.a. to 10% p.a.

e) Equity shares have been issued at par by the Company to the Holding Company in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013. Refer Note No. 18.

40 Earnings per share (EPS)

(In ₹ Lakhs)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Profit /(Loss) for the year attributable to shareholders (In ₹ Lakhs)	**1,426.61**	(159.37)
I Basic Earning Per Share		
Earnings per equity share [nominal value of share ₹ 10/-] #		
Weighted Average Number of Shares	**4,77,06,930**	4,21,32,630
Basic Earning Per Share (In ₹)	**2.99**	(0.38)

As at 31st March, 2022, the paid up equity share capital of the Company includes 12,037,892 partly paid up equity shares having face value of ₹ 10/-, paid up was ₹ 5/- per share. During the current year the company has received final call of Rs. 5 of these shares. Therefore as at 31st March, 2023 all the shares of the Company are fully paid. In the previous year For the calculation of basic earnings per share these shares are treated as a fraction of an equity share to the extent that those are entitled to participate in dividends during the period.

II Diluted Earning Per Share		
Earnings per equity share [nominal value of share ₹ 10/-]		
Weighted Average Number of Shares	**4,77,06,930**	4,21,32,630
Diluted Earnings per equity share [nominal value of share ₹ 10/-] - fully paid shares	**2.99**	(0.38)

41 Interest in Joint Venture

a) Name of the investee :	BF Premier Energy Systems Private Limited
b) Principal place of business :	Mundhwa, Pune Cantonment, Pune - 411036, Maharashatra, India
c) Proportion of the ownership interest :	50%
d) Description of the method used to account for the investments :	Cost

During the year BF Primer Energy System Pvt. Ltd. has applied with Registered of company's for removing its name persuant to section 248 (2) of the Company Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on 2nd March, 2023. The said strike of approved by the Company and also by its JV partner board of director. The order for the same has not been passed by ROC till 31st March, 2023.

42 Unhedged foreign currency exposure

		As at 31st March, 2023		As at 31st March, 2022	
		Foreign currency	**(In ₹ Lakhs)**	Foreign Currency	(In ₹ Lakhs)
a)	**Assets :**				
i)	Trade receivable	**USD 3,440,057**	**2,828.31**	-	**-**
		EUR 391,483	**350.80**	-	**-**
ii)	Advances to Trade Creditors	**USD 1,040**	**0.86**	-	-
		EUR 6,347	**5.69**	-	-
b)	**Liabilities :**				
i)	Trade payables	**GBP 512**	**0.52**	-	-
		USD 8,115	**6.67**	-	-
ii)	Advances from Trade Debtors	**USD 96,647,500**	**79,061.43**	-	**-**
		EUR 1,585,389	**1,399.56**	-	**-**

43 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

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

a) **Revenue recognition**

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products or services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) **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. Refer note 44 and 45 for further disclosures.

c) **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

d) **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

e) **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

f) **Current / Non-Current Classification**

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

44 Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

(In ₹ Lakhs)

	Carrying value		Fair value	
	As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
I) Financial assets				
Measured at amortised costs				
Trade receivable	**3,472.59**	542.53	**3,472.59**	542.53
Cash and cash equivalents	**68.61**	38.42	**68.61**	38.42
Bank balances other than (iii) above	**50,636.25**	3.63	**50,636.25**	3.63
Loans	**172.02**	157.69	**172.02**	157.69
Deposits	**12.77**	1.74	**12.77**	1.74
Other Financial Assets	**0.08**	2.26	**0.08**	2.26
Measured at FVTPL				
Investments in Units of Mutual Funds	**29,727.65**	**-**	**29,727.65**	-
Total :	**84,089.97**	746.27	**84,089.97**	746.27

(In ₹ Lakhs)

	Carrying value		Fair value	
	As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
II) Financial liabilities				
Measured at amortised costs				
Overdraft	**110.99**	247.93	**110.99**	247.93
Inter corporate borrowings	**-**	502.96	**-**	502.96
Trade payables	**3,288.28**	146.01	**3,288.28**	146.01
Creditors for Capital Expenses	**0.43**	-	**0.43**	-
Other Amounts Payable	**13.02**	0.32	**13.02**	-
Total :	**3,412.72**	897.22	**3,412.72**	896.90

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

45 Fair value hierarchy

(In ₹ Lakhs)

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed	**3/31/2023**				
Investments in Units of Mutual Funds		**29,727.65**	**-**	**-**	**29,727.65**
Liabilities for which fair value has been disclosed	**3/31/2023**	**-**	**-**	**-**	**-**
Assets for which fair value has been disclosed	3/31/2022	-	-	-	-
Liabilities for which fair value has been disclosed	3/31/2022	-	-	-	-

46 Financial risk management disclosure

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances 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 Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance for the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2023, 31st March, 2022 including the effect of hedge accounting (if any).

i) Equity price risk

The Company's investment in equity instruments comprise mainly of investments in subsidiaries and Joint Ventures which are strategic long term investments. Reports on the equity portfolio are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was ₹ 3,366.46 Lakhs/- (for previous year ended 31st March, 2022 - ₹ 2,000.15/- Lakhs)

ii) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(In ₹ Lakhs)

	Currency	Change in FC Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2023	USD	**5.00%**	**4,094.86**	**4,094.86**
		-5.00%	**(4,094.86)**	**(4,094.86)**
	Euro	**5.00%**	**87.80**	**87.80**
		-5.00%	**(87.80)**	**(87.80)**
	GBP	**5.00%**	**0.03**	**0.03**
		-5.00%	**(0.03)**	**(0.03)**
31st March, 2022	USD	5.00%	-	-
		-5.00%	-	-
	Euro	5.00%	-	-
		-5.00%	-	-
	GBP	5.00%	-	-
		-5.00%	-	-

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2023 and 31st March, 2022 is the carrying amounts as illustrated in Note 14.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

(In ₹ Lakhs)

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2023				
Trade payables	**3,288.28**	**-**	**-**	**3,288.28**
Creditors for Capital Expenses	**0.43**	**-**	**-**	**0.43**
Other Amounts Payable	**13.02**	**-**	**-**	**13.02**
Overdraft	**110.99**	**-**	**-**	**110.99**
	3,412.72	**-**	**-**	**3,412.72**
Year ended 31st March, 2022				
Overdraft	247.93	-	-	247.93
Inter corporate borrowings	502.96	-	-	502.96
Trade payables	146.01			146.01
Creditors for Capital Expenses	-			-
	896.90	-	-	896.90

47 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(In ₹ Lakhs)

		As at 31st March, 2023	As at 31st March, 2022
(i)	Principal amount due to suppliers under MSMED Act, 2006 * [Includes dues to payable for capital goods amounting to ₹ 0.43 Lakhs (31st March, 2022: ₹ Nil)]	**0.43**	1.61
(ii)	Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	**0.06**	0.01
(iii)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	**16.78**	3.13
(iv)	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	**-**	-
(v)	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	**-**	-
(vi)	Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	**0.18**	0.01
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	**12.86**	12.62

48 Contingent liabilities not provided for

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Additional premium payable to MIDC for lease extension[(a)]	**-**	324.34

(a) The Company is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC has approved the building construction plan on 9th March, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC has given the time limit for obtaining buiding completion certificate/ocupancy certificate and commecement of production till 10th June, 2022. It has been further ammended and extended till 10th June, 2024. The Company has approached MIDC for further extension of the time limit for completion of contruction and commencement of activities and also paid the additional premium amounting to Rs. 789.37 Lakhs.

49 Capital and other commitments

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**413.38**	413.38
Commitment to invest in Kalyani Strategic Systems Australia Pty. Ltd.[(a)]	**-**	-
Commitment to invest in Sagar-Manas Technologies Limited[(b)]	**-**	0.08
Seting up of building, other infrastructure and Machinaries at Plant located in, Jejuri Maharashtra	**10,013.00**	-

(a) The Company has promoted and incorporated a wholly owned subsidiary in Australia namely Kalyani Strategic Systems Australia Pty. Ltd. ("KSSAPL") on 10th November, 2021. The issued and subscribed share capital of KSSAPL is of AUD 8,000. KSSAPL has been incorporated with and objective of exploring new business opportunities and diversifying existing product portfolio in defence and aerospace. KSSAPL has not yet commenced its business operations.

The Board of Directors in its meeting held on 2nd May, 2022 resolved to invest AUD 8,000 in one or more tranches. The Company is in the process of obtaining required authorisations from the Reserve Bank of India. The Company has also remitted the said amount during the year but the allotment for the same has not been made till 31st March, 2023.

(b) The Company had incorporated a wholly owned subsidiary namely Sagar-Manas Technologies Limited ("SMTL") on 7th March, 2022. SMTL has been incorporated pursuant to a Joint Venture Agreement ("Agreement") executed between KSSL and Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan") with an aim to participate in joint upgradation and manufacturing/ providing solutions for marine and defence products which will be undertaken through SMTL as a special purpose vehicle.

Initially, the Company had invested ₹ 0.75 lakhs by subscribing to 750 equity share of SMTL. Upon completion of conditions precedent as envisaged in the Agreement, Dastan acquired 49% of stake in SMTL. Consequently, the Company holds 51 % and Dastan holds 49% equity in SMTL.

50 Lease

A Company as lessee

The Company has enetered into a lease agreement for plot no. F4 situated at Jejuri MIDC, commencing from 24th April, 2018 upto 31st August 2102. The Company is constructing factory building on the plot. The Company is restricted from assigning and subleasing the leased assets.

i) The carrying amount of right-of-use assets recognised and the movements during the year:

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Reclassified on account of adoption of Ind AS 116		
Gross Block, At Cost :	**790.59**	757.42
Less : Depreciation And Amortization :	**(35.35)**	(26.35)
Carrying value as at the beginning of the year	**755.24**	731.07
Additions	**756.20**	33.17
Depreciation	**(9.49)**	(9.00)
As at 31st March, 2023.	**1,501.95**	755.24

ii) The amounts recognised in Statement of profit and loss : (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Depreciation expense of right-of-use assets	**9.49**	9.00
Payments towards short term leases	**1.36**	0.96
	10.85	9.96

iii) The Company has not incurred any cash outflow for leases in current year. The right of use asset has been acquired from the Bharat Forge Limited, the holding Company by making one time payment of ₹ 757.42 Lakhs. The Company has approached MIDC for further extension of the time limit for completion of contruction and commencement of activities and also paid the additional premium during the year. In the absence of material amount of lease liability measured at the present value of the remaining lease payments, no liability has been recognised.

51 Income Tax

a) The major components of income tax expense for the years ended 31st March, 2023 and 31st March, 2022 are

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Current income tax		
Current income tax charge	**(311.46)**	-
MAT Credit Availed	**72.39**	-
MAT Credit Utilised	**(72.39)**	-
Taxes for earlier years	**0.08**	-
Deferred tax		
Relating to origination and reversal of temporary differences	**49.17**	-
	(262.21)	-

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2023 and 31st March 2022 :

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Accounting profit/(loss) before tax	**1,688.82**	(159.37)
At India's enacted tax rate of 26% (31st March 2022: 26%)	**491.78**	-
Deferred tax savings at India's enacted tax rate of 26% (31st March 2022: 26%)	**(47.38)**	40.58
Deferred tax asset not recognised on the basis of prudence	**-**	19.80
Tax effect due to non-taxable income for Indian tax purposes	**(136.91)**	2.93
Tax effect of non-deductible expenses	**41.91**	(63.30)
MAT Credit Utilisation	**(72.39)**	-
Tax losses adjusted against the current year profits	**(13.11)**	-
Current tax for earlier years	**0.10**	(0.01)
At effective income tax rate of (15.63%) (31st March 2022: NIL)	**264.00**	-
Income tax expense reported in the statement of profit and loss	**264.00**	-

c) Reconciliation of deferred tax liabilities/(Asset) (net)

Opening balance	**-**	-
Tax income/(expense) during the period recognised in profit or loss	**47.38**	-
Closing balance	**47.38**	-

52 Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Company. 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 net debt equity ratio, which is net debt divided by equity. The Company's policy is to keep the net debt equity ratio below 1.00. The Company includes within its borrowings net debt and interest-bearing loans-less cash and cash equivalents.

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Borrowings	**110.99**	750.89
Less: Cash and other liquid assets	**(68.61)**	(38.42)
Net debt	**42.38**	712.47
Equity	**7,808.71**	3,908.51
Net debt /equity Ratio	**0.01**	0.18

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 back loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period and in the year ended 31st March, 2023 and 31st March, 2022.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2023 and 31st March, 2022.

53 Accounting Effects of the Business Combinations

As per the Scheme of Amalgamation approved by the Ministry of Corporate Affairs through Regional Director (W.R.) as stated hereinbefore, the business and undertakings of Analogic Controls India Limited ("Transferror Company") which were entities under common control with the Company, were transferred to and vested in the Company on going concern basis with retrospective effect from 1st April, 2022. Consequently, the business and undertakings of the Transferor Company along with the undermentioned Assets and Liabilities stood transferred in favor of the Company, which have been accounted for as per the method and in the manner prescribed in the said Scheme, in accordance with Appendix 'C' of IND AS 103 - Business Combinations. The Scheme became effective on 2nd, March, 2023.

The Transferror Company was engaged in the business of designing, developing and manufacturing of reliable electronic systems and sub-systems for mission critical applications. The Transferror Company offers products and services for mission critical technologies of national importance in Defence, Aerospace, Communications and Industrial Electronics.

i) **Details of assets, liabilities and reserves acquired**

(In ₹ Lakhs)

Particulars	As at 1st April, 2022
A) Assets Transferred	
(a) Property, Plant and Equipment	**134.76**
(b) Capital Work-in-Progress	**18.13**
(c) Intangible assets	**-**
(d) Intangible assets under development	**5.00**
(e) Financial Assets	**-**
(i) Other non-current financial assets	**2.15**
(f) Other non current assets	**5.47**
(g) Income tax assets (net)	**-**
(h) Inventories	**351.43**
(i) Financial Assets	**-**
(i) Trade receivables	**93.59**
(ii) Cash and cash equivalents	**0.12**
(iii) Bank balances other than (ii) above	**14.91**
(iv) Other financial assets	**7.62**
(j) Other Current Assets	**32.29**
	665.47
B) Liabilities Transferred	
(a) Financial Liabilities	
(i) Borrowings	**65.61**
(ii) Trade payables	**-**
Dues of micro enterprises and small enterprises	**0.60**
Dues of creditors other than micro enterprises and small enterprises	**35.71**
(iii) Other financial liabilities	**14.50**
(b) Provisions	**49.20**
(c) Other Current Liabilities	**3.90**
(d) Income tax liabilities (net)	**1.13**
	170.65
C) Reserves Transferred	
(a) Securities Premium	**(11.35)**
(b) Retained earnings	**1,367.07**
(c) Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures	**-**
	1,355.72
D) Net worth of assets acquired net of liabilities and reserves transferred	**1,850.54**

ii) Details of revenue and expenses of transferror company included in the Statement of Profit and Loss

(In ₹ Lakhs)

Particulars		As at 31st March, 2023
A) Revenue from operations		
(a) Sale of products		**200.85**
(b) Sale of services		**73.50**
		274.35
B) Other income		**1.15**
	Total income :	**275.50**
C) Expenses		
(a) Cost of material consumed		**168.30**
(b) Purchases of stock in trade		**-**
(c) Changes in inventories of finished goods, stock in trade and work in progress		**(26.09)**
(d) Employee benefits expenses		**138.51**
(e) Finance cost		**7.11**
(f) Depreciation and amortization expense		**41.13**
(g) Other expenses		**155.22**
	Total expenses :	**484.18**
D) Profit/(Loss) before tax		**(208.68)**

iii) Other details of business combinations

The Company had acquired 100% stake in the transferror company on the 30th September, 2022. Hence the Transferror Company was wholly onwned subsidiary of the Company when the Company had applied for Business Combination.

Details of cost of invetsment the Company and the equity share capital of the transferror company is as follows

(In ₹ Lakhs)

	Amount ₹
Value of net identified assets acquired	1,850.52
Consideration of acquisition of equity share capital of transferror company	464.09
Capital reserve arising from the business combination	1,386.43

54 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2023 ₹ NIL (Previous Year : ₹ NIL) of unbilled revenue pertaining to fixed price development contracts has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets are as under : (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	**-**	-
Contract assets recognised during the year	**420.96**	-
Invoices raised during the year	**-**	-
	-	-
Balance at the end of the year	**420.96**	-

c) Changes in Contract Liabilities are as under : (In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	**-**	-
Changes due to business combinations	**2.35**	-
Revenue recognised from unearned revenue/advance from customers at the beginning of the year	**(1.39)**	-
Increased due to invoicing during the year excluding the amounts recognised as revenue during the year	**80,691.31**	-
Decreased due to adjustment against revenue out of advance received during the year	**(7.07)**	-
Balance at the end of the year	**80,685.20**	-

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2023, other than those meeting the exclusion criteria mentioned above, is ₹ 80,685.18 lakhs (Previous year : NIL). Out of this, the Company expects to recognize revenue of ₹ 26,846.66 lakhs (Previous year : NIL) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Revenue recognised as per Statement of Profit & loss		
Sale of products	**3,135.92**	560.84
Sale of services	**21.34**	-
Other Operating Income	**24.70**	-
	3,181.96	560.84
Add : Adjustments		
Deferment of Sales revenue	**0.13**	-
Contract Price	**3,182.09**	560.84

55 Ratio analysis

		Numerator	Denominator	31st March 2023	31st March 2022	Variance %
(a)	Current ratio (Refer note no. (i) below)	Current assets	Current liabilities	**2.81**	0.86	228.65%
(b)	Debt - equity ratio (Refer note no. (ii) below)	Total debt	Shareholder's equity	**0.01**	0.19	-92.60%
(c)	Debt service coverage ratio (Refer note no. (iii) below)	Earnings available for debt services	Debt service	**20.49**	(11.38)	-280.14%
(d)	Return on equity ratio (Refer note no. (iii) below)	Profit/ (Loss) for the year	Average shareholders' equity	**24.35%**	-4.00%	-709.40%
(e)	Inventory turnover ratio (Refer note no. (iv) below)	Cost of goods sold	Average Inventory	**7.91**	39.53	-79.98%
(f)	Trade receivables turnover ratio (Refer note no. (v) below)	Revenue	Average trade receivable	**1.58**	2.06	-23.11%
(g)	Trade payables turnover ratio (Refer note no. (iv) below)	Purchases + Other expenses	Average trade payables	**2.05**	2.80	-26.91%
(h)	Net capital turnover ratio (Refer note no. (iii) below)	Revenue	Working capital	**0.06**	-4.35	-101.32%
(i)	Net profit ratio (Refer note no. (iii) below)	Profit/ (Loss) for the year	Revenue	**44.83%**	-28.41%	-257.80%
(j)	Return on capital employeed (Refer note no. (iii) below)	Earning before interest and taxes	Capital Employed	**19.31%**	-3.79%	-609.87%
(k)	Return on investment in mutual funds (Refer note no. (vi) below)	Income generated from investment	Time weighted average investments	**0.00%**	1.63%	-100.00%

Notes :

(i) The Company has received advance from its customer out of this amounting to Rs. 53,708.47 is related to contracts required to be executed beyond 12 months which has resulted in the decrease in the current liabilities. Hence, current ratio has improved.

(ii) The Company has borrowed money for working capital requirements during the year. The company has repaid the ICD obtained during the year, Hence, there is reduction in the debt - equity ratio.

(iii) The Company has generated profit during the year. Hence, the debt service coverage ratio has been increased.

(iv) In the earlier year company was engaged in the trial runs of its products, the Company had incurred losses during the year. Hence, it has resulted in deterioration of various financial ratios.

(v) Timely recovery of trade receivables has resulted in imoprovement in the ratio.

(vi) The Company had invested in the mutual funds which have under performed.

56 Loans and advances in the nature of loans given to subsidiaries

(In ₹ Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
BF Elbit Advanced Systems Private Limited*#		
Balance outstanding	**172.02**	157.69
Maximum amount outstanding during the year	**172.02**	157.69

* Refer note 39 for terms and conditions for loan given to subsidiary.

*Repayable on demand

57 Disclosures required under Sec 186(4) of the Companies Act , 2013

(In ₹ Lakhs)

Name of the borrowing entity	Purpose for which loan is granted	Rate of interest (p.a.)	As at 31st March, 2023	As at 31st March, 2022
BF Elbit Advanced Systems Private Limited*#	General Corporate Purpose	9.70% - 10%	**172.02**	157.69

58 Other statutory information

(a) The Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(b) There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(c) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(d) The Company haa not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953BGYHPG1097

Place: Pune
Date: 2nd May, 2023

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Kishor Mukund Saletore
Director
DIN: 01705850

Ms. Soma Dutta
Company Secretary
Membership No. A57140

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2023

THIS PAGE IS INTENTIONALLY LEFT BLANK

Lycan Electric Private Limited

Directors

Mr. Chandrakant Shelke

Mr. Kapil Shelke

Mrs. Meera Chandrakant Shelke

Mrs. Sonia Kapil Shelke

Mr. Premanand Risbud

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

Plot No. 4/25 Sector No.10,

PCNTDA, Bhosari,

Pune 411 026 MH (IN)

Independent Auditor's Report

To the Members of Lycan Electric Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Lycan Electric Private Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the year ended 31st March, 2023, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of management and those charged with governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's responsibilities for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place : Pune
Date : 24th April, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF LYCAN ELECTRIC PRIVATE LIMITED FOR THE PERIOD ENDED 31st MARCH, 2023.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the 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 and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to us, the Property, Plant and Equipment and relevant details of right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of the Property, Plant and Equipment and relevant details of right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising stock in trade and spares & components was physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company has not made any investment, provided guarantee or security, granted any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or other parties.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly, the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vii) The requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(viii) (a) According to the records of the Company, the Company does not have any undisputed statutory dues including Goods and Services Tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not taken any loans or other borrowing Hence, reporting under clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x) (a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) The provisions of section 138 of the Companies Act, 2013 do not apply to the Company and no internal audit was carried out during the year. Hence, reporting under clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year and preceding financial year covered by this report.

(₹ in millions)

	Current Financial Year ₹	Preceding Financial Year ₹
Cash losses incurred	**10.73**	**0.04**

(xviii) There has been resignation of the statutory auditors during the year on account of preoccupations. No issues, objections or concerns were found raised by the outgoing auditors.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place : Pune
Date : 24th April, 2023

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF LYCAN ELECTRIC PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Lycan Electric Private Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place : Pune
Date : 24th April, 2023

Standalone Balance Sheet as at 31st March 2023

(All amounts are in rupees millions unless otherwise stated)

			Notes	As at 31st March 2023	As at 31st March 2022
I.	**ASSETS**				
1	**Non-current assets**				
	a)	Property, plant and equipment	3	**6.76**	0.11
	b)	Capital work-in-progress	3	**-**	0.65
	c)	Intangible assets	4	**-**	0.69
	d)	Right-of-use-assets	5	**2.89**	-
	e)	Financial assets			
		i) Other financial assets	6	**0.60**	-
	f)	Deferred tax assets (net)	7	**-**	-
	g)	Other non-current assets	8	**0.51**	0.27
				10.76	1.72
2	**Current assets**				
	a)	Inventories	9	**6.44**	-
	b)	Financial assets			
		i) Trade receivables	10	**0.46**	-
		ii) Cash and cash equivalents	11	**4.24**	0.05
		iii) Other financial assets	12	**0.15**	-
	c)	Other current assets	13	**52.99**	0.25
				64.28	0.30
		Total :		**75.04**	2.02
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
	a)	Equity share capital	14	**1.33**	1.33
	b)	Other equity	15	**(14.68)**	(2.91)
				(13.35)	(1.58)
2	**Non-current liabilities**				
	a)	Financial liabilities			
		i) Lease Liabilities	16	**1.40**	**-**
				1.40	-
3	**Current liabilities**				
	a)	Financial liabilities			
		i) Borrowings	17	**-**	3.58
		ii) Lease liabilities	18	**1.31**	**-**
		iii) Trade payables	19		
		Dues to micro enterprises and small enterprises		**-**	-
		Dues to other than micro enterprises and small enterprises		**3.96**	0.02
		iv) Other financial liabilities	20	**11.05**	-
	b)	Other current liabilities	21	**70.67**	-
				86.99	3.60
		Total :		**75.04**	2.02
	Significant accounting policies and notes forming an integral part of the standalone financial statements		**1 to 42**		

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Standalone Statement of Profit and Loss for the year ended 31st March 2023

(All amounts are in rupees millions unless otherwise stated)

		Notes	Year ended 31st March 2023	Year ended 31st March 2022
I	**Revenue from operations**	22	**169.61**	-
II	**Other income**	23	**0.01**	-
III	**Total income**		**169.62**	-
IV	**Expenses**			
	Purchases of stock-in-trade	24	**126.27**	-
	Changes in inventories of Stock-in trade and Spares	25	**(6.44)**	-
	Employee benefit expenses	26	**12.45**	-
	Finance costs	27	**0.01**	-
	Depreciation and amortization expenses	28	**1.04**	0.14
	Other expenses	29	**48.06**	0.04
	Total expenses		**181.39**	0.18
V	**Loss before tax**		**(11.77)**	(0.18)
VI	**Tax expenses**			
	Current tax		**-**	-
	Deferred tax		**-**	-
			-	-
VII	**Loss for the year**		**(11.77)**	(0.18)
VIII	**Other comprehensive income**			
	Other comprehensive income to be reclassified to profit and loss in subsequent periods		**-**	-
	Total other comprehensive income, net of tax		**-**	-
IX	**Total comprehensive income for the year**		**(11.77)**	(0.18)
X	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	33	**(88.26)**	(1.35)
	b) Diluted (In ₹)	33	**(88.26)**	(1.35)
	Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 42**		

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Standalone Cash Flow Statement for the year ended 31st March 2023

(All amounts are in rupees millions unless otherwise stated)

			Year ended 31st March 2023	Year ended 31st March 2022
(A)	**Cash flow from operating activities**			
	Profit /(Loss) before tax		**(11.77)**	(0.18)
	Adjusted for :			
	Depreciation and amortization expenses		**1.04**	0.14
	Interest paid on lease liabilties		**0.01**	-
	Assets Written off		**0.66**	-
	Operating profit(loss) before working capital changes :		**(10.06)**	(0.04)
	Movements in working capital :			
	(Increase)/Decrease in other non-current assets		**(0.24)**	-
	(Increase) / decrease in other non-current financial assets		**(0.60)**	-
	(Increase) / decrease in other current financial assets		**(0.15)**	-
	(Increase)/Decrease in trade receivables		**(0.46)**	-
	(Increase)/Decrease in other current assets		**(52.74)**	0.02
	(Increase)/Decrease in inventories		**(6.44)**	-
	Increase/ (Decrease) in trade payables		**3.94**	-
	Increase/ (Decrease) in trade payables		**11.05**	-
	Increase/ (Decrease) in other current liabilities		**70.67**	-
			25.03	0.02
	Cash generation from operations :		**14.97**	(0.02)
	Direct taxes paid (net of refunds)		**-**	-
	Net Cash (used in)/from operating activities :	**(A)**	**14.97**	(0.02)
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**(6.95)**	-
	Net cash (used in)/from investing activities :	**(B)**	**(6.95)**	-
(C)	**Cash flows from financing activities**			
	Repayment of borrowings (including interest)		**(3.58)**	-
	Secuity Deposit paid for lease		**(0.12)**	-
	Interest paid on lease liabilities		**(0.01)**	-
	Principal repayment of lease liability		**(0.12)**	-
	Cash (used in)/from financing activities :	**(C)**	**(3.83)**	-
(D)	**Net changes in cash and cash equivalents (A+B+C) :**		**4.19**	(0.02)
(E)	**Cash and cash equivalents at the beginning of the year**		**0.05**	0.07
(F)	**Cash and cash equivalents at the end of the year**		**4.24**	0.05

(All amounts are in rupees millions unless otherwise stated)

Components of cash and cash equivalents as at	Year ended 31st March 2023	Year ended 31st March 2022
Balances with banks in current accounts	**4.24**	0.05
	4.24	0.05

Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 42**

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Statement of changes in equity for the year ended 31st March, 2023

(All amounts are in rupees millions unless otherwise stated)

a Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	**In ₹ Millions**	Nos.	In ₹ Millions
As at beginning of the year	**133,330**	**1.33**	133,330	1.33
Changes in equity share capital due to prior period errors.	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period.	**133,330**	**1.33**	133,330	1.33
Changes in equity share capital due to prior period errors.	**-**	**-**	-	-
Equity share capital issued during the year	**-**	**-**	-	-
As at end of the year	**133,330**	**1.33**	133,330	1.33

b Other equity

	Retained Earnings	**Total other equity**
As at beginning of the year	(2.73)	(2.73)
Changes in equity share capital due to prior period errors.	-	-
Restated balance at the beginning of the current reporting period.	(2.73)	(2.73)
Total comprehensive income for the year	(0.18)	(0.18)
Balance as at 31st March, 2022	(2.91)	(2.91)
Changes in equity share capital due to prior period errors.	-	-
Restated balance at the beginning of the current reporting period.	**(2.91)**	**(2.91)**
Total comprehensive income for the year	**(11.77)**	**(11.77)**
Balance as at 31st March, 2023	**(14.68)**	**(14.68)**

c Total equity (In ₹ Millions)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Equity share capital	**1.33**	1.33
Other equity	**(14.68)**	(2.91)
Total :	**(13.35)**	(1.57)

Significant accounting policies and notes forming an integral part of the standalone financial statements **1 to 42**

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Notes forming part of the standalone financial statements for the year ended 31st March, 2023

1 Corporate information:

Lycan Electric Private Limited was incorporated as a private company incorporated on 31st July , 2015 under the provisions of Companies Act, 2013. The Company is engaged in the business of designing, manufacturing and distribution of electric operated vehicles

The Company is a wholly owned subsidiary of Tork Motors Private Limited.

Operating Cycle of the Company is considered to be of 12 months.

These Financial statements were authorised for issue in accordance with resolution of the Board of Directors on 24th April, 2023.

2 Significant accounting policies:

2.1 Basis of accounting and preparation of standalone financial statements:

The 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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the Million rupee.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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 realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

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 recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All 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:

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

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

iii 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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.

2.5 Revenue recognition :

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

a) Sale of goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

b) Sale of Services :

Revenue on time and material contracts are recognised as the related services are performed and control of the services are transferred to the customer and revenue from the end of the last invoicing to there porting date is recognised as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.13.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "other income" in the statement of profit and loss.

g) Profit / Loss on sale of investments:

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 Taxes :

Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realised.

Indirect taxs paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

i 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

ii 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.

2.7 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

Depreciation is computed on a straight-line method based on the useful lives, determined based on internal technical evaluation by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Depreciation for Property, plant and equipment is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows :

Type of asset			Estimated useful life
i)		Computer and data processing equipments	
	(a)	Servers and networks	6 years
	(b)	Other end user devices	3 years
ii)		Furniture and fixtures	10 years
iii)		Office equipment's	5 years
iv)		Plant and machinery (including test jigs)	2 years to 15 years

The Company, based on technical assessment made by a technical expert and management estimate, depreciates certain items of building, 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.

Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

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.

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 and loss when the asset is derecognised.

The summary of amortization policy applied to the Company's intangible assets is as below:

Type of asset	Estimated useful life
i) Computer software	3 years

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:

i. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

ii. Its intention to complete and its ability and intention to use or sell the asset

iii. How the asset will generate future economic benefits

iv. The availability of resources to complete the asset

v. 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.

2.9 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 :

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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.

Type of asset	Estimated useful life
Building	4 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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment 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.

The Company as a lessor :

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature. 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.

2.10 Inventories :

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories of research and development (R & D) activity are valued at cost or estimated realisable value whichever is lower.

a) Stock in Trade and Stores and Spares

Stock in Trade components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

2.11 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 groups 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.

Intangible assets under development are tested for impairment annually.

For the assets, 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 and loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.12 Provisions and contingent liabilities :

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where 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 any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond the control of the Company or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.13 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.

A Financial asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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 recognised in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised 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 recognised in the statement of profit and loss.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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 recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, 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 recognised in the statement of profit and loss.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and 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 recognised in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. 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 and loss.

The Company has not designated any financial liability as at fair value through statement of profit and loss.

ii 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 the statement of profit and 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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 and loss.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through statement of profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

D 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.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.14 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.15 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.16 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.17 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.18 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.19 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Property, plant and equipment

(All amounts are in rupees millions unless otherwise stated)

	Plant & equipment	Computers	Leasehold Improvements	Motor Vehicle	Office equipment	Furniture & Fixture	Total	Capital work in progress
Gross block, at cost :								
As at 31st March, 2021	0.02	0.34	0.24	-	-	-	0.60	0.65
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at 31st March, 2022	0.02	0.34	0.24	-	-	-	0.60	0.65
Additions	**-**	**0.07**	**2.82**	**1.59**	**0.33**	**2.14**	**6.95**	**6.95**
Disposals	**(0.02)**	**(0.34)**	**-**	**-**	**-**	**-**	**(0.36)**	**(0.65)**
Capitalised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6.95)**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2023	**-**	**0.07**	**3.06**	**1.59**	**0.33**	**2.14**	**7.19**	**-**
Depreciation :								
As at 31st March, 2021	0.02	0.32	0.13	-	-	-	0.47	-
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
For the period	-	-	0.02	-	-	-	0.02	-
As at 31st March, 2022	0.02	0.32	0.15	-	-	-	0.49	-
Disposals	**(0.02)**	**(0.32)**	**-**	**-**	**-**	**-**	**(0.34)**	-
For the year	**-**	**0.01**	**0.12**	**0.05**	**0.01**	**0.09**	**0.28**	-
As at 31st March, 2023	**-**	**0.01**	**0.27**	**0.05**	**0.01**	**0.09**	**0.43**	**-**
Net block :								
As at 31st March, 2022	-	0.02	0.09	-	-	-	0.11	0.65
As at 31st March, 2023	**-**	**0.06**	**2.79**	**1.54**	**0.32**	**2.05**	**6.76**	**-**

CWIP Ageing Schedule

	As at 31st March, 2023	As at 31st March, 2022
Projects in process		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	0.65
TOTAL :	**-**	0.65

(All amounts are in rupees millions unless otherwise stated)

4 Intangible assets

Particulars	**Softwares**	**Total Intangible assets**
Gross block, at cost :		
As at 31st March, 2021	1.22	1.22
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022	1.22	1.22
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2023	**1.22**	**1.22**
Depreciation and amortization :		
As at 31st March, 2021	0.41	0.41
Disposals	-	-
Adjustments	-	-
For the period	0.12	0.12
As at 31st March, 2022	0.53	0.53
Disposals	-	-
Adjustments	-	-
For the year	**0.69**	**0.69**
As at 31st March, 2023	**1.22**	**1.22**
Net block :		
As at 31st March, 2022	0.69	0.69
As at 31st March, 2023	**-**	**-**

(All amounts are in rupees millions unless otherwise stated)

5 Right of use assets

	Buildings	Total
Gross block, at cost :		
Balance as at 31st March, 2021	-	-
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022	-	-
Additions	**2.96**	**2.96**
Disposals	**-**	**-**
Adjustments	**-**	**-**
As at 31st March, 2023	**2.96**	**2.96**
Depreciation and amortization :		
Balance as at 31st March, 2021	-	-
Disposals	-	-
Adjustments	-	-
For the period	-	-
As at 31st March, 2022	-	-
Disposals	**-**	**-**
Adjustments	**-**	**-**
For the year	**0.07**	**0.07**
As at 31st March, 2023	**0.07**	**0.07**
Net block :		
As at 31st March, 2022	-	-
As at 31st March, 2023	**2.89**	**2.89**

(All amounts are in rupees millions unless otherwise stated)

6 Other Financial Assets (Non Current)

	As at 31st March, 2023	As at 31st March, 2022
Security Deposits	**0.60**	**-**
	0.60	-

7 Deferred tax asset (net)

	As at 31st March, 2023	As at 31st March, 2022
Deferred tax asset		
Temporary differences for		
Business loss and unabsorbed depreciation	**3.83**	
other disallowances	**-**	-
	3.83	-
Less: Deferred tax asset in excess of the liability derecognised	**(3.84)**	-
	(0.01)	-
Deferred tax liability		
Temporary differences for		
Depreciation	**(0.01)**	-
	-	-

8 Other Non-current Assets

	As at 31st March, 2023	As at 31st March, 2022
Capital advances	**0.42**	**-**
Prepaid expenses	**0.09**	
Balances with government authorities	**-**	0.27
	0.51	0.27

9 Inventories

	As at 31st March, 2023	As at 31st March, 2022
Stores and Spares	**1.64**	-
Stock in Trade	**4.80**	-
	6.44	-

(All amounts are in rupees millions unless otherwise stated)

10 Trade Receivables

	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good	**0.46**	-
	0.46	-

Trade Receivables ageing schedule :

	Not Due	**Outsanding for following periods from due date of payment**					**Total**
		Less than 6 months	**6 months - 1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	
As at 31st March, 2023							
i) Undisputed Trade Receivables - considered good	-	**0.46**	-	-	-	-	**0.46**
ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	-	**0.46**	-	-	-	-	**0.46**
As at 31st March, 2022							
i) Undisputed Trade Receivables - considered good	-	-	-	-	-	-	-
ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

(All amounts are in rupees millions unless otherwise stated)

11 Cash and cash equivalents

	As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents		
Balances with banks		
In cash credit and current accounts	**4.24**	0.05
	4.24	0.05

12 Other Financial Assets (Current)

	As at 31st March, 2023	As at 31st March, 2022
Security Deposits	**0.15**	**-**
	0.15	-

13 Other current assets

	As at 31st March, 2023	As at 31st March, 2022
Advance to Director	**0.05**	-
Prepaid expenses	**0.11**	-
Balances with government authorities	**9.23**	-
Advance to suppliers	**43.60**	0.25
# Includes advances from related parties (Refer note 31)		
	52.99	0.25

14 Equity Share Capital

			As at 31st March, 2023	As at 31st March, 2022
Authorised				
150,000	(150,000)	Equity shares of ₹ 10/- each	**1.50**	1.50
Issued				
133,333	(133,333)	Equity shares of ₹ 10/- each	**1.33**	1.33
Subscribed and fully paid-up				
133,333	(133,333)	Equity shares of ₹ 10/- each, fully paid-up	**1.33**	1.33
Total issued, subscribed and fully paid-up share capital			**1.33**	1.33

(All amounts are in rupees millions unless otherwise stated)

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 31st March 2023		As at 31st March 2022	
	No.	In ₹ Millions	No.	In ₹ Millions
Balance at the beginning of the year	**133,333**	**1.33**	133,333	1.33
Add : Shares Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**133,333**	**1.33**	133,333	1.33

(c) Details of shares held by the Holding Company

Name of the shareholder	As at 31st March 2023		As at 31st March 2022	
	Nos.	In ₹ Millions	Nos.	In ₹ Millions
Equity shares of ₹ 10 each fully paid				
Tork Motors Private Limited#	**133,333**	**1.33**	133,333	1.33
	133,333	**1.33**	133,333	1.33

including the shares held through nominees

(d) Details of shareholders holding more than 5% equity shares in the Company

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	% of holding	Nos.	% of holding
Equity shares of ₹ 10 each fully paid				
Tork Motors Private Limited, the Holding Company#	**133,333**	**100**	133,333	100
	133,333	**100**	133,333	100

including the shares held through nominees

(e) Detail of shareholding of Promoters

Promoter Name	As at 31st March, 2023		% change during the year
	No. of shares	% of total shares	
Tork Motors Private Limited, the Holding Company#	**133,333**	**100**	**0.00%**

including the shares held through nominees

Promoter Name	As at 31st March, 2022		% change during the year
	No. of shares	% of total shares	
Tork Motors Private Limited, the Holding Company#	133,333	100	0.00%

including the shares held through nominees

(All amounts are in rupees millions unless otherwise stated)

15 Other Equity

	As at 31st March, 2023	As at 31st March, 2022
Surplus in the statement of profit and loss		
Opening balance	**(2.91)**	(2.73)
Loss for the year	**(11.77)**	(0.18)
Closing balance	**(14.68)**	(2.91)

16 Lease liabilities (Non - Current)

	As at 31st March 2023	As at 31st March 2022
Lease Liabilities	**1.40**	-
	1.40	-

17 Borrowings

	As at 31st March 2023	As at 31st March 2022
Loan from a Related Party (unsecured)[a]	**-**	3.58
(Refer note no. 31 for related party disclosure)		
	-	3.58

[a] Loan from related party represents an interest free Inter Corporate Loan from the Holding Company which was repayable on demand.

18 Lease liabilities (Current)

	As at 31st March 2023	As at 31st March 2022
Lease Liabilities	**1.31**	-
	1.31	-

(All amounts are in rupees millions unless otherwise stated)

19 Trade payables

	As at 31st March 2023	As at 31st March 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**3.96**	0.02
	3.96	0.02

*Trade payables includes related party payables. For terms and conditions refer note no. 31.

Trade payables are non-interest bearing and are generally on terms of 0 to 60 days.

Ageing schedule - trade payables

		Outsanding for following periods from due date of payment				
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March 2023						
i) MSME	-	-	-	-	-	-
ii) Other than MSME	-	**3.96**	-	-	-	**3.96**
iii) Disputed dues to MSME	-	-	-	-	-	-
iv) Disputed dues to Other than MSME	-	-	-	-	-	-
	-	**3.96**	-	-	-	**3.96**
As at 31st March 2022						
i) MSME	-	-	-	-	-	-
ii) Other than MSME	-	0.02	-	-	-	0.02
iii) Disputed dues to MSME	-	-	-	-	-	-
iv) Disputed dues to Other than MSME	-	-	-	-	-	-
	-	0.02	-	-	-	0.02

(All amounts are in rupees millions unless otherwise stated)

20 Other financial liabilties (current)

	As at 31st March 2023	As at 31st March 2022
Deposit received from dealers	**11.05**	-
	11.05	**-**

21 Other current liabilities

	As at 31st March 2023	As at 31st March 2022
Contract liabilities		
Advance from customers	**65.20**	-
Statutory dues payable	**5.47**	-
	70.67	**-**

22 Revenue from operations

	Year ended 31st March 2023	Year ended 31st March 2022
Sale of Products		
Stock in Trade	**162.72**	-
Spares and components	**1.54**	-
Sale of Service		
Support service fees	**5.35**	
Total	**169.61**	-

Disaggregated revenue information :

The table below presents disaggregated revenues from contracts with customers by geographical segments and contract type.

Revenue by geographical segments :

Within India	**169.61**	-
Oustide India	**-**	-
Total	**169.61**	-

Reconciliation of revenue recognised with contract price:

Fixed Price Contract	**169.61**	-
Cost plus contract	**-**	-
Total	**169.61**	-

(All amounts are in rupees millions unless otherwise stated)

23 Other Income

	Year ended 31st March 2023	Year ended 31st March 2022
Other Income	**0.01**	-
Total	**0.01**	-

24 Purchases of stock-in-trade

	Year ended 31st March 2023	Year ended 31st March 2022
Purchase of stock in trade	**122.92**	-
Purchase of Spares and components	**3.35**	-
(Refer note no. 31 for related party disclosure)		
Total	**126.27**	-

25 Changes in inventories of Stock-in trade and Spares

	Year ended 31st March 2023	Year ended 31st March 2022
Inventories at the beginning of the year		
Stock in Trade	**-**	-
Spares and components	**-**	-
	-	-
Inventories at the end of the year:		
Stock in Trade	**4.80**	-
Spares and components	**1.64**	-
	6.44	-
Total	**(6.44)**	**-**

26 Employee benefit expenses

	Year ended 31st March 2023	Year ended 31st March 2022
Salaries and Wages	**12.33**	-
Staff welfare Expenses	**0.12**	-
Total	**12.45**	**-**

27 Finance costs

	Year ended 31st March 2023	Year ended 31st March 2022
Interest on lease liabilities	**0.01**	-
(Refer note no. 32)		
Total	**0.01**	-

(All amounts are in rupees millions unless otherwise stated)

28 Depreciation and amortization expenses

	Year ended 31st March 2023	Year ended 31st March 2022
Depreciation on property, plant and equipment	**0.28**	0.02
Amortization on intangible assets	**0.69**	0.12
Depreciation on right-of-use assets	**0.07**	-
Total	**1.04**	0.14

29 Other expenses

	Year ended 31st March 2023	Year ended 31st March 2022
Freight Charges	**1.57**	-
Insurance	**1.65**	-
Rent, Rates and taxes	**1.52**	-
Advertising Expenses	**40.29**	-
Travelling expenses	**0.08**	-
Communication Expenses	**0.01**	-
Repair & Maintenance	**0.47**	-
Legal & Professional fees	**0.44**	0.01
Audit Fees	**0.23**	0.02
Registration Charges	**0.12**	-
Assets Written Off	**0.66**	-
Miscellaneous Expenses	**1.02**	0.01
Total	**48.06**	0.04

Payment to auditors

	Year ended 31st March 2023	Year ended 31st March 2022
As auditor:		
- Statutory Audit fee	**0.18**	0.02
- Tax Audit	**0.05**	-
Total	**0.23**	0.02

(All amounts are in rupees millions unless otherwise stated)

30 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company was engaged in business of manufacturing, buying, selling, reselling, importing, exporting of electric powered battery opreated vehicles; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

31 Related party disclosures

(i) Names of the related parties and related party relationship

a.	Ultimate Holding Company	i)	Bharat Forge Limited (w.e.f. 22nd November, 2021)
b.	Holding Company	i)	Kalyani Powertrain Limited (w.e.f. 22nd November, 2021)
		ii)	Tork Motors Pvt. Ltd.
c.	Key Managerial Personnel :	i)	Mrs. Soniya Shelke (Director)
		ii)	Mrs. Meera Shelke (Director)
		iii)	Mr. Permanand Mahesh Risbud (Director & Chief Financial Officer)
d.	Entity having significant influence	i)	Bharat Forge Limited (up to 22nd Notvember, 2021)
e.	Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives)	i)	Tirupati Engineers
		ii)	Siddhatech Enterprises
		iii)	HM Risbud & Co
		iv)	MJ Risbud & Co

(ii) Related parties with whom transactions have taken place during the period

Nature of transaction	Name of the related parties and nature of relationships	Note	As at 31st March, 2023	As at 31st March, 2022
Purchase of stock in trade	**Holding Company**	(a)		
	Tork Motors Private Limited		**121.46**	-
Purchase of Spares and components	**Holding Company**	(a)		
	Tork Motors Private Limited		**3.09**	-
Purchase of Fixed Assets	**Holding Company**	(a)		
	Tork Motors Private Limited		**1.37**	-
Purchase of Fixed Assets	**Holding Company**	(a)		
	Tork Motors Private Limited		**-**	-
Reimbursement of expenses	**Holding Company**	(b)		
	Tork Motors Private Limited		**51.86**	-
Repayment of loan	**Holding Company**			
	Tork Motors Private Limited		**3.58**	-
Professional Fees Paid	**Other related parties**			
	HM Risbud & Co		**0.03**	0.01
	MJ Risbud & Co		**0.05**	-

(a) Purchase of stock in trade and spares and components from related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(b) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(All amounts are in rupees millions unless otherwise stated)

(iii) Balances outstanding

Nature	Name of the related parties and nature of relationships	As at 31st March, 2023	As at 31st March, 2022
Advance given for pruchases	**Holding Company**		
	Tork Motors Private Limited	**43.44**	-
Loan	**Holding Company**		
	Tork Motors Private Limited	**-**	3.58
Advance from customer	**Holding Company**		
	Tork Motors Private Limited	**0.35**	-
Trade Payable	**Other related parties**		
	HM Risbud & Co	**0.03**	-

32 Lease

Company as lessee

The Company has lease contracts for building used in its operations. This lease term of 2 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

i) Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Building	Total
As at 31st March 2021	-	-
Additions	-	-
Depreciation	-	-
As at 31st March 2022	-	-
Additions	**2.96**	**2.96**
Depreciation	**(0.07)**	**(0.07)**
As at 31st March 2023	**2.89**	**2.89**

ii) Below are the carrying amounts of lease liability and the movements during the period:

	Building	Total
As at 31st March 2021	-	-
Additions	-	-
Accretion of interest	-	-
Payments	-	-
Balance as at 31st March 2022	-	-
Additions	**2.83**	**2.83**
Accretion of interest	**0.01**	**0.01**
Payments	**(0.13)**	**(0.13)**
Balance as at 31st March 2023	**2.71**	**2.71**
Current	**1.31**	**1.31**
Non - current	**1.40**	**1.40**

(All amounts are in rupees millions unless otherwise stated)

iii) **The following are the amounts recognised in profit or loss:**

	As at 31st March, 2023	As at 31st March, 2022
Building		
Depreciation expense of right-of-use assets	**0.07**	-
Interest expense on lease liabilities	**0.01**	-
Payments towards short term leases	**0.13**	-
	0.21	-

The Company had total cash outflows for leases of ₹ 0.13 (31st March, 2022: Nil). The Company had non-cash addition of ₹ 2.83 (31st March, 2022: Nil) to right-of-use assets and lease liabilities.

33 Earnings per share (EPS)

	Year ended 31st March 2023	Year ended 31st March 2022
Numerator for basic and diluted EPS		
Profit / (Loss) for the year attributable to shareholders (₹ in Millions)	**(11.77)**	(0.18)
Weighted average number of equity shares in calculating basic EPS (In Nos.)	**133,333**	133,333
EPS - basic (in ₹)	**(88.26)**	(1.35)
EPS - diluted (in ₹)	**(88.26)**	(1.35)

34 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

b) Changes in Contract Assets during the year ended 31st March, 2023 Rs. NIL (Previous Year : Rs. NIL)

c) Changes in Contract Liabilities during the year ended 31st March, 2023 Rs. 65.20 Million (Previous Year : Rs. NIL)

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The Company does not have any performance obligations that are completely or partially unsatisfied as at 31st March, 2023 and 31st March, 2022, other than those meeting the exclusion criteria mentioned above.

35 Significant accounting judgements, estimates and assumptions

The preparation of the Company’s 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

a) Revenue recognition

The Company’s contracts with customers could include promises to transfer multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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. Refer note 36 and 37 for further disclosures.

c) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

f) Current / Non-Current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

(All amounts are in rupees millions unless otherwise stated)

36 Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

	Carrying value		Fair value	
	As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
Financial assets				
Measured at amortised costs				
Security deposits	**0.75**	-	**0.75**	-
Cash and cash equivalents	**4.24**	0.05	**4.24**	0.05
Trade receivables	**0.46**	-	**0.46**	-
Total	**5.45**	0.05	**5.45**	0.05
Financial liabilities				
Measured at amortised costs				
Loan form Related Party	**-**	3.58	**-**	3.58
Lease liabilities	**2.71**	-	**2.71**	-
Trade payables	**3.96**	0.02	**3.96**	0.02
Total	**6.67**	3.60	**6.67**	3.60

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37 Fair value hierarchy

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

38 Financial risk management disclosure

The Company's principal financial liabilities comprises trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, security deposits, 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 Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2023 and 31st March, 2022 including the effect of hedge accounting (if any).

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

iii) Foreign currency sensitivity

The Company does not have exposure to foreign currency changes as at the end of the financial year.

b) 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 and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

i) Trade Receivables :

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, currently Company's customers mainly includes its, Holding Company. Outstanding customer receivables are regularly monitored and reconciled. 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 Company evaluates the concentration of risk with respect to trade receivables as low.

ii) Financial instruments and cash deposits :

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk :

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

(All amounts are in rupees millions unless otherwise stated)

	Less than 1 year	**1 year to 5 years**	**> 5 years**	**Total**
Year ended 31st March, 2023				
Loan form Related Party	-	-	-	**-**
Lease liabilities	**1.31**	**1.40**	**-**	**2.71**
Trade payables	**3.96**	**-**	**-**	**3.96**
	5.27	**1.40**	**-**	**6.67**
Year ended 31st March, 2022				
Loan form Related Party	3.58	-	-	3.58
Lease liabilities	-	-	-	-
Trade payables	0.02	-	-	0.02
	3.60	-	-	3.60

39 Income and deferred taxes

a) Reconciliation of tax expense and the accounting profit multiplied by India’s domestic tax rate for 31st March 2022 and 31st March 2023

	For the year ended 31st March 2023	For the year ended 31st March 2022
Accounting loss before tax	(11.77)	(0.18)
At India’s enacted tax rate of 25.17% (31 March 2022 : 25.17%)	-	-
Deferred tax savings on current year accounting loss	3.82	-
Tax effect of non-deductible expenses	-	-
Tax effect on non-taxable income	-	-
Deferred tax savings not recognised on prudent basis	(3.82)	-
At the effective income tax rate	-	-
Income tax expense reported in the statement of profit and loss	-	-

b) **Deferred Tax :**

The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to ₹ 13 Mio (Previous year : ₹ 3.06 Mio) and on account of unabsorbed depreciation and other disallowances aggregating to ₹ 1.74 Mio (Previous year : ₹ 1.28 Mio) under the Income Tax Act, 1961 on the considerations of prudence.

40 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

As per the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received as of 31st March 2023 and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

41 Other statutory information

(a) The Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(b) There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(c) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) During the year ended 31st March, 2023, the Company was not party to any scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

42 Ratio analysis

	Particulars	Numerator	Denominator	**31st March 2023** %	31st March 2022 %	%
(a)	Current ratio	Current assets	Current liabilities	**0.08**	0.08	**-**
(b)	Debt - equity ratio	Total debt	Shareholder's equity	**-**	(2.28)	**(1.00)**
(c)	Return on Equity Ratio	Profit for the year	Average shareholders' equity	**157.80%**	11%	**12.78**
(d)	Inventory Turnover Ratio (Refer note no. (i) below)	Cost of goods sold	Average Inventory	**37.21**	-	**-**
(e)	Trade Receivables Turnover Ratio (Refer note no. (i) below)	Revenue	Average trade receivable	**734.74**	-	**-**
(f)	Trade Payables Turnover Ratio (Refer note no. (i) below)	Purchases + Other expenses	Average trade payables	**87.62**	-	**-**
(g)	Net Capital Turnover Ratio	Revenue	Working capital (Current Assets-Current liabilities)	**(7.47)**	-	**-**
(h)	Net Profit Ratio	Profit for the year	Revenue	**-7%**	-	**-**
(i)	Return on Capital Employeed	Earning before interest and taxes	Capital Employed (Net Worth + Defered tax liabilities + Lease liabilities)	**111%**	11%	**8.67**

Notes :

(i) The company has started business activities durig the year and the following ratios are not comaprable with the previous year ratios

Inventory Turnover Ratio

Trade Receivables Turnover Ratio

Trade Payables Turnover Ratio

Debt service coverage ratio

(ii) Since there is a negative net worth and lossess during the current financial year as well as for previous financial year folowing rations can not be derived.

Return on investment

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPI9452

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Sagar-Manas Technologies Limited

Directors
Mr. Neelesh Tungar
Ms. Leeni Srivastava
Mr. Ajay Sharma

Auditors
P V Deo & Associates LLP
Chartered Accountants
604, Jeevan Heights,
Thorat Colony, Erandwana,
Pune 411 004

Registered Office
C/o Bharat Forge Ltd.
Mundhawa,
Pune 411 026 MH (IN)

Independent Auditor's Report

To the Members of Sagar-Manas Technologies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Sagar-Manas Technologies Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the period from 7th March, 2022 to 31st March, 2023, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the period ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of management and those charged with governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's responsibilities for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF SAGAR-MANAS TECHNOLOGIES LIMITED FOR THE PERIOD ENDED 31st MARCH, 2023.

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

(i) (a) (A) The Company does not have any Property, Plant and Equipment as on 31st March, 2023. Hence, paragraph 3(i)(a)(A) of the Order is not applicable to the Company.

(B) The Company does not have any Intangible Assets as on 31st March, 2023. Hence, paragraph 3(i)(a)(B) of the Order is not applicable to the Company.

(b) The Company does not have any Property, Plant and Equipment as on 31st March, 2023. Hence, paragraph 3(i)(b) of the Order is not applicable to the Company.

(c) The Company does not own any immovable properties.

(d) The Company does not have any Property, Plant and Equipment (including right-of-use assets) and intangible assets. Hence, paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) As explained to us, the Company was not required to hold any inventories during the period covered by this report. Hence, paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company has not made any investment, provided guarantee or security, granted any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or other parties.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly, the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) The requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company does not have any undisputed statutory dues including Goods and Services Tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) As this is the first year after incorporation, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the Order is not applicable.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not taken any loans or other borrowing. Hence, reporting under clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x) (a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) The provisions of section 138 of the Companies Act, 2013 do not apply to the Company and no internal audit was carried out during the year. Hence, reporting under clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year covered by this report.

	Current Financial Year ₹ in Hundreds
Cash losses incurred	**1,108.96**

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF SAGAR-MANAS TECHNOLOGIES LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Sagar-Manas Technologies Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the financial statements of the Company for the period 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

Balance sheet as at 31st March, 2023

(In ₹ Hundreds)

	Notes	As at 31st March, 2023
I. ASSETS		
1 Non-current assets		
2 Current assets		
a) Financial assets		
i) Cash and cash equivalents	3	**46.56**
		46.56
TOTAL :		**46.56**
II. EQUITY AND LIABILITIES		
1 Equity		
a) Equity share capital	4	**75.00**
b) Other equity	5	**(1,108.96)**
		(1,033.96)
2 Current liabilities		
a) Financial Liabilities		
i) Trade payables	6	
Total outstanding dues of micro enterprises and small enterprises		**-**
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,020.52**
b) Other current liabilities	7	**60.00**
		1,080.52
TOTAL :		**46.56**
Significant accounting policies and notes forming an integral part of the financial statements	1 to 18	

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Neelesh Tungar
Director
DIN: 05229865

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 2nd May, 2023

Statement of profit and loss for the period ended 31st March, 2023

(In ₹ Hundreds)

		Notes	Period ended 31st March, 2023
I.	**Income**		
	Revenue from operations		-
	Total Revenue		-
II.	**Expenses**		
	Other expenses	8	**1,108.96**
	Total expenses		**1,108.96**
III.	**Loss before tax**		**(1,108.96)**
IV.	**Tax expenses**		-
V.	**Loss for the period**		**(1,108.96)**
VI.	**Other comprehensive income**		-
VII.	**Total comprehensive income for the period (V+VI)**		**(1,108.96)**
VIII.	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**		
	a) Basic (In ₹)	11	**(147.86)**
	b) Diluted (In ₹)	11	**(147.86)**
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 18	

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Neelesh Tungar
Director
DIN: 05229865

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 2nd May, 2023

Statement of changes in for the period ended 31st March, 2023

a Equity share capital

	As at 31st March, 2023	
	Nos.	**(In ₹ Hundreds)**
Issue of equity share capital during the period	**750**	**75.00**
As at end of the year	**750**	**75.00**

b Other equity (In ₹ Hundreds)

	Retained Earnings	Total
Loss for the year	**(1,108.96)**	**(1,108.96)**
Balance as at 31st March, 2023.	**(1,108.96)**	**(1,108.96)**
c Total equity (a+b)	**(1,033.96)**	**(1,033.96)**

Significant accounting policies and notes forming an integral part of the financial statements	1 to 18

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Neelesh Tungar
Director
DIN: 05229865

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 2nd May, 2023

Cash Flow Statement for the period ended 31st March, 2023

(In ₹ Hundreds)

				Period ended 31st March, 2023
(A)	**Cash flow from operating activities**			
	Loss before tax			**(1,108.96)**
	Operating loss before working capital changes			**(1,108.96)**
	Movements in working capital :			
	Increase / (decrease) in trade payables			**1,020.52**
	Increase / (decrease) in Other current liabilities			**60.00**
				1,080.52
	Cash generated from operations			**(28.44)**
	Direct taxes paid (net of refunds)			**-**
	Net cash flows from operating activities		**(A)**	**(28.44)**
(B)	**Cash flows from investing activities**			
	Net cash flows used in investing activities		**(B)**	**-**
(C)	**Cash flows from financing activities**			
	Issue of equity shares			**75.00**
	Net cash flows from/(used in) financing activities		**(C)**	**75.00**
(D)	**Net increase in cash and cash equivalents (A+B+C)**			**46.56**
(E)	**Cash and cash equivalents at the beginning of the period**			**-**
(F)	**Cash and cash equivalents at the end of the period**			**46.56**

Components of cash and cash equivalents (In ₹ Hundreds)

		As at 31st March, 2023
Balances with banks in current accounts		**46.56**
	TOTAL	**46.56**

	Significant accounting policies and notes forming an integral part of the financial statements	1 to 18

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Neelesh Tungar
Director
DIN: 05229865

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 2nd May, 2023

Notes forming part of the financial statements for the period ended 31st March, 2023

1 Corporate information:

Sagar-Manas Technologies Limited was incorporated on 7th March, 2022, as a public limited company under the Companies Act, 2013. The Company is a subsidiary of Kalyani Strategic Systems Limited. The Company is a 51:49 Joint Venture between Kalyani Strategic Systems Limited and Open Joint Stock Company Dastan Transnational Corporation Limited, Kyrgyz Republic. Kalyani Strategic Systems Limited is the Holding Company.

During the period covered by these financial statements, the Company was engaged in setting up the business of design, development, manufacturing, assembly, testing, integration, sales and providing services, spares support, after-sales support R&D for various marine and defense product and solutions.

These financial statements have been prepared for the period from the date of incorporation, i.e. 7th March, 2022 to 31st March, 2023. This being the first year, the question of providing previous year's figures does not arise.

These financial statements were authorised for issue in accordance with resolution of the Board of Directors on 2nd May, 2023

2 Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These 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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Hundred

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. 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 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:

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

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

iii 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 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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.

2.5 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Indirect taxes paid, except:

i 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

ii 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.

2.6 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Intangible assets :

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

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.

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

2.8 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 groups 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.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.9 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond 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.

2.10 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.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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.

e) 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.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. 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/ loss 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.

ii 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D 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.

Original Classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.11 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.12 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.13 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.14 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

2.15 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.16 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3 Cash and cash equivalents (In ₹ Hundreds)

	As at 31st March, 2023
Balances with banks	
In current accounts	**46.56**
TOTAL :	**46.56**

4 Equity share capital (In ₹ Hundreds)

	As at 31st March, 2023
Authorised	
750 Equity shares of ₹ 10/- each	**75.00**
Issued	
750 Equity shares of ₹ 10/- each	**75.00**
Subscribed and fully paid-up	
750 Equity shares of ₹ 10/- each	**75.00**
Total issued, subscribed and fully paid-up share capital :	**75.00**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2023	
	Nos.	**In ₹ Hundreds**
Equity Shares		
At the beginning of the period	-	-
Shares issued during the period	750	75.00
Shares bought back during the period	-	-
Outstanding at the end of the period	750	75.00

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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

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

Name of Shareholder	As at 31st March, 2023	
	Nos.	**% of Holding**
Equity shares of ₹ 10 each fully paid		
Kalyani Strategic Systems Limited, the Holding Company#	383	51%
Dastan Transitional Corp Open Joint Stock Company	367	49%
	750	100%

Including shares held through Nominees

(d) Shares held by Promoters at the end of the year

Promoter Name	As at 31st March, 2023		% Changes during the year
	No. of Shares	**% of Holding**	
Kalyani Strategic Systems Limited, the Holding Company#	383	51%	NA

Including shares held through Nominees

5 Other equity (In ₹ Hundreds)

	As at 31st March, 2023
Retained earnings	
Loss for the period	(1,108.96)
Closing balance	(1,108.96)

6 Trade payables

(In ₹ Hundreds)

	As at 31st March, 2023
Total outstanding dues of micro enterprises and small enterprises	**-**
Total outstanding dues of creditors other than micro enterprises and small enterprises# (including related party payables)	**1,020.52**
TOTAL :	**1,020.52**

#For terms and conditions relating to related party payables, refer note no. 10

Trade payables ageing schedule

(In ₹ Hundreds)

	Outsanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March, 2023						
Undisputed dues to MSME	-	-	-	-	-	-
Undisputed dues to other than MSME	-	1,020.52	-	-	-	1,020.52
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	**1,020.52**	**-**	**-**	**-**	**1,020.52**

7 Other Current Liabilities

(In ₹ Hundreds)

	As at 31st March, 2023
Statutory liabilities	**60.00**
TOTAL :	**60.00**

8 Other expenses

(In ₹ Hundreds)

	Period ended 31st March, 2023
Rates & taxes	**19.00**
Preliminery Expenses	**478.52**
Audit Fees	**600.00**
Miscellaneous expenses	**11.44**
TOTAL :	**1,108.96**

Payment to auditors

As auditor:	
- Audit fee	**350.00**
- Income tax matters	**250.00**
TOTAL :	**600.00**

9 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company was engaged in setting up the business of design, development, manufacturing, assembly, testing, integration, trading, marketing, sales providing services, spares support, after-sales support R&D for various marine and defense product and solutions; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

10 Related party disclosures

(i) Names of the related parties and related party relationship

Holding Company : i) Kalyani Strategic Systems Limited

(In ₹ Hundreds)

(ii) Related parties with whom transactions have taken place during the year

Sr.No.	Nature of transaction	Name of the related parties and nature of relationships	Period ended 31st March, 2023
1	Issue of shares	**Holding Company**	
	(Refer Note (a) below)	Kalyani Strategic Systems Limited	**75.00**
2	Reimbursement of expenses paid	**Holding Company**	
	(Refer Note (b) below)	Kalyani Strategic Systems Limited	**478.52**

(iii) Balances outstanding (In ₹ Hundreds)

Sr.No.	Nature of transaction	Name of the related parties and nature of relationships	As at 31st March, 2023
1	Trade payable	**Holding Company**	
		Kalyani Strategic Systems Limited	**478.52**

(a) The Company has issued equity shares of ₹ 10/- each.

(b) Reimbursement of costs paid to/received from related parties are at cost.

(c) All other transactions are in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

11 Earnings per share (EPS) (In ₹ Hundreds)

	Period ended 31st March, 2023
Numerator for basic and diluted EPS	
Loss for the year attributable to shareholders (In ₹ Hundreds)	**(1,108.96)**
Weighted average number of equity shares in calculating basic EPS	**750.00**
EPS - Basic - (in ₹)	**(147.86)**
EPS - Diluted - (in ₹)	**(147.86)**

12 Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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.

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

a) 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. Refer note 13 and 14 for further disclosures.

b) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

d) Current / Non-Current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

13 Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments :

(In ₹ Hundreds)

		As at 31st March, 2023	
		Carrying value	Fair value
I)	**Financial assets**		
	Measured at amortised costs		
	Cash and cash equivalents	**46.56**	**46.56**
	Total	**46.56**	**46.56**
II)	**Financial liabilities**		
	Measured at amortised costs		
	Trade payables	**1,020.52**	**1,020.52**
	Total	**1,020.52**	**1,020.52**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

14 Fair value hierarchy

There are no financial instruments that are measured subsequent to initial recognition at fair value. Hence, disclosure of the fair value hierarchy of assets and liabilities measured at fair value is not applicable.

15 Financial risk management disclosure

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include 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 Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(In ₹ Hundreds)

	Less than 1 year	1 year to 5 years	> 5 years	Total
As at 31st March, 2023				
Trade payables	**1,020.52**	**-**	**-**	**1,020.52**
	1,020.52	**-**	**-**	**1,020.52**

16 Income tax

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2023 :

(In ₹ Hundreds)

	As at 31st March, 2023
Accounting loss before tax	**(1,108.96)**
At India's enacted tax rate of 26.00%	**-**
Deferred tax savings on current year accounting loss	**-**
Tax effect of non-deductible expenses	**-**
Deferred tax not recognised on prudence basis	**-**
At the effective income tax rate of 26%	**-**
Income tax expense reported in the statement of profit and loss	**-**

17 Ratio analysis

	Numerator	Denominator	31st March, 2023
(a) Current ratio	Current Assets	Current Liabilities	0.04
(b) Trade payables turnover ratio	Purchases + Other expenses	Average trade payables	1.09

Notes :

(i) Since there is a negative net worth and losses during the current financial year following rations can not be derived.

Return on equity ratio

Net profit ratio

Net capital turnover ratio

Return on capital employed

(ii) The Company does not hold any Inventrory form the date of incorporation till year end hence inventory Turnover Ratio can not be derived.

(iii) Since these are the first fianancial statements of the Company, variances of ratios as compared with the preceding year are not applicable.

18 Other Statutory Information:

(a) In the opinion of the Directors, all the current assets have been stated in the balance sheet at least at a value at which those are expected to be realised in the ordinary course of business. The Directors also have to state that adequate provisions have been made in the accounts, in respect of all known, quantified and ascertained liabilities and none of the liabilities or provisions are in the nature of reserve

(b) No Proceedings have been initiated or pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988.

(c) The company did not have any transactions with companies struck off under section 248 or section 560 of the Companies Act, 2013.

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPD1891

Place : Pune
Date : 2nd May, 2023

On behalf of the Board of Directors,

Neelesh Tungar
Director
DIN: 05229865

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 2nd May, 2023

Tork Motors Private Limited

Directors

Mr. Kapil Chandrakant Shelke

Mr. Chandrakant Nivarttirao Shelke

Mr. Kedar Dixit

Mr. Premanand Mahesh Risbud

Mr. Keerthi Kiran Gautham

Mr. Krishan Kohli

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

Plot No. 4/25, Sector No.10,

PCNTDA, Bhosari,

Pune 411 026

Independent Auditors' Report

To the Members of Tork Motors Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **Tork Motors Private Limited** ("the Company") which comprise the standalone balance sheet as at 31st March, 2023, the standalone statement of profit and loss, including the standalone statement of other comprehensive income, the standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 standalone financial statements under the provisions of the Companies Act, 2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other Than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board's Report, but does not include the standalone financial statements and our auditors' report thereon. The Board's Report including annexures to Board's Reports expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibilities of Management and Those Charged with Governance For The Standalone 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for Audit of The Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 Companies Act 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls systems 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 financial statements, including the disclosures, and whether the 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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report 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 appears from our examination of those books.

    c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including other comprehensive income, the standalone Statement of Changes in Equity and the standalone Cash Flow Statement dealt with by this report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    e) On the basis of written representations received from the directors as on 31st March, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

    g) In our opinion the managerial remuneration for the year ended 31st March, 2023 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.

    h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 financial statements – Refer Note 45 to the financial statements;

        ii. The Company did not have any long-term contracts including derivatives 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, 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, 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 that the 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 (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place : Pune
Date : 24th April, 2023

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF TORK MOTORS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the 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 intangible assets;

(b) As explained to us, the property, plant and equipment have been physically verified by the management at reasonable intervals, during the financial year. According to the information and explanations given to us, material discrepancies were noticed on physical verification of the Property, Plant and Equipment and those have been properly dealt with in the books of accounts.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising raw material & components and finished goods was physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, by banks on the basis of security of current assets of the Company. Based on the records examined by us in the course of audit of the standalone 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) The Company has not made any investment, provided guarantee or security, granted any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or other parties. Accordingly, reporting under clause 3(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made and loans given. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was generally found to be regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st March, 2023 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute, save and except the following:

Name of the Statute	Nature of the Dues	Amount (In ₹ millions)	Period	Forum where dispute is pending
The Provident Fund and Miscellaneous Provisions Act, 1952	Damages and Interest	0.70	July 2016 to November, 2022	Regional Provident Fund Commissioner, Reginal Office, Pune

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, except in the following cases

Nature of borrowing	Name of the lender	Amount (In ₹ millions)	Whether principal or interest	Extent of delay (In days)	Remarks, if any
Intercorporate loan	Bharat Forge Limited	3	Principal	322	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	3	Principal	230	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	3	Principal	138	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	5	Principal	46	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.25	Interest	322	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.25	Interest	291	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.24	Interest	261	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.25	Interest	230	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.25	Interest	199	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.24	Interest	169	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.25	Interest	138	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.24	Interest	108	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.25	Interest	77	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.25	Interest	46	The loan and interest thereon have been repaid in full
Intercorporate loan	Bharat Forge Limited	0.23	Interest	18	The loan and interest thereon have been repaid in full

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanation given to us and on the basis of our examination, The Company has not availed any term loan during the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year 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 subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiary company. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of the related party transactions have been disclosed in the financial statements as required by the Ind AS. Provisions of section 177 of the Act do not apply to the Company.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013.

(xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company as 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 incurred the following amounts of cash losses during the financial year covered by this report and also in the preceding financial year.

	Current Financial Year (In ₹ millions)	Preceding Financial Year (In ₹ millions)
Cash losses incurred	**379.94**	63.23

(xviii) There has been resignation of the statutory auditors during the year on account of preoccupations. No issues, objections or concerns were found raised by the outgoing auditors.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the 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) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place : Pune
Date : 24th April, 2023

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF TORK MOTORS PRIVATE LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2023.

We have audited the internal financial controls over financial reporting of **Tork Motors Private Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the 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 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting were 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning Of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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.

Inherent Limitations Of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2023, 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.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place : Pune
Date : 24th April, 2023

Standalone Balance Sheet as at 31st March, 2023

(All amounts are in rupees millions unless otherwise stated)

				Notes	As at 31st March, 2023	As at 31st March, 2022
I.	**ASSETS**					
1	**Non-current assets**					
	a)	Property, plant and equipment		3	**193.92**	111.72
	b)	Capital work-in-progress		3	**15.08**	156.09
	c)	Intangible assets		4	**164.31**	39.47
	d)	Intangible assets under development		4	**-**	-
	e)	Right-of-use-assets		5	**53.40**	57.98
	f)	Financial assets				
		i)	Investment in subsidiary	6	**1.33**	1.33
		ii)	Loans	7	**-**	3.58
		iii)	Other financial assets	8	**5.69**	5.68
	g)	Deferred tax assets (net)		9	**-**	-
	h)	Income tax assets		10	**5.70**	0.04
	i)	Other non-current assets		11	**126.20**	84.02
					565.63	459.91
2	**Current assets**					
	a)	Inventories		12	**98.87**	22.56
	b)	Financial assets				
		i)	Investments	13	**-**	74.55
		ii)	Trade receivables	14	**1.86**	9.72
		iii)	Cash and cash equivalents	15	**15.54**	13.70
		iv)	Other bank balances	15	**1.20**	0.60
		v)	Other financial assets	16	**47.05**	-
	c)	Other current assets		17	**21.86**	39.63
					186.38	160.76
			Total :		**752.01**	620.67
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	a)	Equity share capital		18	**0.42**	0.42
	b)	Other equity		19	**12.69**	461.88
					13.11	462.30
2	**Non-current liabilities**					
	a)	Financial liabilities				
		i)	Borrowings	20	**80.20**	15.00
		ii)	Lease Liabilities	46	**38.32**	47.28
	b)	Provisions		21	**7.77**	2.88
	c)	Other non-current liabilities		22	**0.75**	-
					127.04	65.16
3	**Current liabilities**					
	a)	Financial liabilities				
		i)	Borrowings	23	**263.14**	13.27
		ii)	Lease liabilities	46	**12.35**	8.77
		iii)	Trade payables	24		
			Total outstanding dues of micro enterprises and small enterprises		**-**	-
			Total outstanding dues of creditors other than micro enterprises and small enterprises		**211.15**	67.12
		iv)	Other financial liabilities	25	**64.46**	-
	b)	Provisions		26	**12.33**	0.42
	c)	Other current liabilities		27	**48.43**	3.63
					611.86	93.21
			Total :		**752.01**	620.67
Significant accounting policies and notes forming an integral part of the standalone financial statements				**1 to 54**		

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Standalone Statement of Profit and Loss for the year ended 31st March, 2023

(All amounts are in rupees millions unless otherwise stated)

		Notes	For the year ended 31st March, 2023	For the year ended 31st March, 2022
I.	**Revenue from operations**	28	**312.05**	44.62
II.	**Other income**	29	**3.93**	5.72
	Total income		**315.98**	50.34
III.	**Expenses**			
	Cost of raw materials and components consumed	30	**438.40**	26.85
	(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	31	**(21.37)**	(3.27)
	Employee benefit expenses	32	**142.15**	51.09
	Finance costs	33	**27.37**	4.79
	Depreciation and amortization expenses	34	**88.23**	19.11
	Other expenses	35	**110.86**	34.97
	Total expenses		**785.64**	133.54
IV.	**Loss before exceptional items and tax**		**(469.66)**	(83.20)
V.	**Tax expenses**			
	Current tax		**0.16**	-
	Deferred tax		**-**	-
			0.16	-
VI	**Loss for the year**		**(469.82)**	(83.20)
VII	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement gain/(loss) on defined benefit plans		**(0.47)**	(0.27)
	Total other comprehensive income, net of tax		**(0.47)**	(0.27)
VIII	**Total comprehensive income for the year**		**(470.29)**	(83.47)
IX	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	39	**(11,254.62)**	(2,478.01)
	b) Diluted (In ₹)	39	**(10,447.24)**	(1,840.52)
Significant accounting policies and notes forming an integral part of the standalone financial statements		**1 to 54**		

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Statement of changes in equity for the year ended 31st March, 2023

(All amounts are in rupees millions unless otherwise stated)

a Equity share capital

	As at 31st March, 2023		As at 31st March, 2022	
	Nos.	**Amount**	Nos.	Amount
Equity shares of ₹ 10/- each				
At the beginning of the period	**41,746**	**0.42**	29,078	0.29
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period	**41,746**	**0.42**	29,078	0.29
Issued during the year	**-**	**-**	12,668	0.13
At the end of the period	**41,746**	**0.42**	41,746	0.42

b Other equity

	Preference Shares	Reserves and Surplus			Total
		Security premium account	Employees Stock Option Reserve	Retained Earnings	
As at 31st March, 2021	1.00	287.99	0.90	(160.69)	129.20
Changes in other equity due to prior period errors	-	-	-	-	-
Restated balance at the beginning of the current reporting period	1.00	287.99	0.90	(160.69)	129.20
Loss for the period	-	-	-	(83.20)	(83.20)
Other Comprehensive Income	-	-	-	(0.27)	(0.27)
Compensation Option granted during the year	-	-	16.29	-	16.29
Premium received on issue of equity shares	-	401.06	-	-	401.06
Redemption of preference shares	(1.00)	-	-	-	(1.00)
Premium paid on conversion of preference shares into equity	-	(0.20)	-	-	(0.20)
As at 31st March, 2022	-	688.85	17.19	(244.16)	461.88
Changes in other equity due to prior period errors					
Loss for the period	**-**	**-**	**-**	**(469.82)**	**(469.82)**
Other Comprehensive Income	**-**	**-**	**-**	**(0.47)**	**(0.47)**
Compensation Option granted during the year	**-**	**-**	**21.10**	**-**	**21.10**
As at 31st March, 2023	**-**	**688.85**	**38.29**	**(714.45)**	**12.69**

(All amounts are in rupees millions unless otherwise stated)

c Total equity

	Year ended 31st March, 2023	Year ended 31st March, 2022
Equity share capital	**0.42**	0.42
Other equity	**12.69**	461.88
Total :	**13.11**	462.30

Significant accounting policies and notes forming an integral part of the standalone financial statements

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Standalone Cash Flow Statement for the year ended 31st March, 2023

(All amounts are in rupees millions unless otherwise stated)

		Year ended 31st March, 2023	Year ended 31st March, 2022
(A)	**Cash flow from operating activities**		
	Loss before tax	**(469.66)**	(83.20)
	Add :		
	Depreciation	**88.23**	19.11
	Interest income on bank deposits	**(0.05)**	(0.04)
	Other interest income	**(0.44)**	-
	Unrealised exchange difference	**-**	(1.65)
	Gain on sale of investments	**(0.22)**	(3.95)
	Interest on lease liabilities	**4.93**	-
	Finance cost other than interest on lease liability	**22.44**	3.75
	Loss on property, plant and equipmet written off	**2.47**	-
	Advances written off	**-**	-
	Compensation option granted during the year	**21.10**	16.29
	Remeasurement of ROU	**-**	
	Other comprehensive income		
	Remeasurement gain/(loss) on defined benefit plans	**(0.47)**	(0.27)
	Operating loss before working capital changes	**(331.67)**	(49.96)
	Movements in working capital :		
	(Increase)/Decrease in Inventories	**(76.31)**	(15.86)
	(Increase)/Decrease in trade receivable	**7.86**	(5.75)
	(Increase)/Decrease in other financial assets	**(46.96)**	(4.86)
	(Increase)/Decrease in other assets	**(24.41)**	(78.85)
	Increase/(Decrease) in provisions	**16.80**	(0.95)
	Increase/(Decrease) in trade payables	**144.03**	39.71
	Increase/ (Decrease) in other financial liabilities	**64.46**	53.51
	(Decrease)/Increase in other liabilities	**45.55**	(29.86)
	Cash generated from operations	**(200.65)**	(92.87)
	Direct taxes paid (net of refunds)	**(5.66)**	-
	Net cash flow from operating activities (A)	**(206.31)**	(92.87)
(B)	**Cash flows from investing activities**		
	Purchase of property, plant and equipment and intangible assets (including capital advances)	**(141.24)**	(217.80)
	(Investments in)/ Prroceds from maturity of Fixed Deposits with Banks	**(0.70)**	(0.10)
	Investments in financial instruments	**-**	(350.00)
	Proceeds from sale of financial instruments	**74.77**	285.56
	Interest received	**0.05**	0.04
	Net cash (used) in investing activities (B)	**(67.12)**	(282.30)

(All amounts are in rupees millions unless otherwise stated)

		Year ended 31st March, 2023	Year ended 31st March, 2022
(C)	**Cash flows from financing activities**		
	Proceeds from/(Repayment of) intercorporate loans (Net)	**51.94**	(13.75)
	Proceeds from borrowings from the bank	**263.14**	-
	Interest and other borrowing costs paid	**(22.44)**	-
	Proceeds from loan given to subsidiary	**3.58**	-
	Redemption of preference shares at premium	**-**	(1.20)
	Payment on interest on lease liabilities	**(4.93)**	-
	Repayment of lease liability	**(10.70)**	-
	Initial direct costs relating to right of use assets	**(5.32)**	
	Proceeds from working capital demand loan	**100.00**	-
	Repayment of working capital demand loan	**(100.00)**	-
	Proceeds from issue of shares	**-**	401.18
	Net cash (used) in financing activities (C)	**275.27**	386.23
(D)	**Net increase in cash and cash equivalents (A+B+C)**	**1.84**	11.06
(E)	**Cash and cash equivalents at the beginning of the year**	**13.70**	2.64
(F)	**Cash and cash equivalents at the end of the year**	**15.54**	13.70

Components of cash and cash equivalents as at

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with banks:		
In cash credit and current accounts	**15.54**	10.70
Deposits with Banks having original maturity of less than three months	**-**	3.00
Total	**15.54**	13.70

The accompanying notes form an integral part of the financial statements.	**1 to 54**

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023

Notes forming part of the standalone financial statements for the year ended 31st March, 2023

1 Corporate information:

Tork Motors Private Limited ("the Company") was incorporated on 22nd March, 2010 as a private limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Kalyani Powertrain Limited, which holds 64.29% of the issued and subscribed equity share capital of the Company. The Company's CIN is U34104PN2010PTC135855.

The Company is engaged in the business of design, development, manufacture and distribution of electric motorcycles and three wheeler electric drive train.

The Company has identified 12 months as its operating cycle.

These standalone financial statements were authorised for issue in accordance with resolution of the Board of Directors on 24th April, 2023.

2 Significant accounting policies:

2.1 Basis of accounting and preparation of standalone financial statements:

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 thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The standalone financial statements are presented in INR and all values are rounded to the nearest rupees million.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv 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 treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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 realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Foreign currency transactions and translations :

The Company's standalone financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

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 recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost less accumulated impairment. [Refer note 2.12].

2.5 Fair value measurement :

The Company measures financial instruments 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:

i In the principal market for the asset or liability, or

ii 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All 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:

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

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

iii 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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.

2.6 Revenue recognition :

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

a) Sale of goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

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. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

b) Sale of Services :

Revenue on time and material contracts are recognised as the related services are performed and control of the services are transferred to the customer and revenue from the end of the last invoicing to there porting date is recognised as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "other income" in the statement of profit and loss.

d) Profit / Loss on sale of investments:

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

e) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

f) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no.2.15.

g) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.7 Taxes :

Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and 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 tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realised.

Indirect 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:

i 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

ii 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.

2.8 Property, plant and equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including GST for which credit is not available. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. 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 repairs and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

Depreciation is computed on a straight-line method based on the useful lives, determined based on internal technical evaluation by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

The Management's estimate of the useful lives of various property, plant and equipment is given below

Type of asset			**Estimated useful life**
i)		Computer and data processing equipments	
	(a)	Servers and networks	6 years
	(b)	Other end user devices	3 years
ii)		Furniture and fixtures	10 years
iii)		Office equipment's	5 years
iv)		Plant and machinery (including test jigs)	2 years to 15 years
v)		Motor vehicles	10 years
vi)		Lease improvement	Over the lease period

Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss.

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

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

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.

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 and loss when the asset is derecognised.

The summary of amortization policy applied to the Company's intangible assets is as below:

Type of asset	Estimated useful life
i) Computer software	3 years
ii) Vehicle development expenses	5 years
iii) Petants	5 years

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:

i. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

ii. Its intention to complete and its ability and intention to use or sell the asset

iii. How the asset will generate future economic benefits

iv. The availability of resources to complete the asset

v. 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.

2.10 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 :

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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.

Type of asset	Estimated useful life
Land and building	4 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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months 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 office equipment 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.

The Company as a lessor :

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature. 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.

2.11 Inventories :

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories of research and development (R & D) activity are valued at cost or estimated realisable value whichever is lower.

2.12 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 groups 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.

Intangible assets under development are tested for impairment annually.

For the assets, 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 and loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.13 Provisions and contingent liabilities :

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where 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 any provision is presented in the statement of profit and loss net of any reimbursement.

A 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 beyond the control of the Company or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Provision for warranty

The estimated liability for product warranties is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. The timing of outflows will vary depending on when warranty claim will arise, being typically up to three years. The Company also has back-to-back contractual arrangement with its suppliers in the event that a vehicle fault is proven to be a supplier’s fault.

Estimates are made of the expected reimbursement claim based upon historical levels of recoveries from supplier, adjusted for inflation and applied to the population of vehicles under warranty as on Balance Sheet date. Supplier reimbursements are recognised as separate asset.

Provision for onerous contract

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. It is recognized when the Company has entered into a binding legal agreement for the purchase of components from suppliers that exceeds the benefits from the expected future use of the components and the Company sells the finished goods using the components at a loss.

2.14 Retirement and other employee benefits :

a) Gratuity :

The Company operates a defined benefits plan for its employees. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.15 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.

A Financial asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii 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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii 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 recognised in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised 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 recognised in the statement of profit and loss.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. 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 recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, 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 recognised in the statement of profit and loss.

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv 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 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

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 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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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 designated as hedging instruments in an effective hedge, 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.

b) Subsequent measurement

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

i 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.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and 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 recognised in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. 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 and loss.

The Company has not designated any financial liability as at fair value through statement of profit and loss.

ii 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 the statement of profit and 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.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) 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 and loss.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through statement of profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

D 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.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

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

2.16 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in 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.

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

2.17 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.18 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.19 Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 (consolidation of shares) 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 and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.20 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

(All amounts are in rupees millions unless otherwise stated)

3 Property, plant and equipment

	Plant and machinery	Furniture	Computers	Office equipment	Motor vehicle	Leasehold improvements	Total	Capital work in progress
Gross block, at cost :								
As at 31st March 2021	18.83	1.52	6.72	1.09	-	2.06	30.22	96.78
Additions	86.39	3.52	3.47	0.35	3.23	3.11	100.07	59.31
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at 31st March, 2022	105.22	5.04	10.19	1.44	3.23	5.17	130.29	156.09
Additions	**74.40**	**1.64**	**9.47**	**6.31**	**4.35**	**22.16**	**118.33**	**127.91**
Disposals	**(0.60)**	**(0.87)**	**(2.76)**	**(0.30)**	**(0.14)**	**(0.92)**	**(5.59)**	**-**
Capitalised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(118.33)**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(150.59)**
As at 31st March, 2023	**179.02**	**5.81**	**16.90**	**7.45**	**7.44**	**26.41**	**243.03**	**15.08**
Depreciation and amortization :								
Upto 31st March 2021	3.28	0.53	5.09	0.81	-	0.76	10.47	-
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Depreciation for the year	6.31	0.21	1.11	0.15	0.10	0.22	8.10	-
Upto 31st March, 2022	9.59	0.74	6.20	0.96	0.10	0.98	18.57	-
Disposals	**(0.21)**	**(0.15)**	**(2.14)**	**(0.24)**	**(0.01)**	**(0.38)**	**(3.13)**	**-**
Adjustments	**0.07**	**-**	**-**	**(0.07)**	**-**	**-**	**0.00**	**-**
Depreciation for the year	**26.15**	**0.49**	**2.44**	**0.66**	**0.60**	**3.33**	**33.67**	**-**
Upto 31st March, 2023	**35.60**	**1.08**	**6.50**	**1.31**	**0.69**	**3.93**	**49.11**	**-**
Net block :								
As at 31st March, 2022	95.63	4.30	3.99	0.48	3.13	4.19	111.72	156.09
As at 31st March, 2023	**143.42**	**4.73**	**10.40**	**6.14**	**6.75**	**22.48**	**193.92**	**15.08**

Capital work-in-progress : Ageing Schedule

As at 31st March, 2023

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	**13.52**	**1.56**	**-**	**-**	**15.08**

As at 31st March, 2022

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	59.31	-	81.73	15.05	156.09

(All amounts are in rupees millions unless otherwise stated)

4 Intangible assets

	Softwares	Development Cost	Patents	Total Intangible assets	Intangibles under development
Gross block, at cost :					
As at 31st March 2021	11.97	47.11	-	59.08	-
Additions	1.38	1.20	-	2.58	-
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
As at 31st March, 2022	13.35	48.31	-	61.66	-
Additions	**3.11**	**160.74**	**0.06**	**163.91**	**13.31**
Capitalised	**-**	**-**	**-**	**-**	**(163.90)**
Disposals	**(0.16)**	**-**	**-**	**(0.16)**	**-**
Adjustments	**-**	**-**	**-**	**-**	**150.59**
As at 31st March, 2023	**16.30**	**209.05**	**0.06**	**225.41**	**-**
Depreciation and amortization :					
Upto 31st March 2021	4.25	7.07	-	11.32	-
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
Depreciation for the year	1.39	9.48	-	10.87	-
Upto 31st March, 2022	5.64	16.55	-	22.19	-
Disposals	**(0.15)**	**-**	**-**	**(0.15)**	**-**
Depreciation for the year	**3.96**	**35.10**	**-**	**39.06**	**-**
Upto 31st March, 2023	**9.45**	**51.65**	**-**	**61.10**	**-**
Net block :					
As at 31st March, 2022	7.71	31.76	-	39.47	-
As at 31st March, 2023	**6.85**	**157.40**	**0.06**	**164.31**	**-**

Intangibles under development : Ageing Schedule

As at 31st March, 2023

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	**-**	**-**	**-**	**-**	**-**

As at 31st March, 2022

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

(All amounts are in rupees millions unless otherwise stated)

5 Right of use assets

	Buildings	Total
Gross block, at cost :		
As at 31st March, 2021	23.46	23.46
Additions	60.05	60.05
Disposals	(23.49)	(23.49)
Adjustments	-	-
As at 31st March, 2022	60.02	60.02
Additions	**7.67**	**7.67**
Disposals	**-**	**-**
Adjustments	**5.30**	**5.30**
As at 31st March, 2023	**72.99**	**72.99**
Depreciation and amortization :		
Upto 31st March, 2021	21.19	21.19
Disposals	(23.49)	(23.49)
Adjustments	-	-
Depreciation for the year	4.34	4.34
Upto 31st March, 2022	2.04	2.04
Disposals	**-**	**-**
Adjustments	**2.05**	**2.05**
Depreciation for the year	**15.50**	**15.50**
Upto 31st March, 2023	**19.59**	**19.59**
Net block :		
As at 31st March, 2022	57.98	57.98
As at 31st March, 2023	**53.40**	**53.40**

(All amounts are in rupees millions unless otherwise stated)

6 Investment in subsidiary

As at 31st March, 2023	As at 31st March, 2022		As at 31st March, 2023	As at 31st March, 2022
At Cost				
Equity instruments (Unquoted)				
133,333	(133,333)	Equity shares of ₹ 10/- each, fully paid up in Lycan Electric Private Limited, a wholly owned subsidiary	**1.33**	1.33
Total			**1.33**	1.33

7 Loans (Non-current)

(Unsecured, good)

	As at 31st March, 2023	As at 31st March, 2022
Loan to related parties	**-**	3.58
Total	**-**	3.58

For terms and conditions relating to related party transactions, refer note no. 38

8 Other financial assets (Non-current)

(Unsecured, good)

	As at 31st March, 2023	As at 31st March, 2022
Security deposits	**5.59**	5.68
Bank Deposits having maturity of more than twelve months	**0.10**	-
Total	**5.69**	5.68

9 Deferred tax asset (net)

	As at 31st March, 2023	As at 31st March, 2022
Deferred tax asset		
Temporary differences for		
Unabsorbed depreciation	**31.37**	
Other disallowances	**1.60**	-
	32.97	-
Less: Deferred tax asset in excess of the liability derecognised	**(19.81)**	-
	13.16	-
Deferred tax liability		
Temporary differences for		
Depreciation	**13.16**	-
Total	**-**	-

(All amounts are in rupees millions unless otherwise stated)

10 Income tax assets

	As at 31st March, 2023	As at 31st March, 2022
Taxes paid in advance	**5.70**	0.04
Total	**5.70**	0.04

11 Other non-current assets

(Unsecured, good)

	As at 31st March, 2023	As at 31st March, 2022
Capital advances	**8.88**	36.42
Balances with government authorities	**117.32**	44.49
Prepaid expenses	**-**	3.11
Total	**126.20**	84.02

12 Inventories

	As at 31st March, 2023	As at 31st March, 2022
Raw Material & Components (includes items lying with third parties and items in transit)	**73.27**	18.33
Finished Goods (includes items lying with third parties and items in transit)	**25.60**	4.23
Total	**98.87**	22.56

13 Investments (Current)

As at 31st March, 2023	As at 31st March, 2022		As at 31st March, 2023	As at 31st March, 2022
At Fair Value through profit and loss				
		in Units of Mutual Funds (Unquoted)		
-	4,518.42	Units of Axis Liquid Fund (G)	**-**	10.62
-	6,608.47	Units of HDFC Liquid Fund (G)	**-**	27.44
-	48,059.00	Units of ICICI Pru Liquid Fund (G)	**-**	15.05
-	633.14	Units of Kotak Liquid Fund Reg (G)	**-**	2.71
-	3,186.09	Units of SBI Liquid Fund Reg Plan (G)	**-**	10.55
-	2,453.57	Units of Tata Liquid Fund (G)	**-**	8.18
Total			**-**	74.55

(All amounts are in rupees millions unless otherwise stated)

14 Trade receivables

(Unsecured)

	As at 31st March, 2023	As at 31st March, 2022
Considered Good - Unsecured	**1.86**	9.72
Credit Impaired	**-**	-
Total	**1.86**	9.72

Includes receivables from related parties (Refer note 38)

Trade receivable are non interest bearing and are generally on terms of 30 to 60 days

Trade receivables Ageing Schedule

	Not due for payment	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
As at 31st March, 2023							
Undisputed Trade Receivables – considered good	-	**0.42**	**1.44**	-	-	-	**1.86**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	-	**0.42**	**1.44**	-	-	-	**1.86**
As at 31 March 2022							
Undisputed Trade Receivables – considered good	-	8.39	0.19	0.90	0.24	-	9.72
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	8.39	0.19	0.90	0.24	-	9.72

(All amounts are in rupees millions unless otherwise stated)

15 Cash and bank balances

	As at 31st March, 2023	As at 31st March, 2022
Cash and cash equivalents		
Balances with banks		
In cash credit and current accounts	**15.54**	10.70
Deposits with Banks having original maturity of less than three months	**-**	3.00
Total	**15.54**	13.70

Other bank balances		
Deposits with maturity of more than three months but less than twelve months	**1.20**	0.60
Total	**1.20**	0.60

16 Other financial assets (Current)

(Unsecured, good)

	As at 31st March, 2023	As at 31st March, 2022
EV Subsidy receivable	**47.05**	-
Total	**47.05**	-

17 Other current assets

(Unsecured, good)

	As at 31st March, 2023	As at 31st March, 2022
Advance to employees	**-**	0.61
Advances to suppliers	**19.65**	36.63
Prepaid expenses	**2.21**	2.38
Others	**-**	0.01
Total	**21.86**	39.63

(All amounts are in rupees millions unless otherwise stated)

18 Equity Share Capital

As at 31st March, 2023	As at 31st March, 2022		As at 31st March, 2023	As at 31st March, 2022
Authorised				
50,000	(50,000)	Equity shares of ₹ 10/- each	**0.50**	0.50
		Total	**0.50**	0.50
Issued				
41,746	(41,746)	Equity shares of ₹ 10/- each	**0.42**	0.42
		Total	**0.42**	0.42
Subscribed and fully paid-up				
41,746	(41,746)	Equity shares of ₹ 10/- each	**0.42**	0.42
Total issued, subscribed and fully paid-up share capital			**0.42**	0.42

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at 31st March, 2023		As at 31st March, 2022	
	No.	**In ₹ millions**	No.	In ₹ millions
At the beginning of the year	**41,746**	**0.42**	29,078	0.29
Issued during the year	**-**	**-**	12,668	0.13
Outstanding at the end of the year	**41,746**	**0.42**	41,746	0.42

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

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

(c) Details of shareholders holding more than 5% equity shares in the Company

	As at 31st March, 2023		As at 31st March, 2022	
	No.	**% of Holding**	No.	% of Holding
Equity shares of ₹ 10 each fully paid				
Kalyani Powertrain Limited	**26,838**	**64.29%**	26,838	64.29%
Kapil Shelke	**9,936**	**23.80%**	9,936	23.80%

(d) Shares held by the Holding Company

	As at 31st March, 2023		As at 31st March, 2022	
	No.	**% of Holding**	No.	% of Holding
Equity shares of ₹ 10 each fully paid				
Kalyani Powertrain Limited	**26,838**	**64.29%**	26,838	64.29%

(e) Shares held by Promoters at the end of the year

Name of the promoters	As at 31st March, 2023		% change during the year
	No. of shares	% of total shares	
Kapil Shelke	**9,936**	**23.80%**	**0.00%**
Chandrakant Shelke	**1,328**	**3.18%**	**0.00%**

Name of the promoters	As at 31st March, 2022		% change during the year
	No. of shares	% of total shares	
Kapil Shelke	9,936	23.80%	0.00%
Chandrakant Shelke	1,328	3.18%	0.00%

19 Other equity

(All amounts are in rupees millions unless otherwise stated)

		As at 31st March, 2023	As at 31st March, 2022		**As at 31st March, 2023**	As at 31st March, 2022
a)	**Preference Shares**					
		-	(10,000.00)	0.1% Cumulative Compulsory Convertible Preference Shares of ₹ 100 each	**-**	1.00
				Issued during the year	**-**	-
				Redeemed/Converted during the year	**-**	(1.00)
					-	-
b)	**Securities premium reserve**					
	As per last account				**688.85**	287.99
	Add: Addition during the year				**-**	401.06
	Less: Premium paid on conversion of preference shares into equity				**-**	(0.20)
					688.85	688.85
c)	**Employees Stock Option Reserve**					
	As per last account				**17.19**	0.90
	Add: Addition during the year				**21.10**	16.29
					38.29	17.19
d)	**Deficit in the statement of profit and loss**					
	As per last account				**(244.16)**	(160.69)
	Net loss for the year				**(469.82)**	(83.20)
	Items of other comprehensive income :					
	Re-measurement of defined benefit obligations				**(0.47)**	(0.27)
	Re-measurement of Leased Premises Obligations				-	-
	Closing balance				**(714.45)**	(244.16)
	Total				**12.69**	461.88

(All amounts are in rupees millions unless otherwise stated)

20 Borrowings (Non-current)

	As at 31st March, 2023	As at 31st March, 2022
Unsecured		
Intercorporate deposit from related party	**80.20**	28.27
Less : Current maturities of long term borrowings	**-**	(13.27)
Total	**80.20**	15.00

Terms and conditions for intercorporate loan from the Holding Company and ultimate Holding Company		
i) Intercorporate loan amounting to Rs. 50 mio from the Holding Company carries interest @ 8.70% p.a.This loan is repayable as under:		
Payable after 12 months from date of disbursement (In ₹ Millions)	**53.19**	
ii) Intercorporate loan amounting to Rs. 27 mio from the Kalyani Powertrain Limited Holding Company carries interest @ 9.25% p.a.This loan is repayable as under:		
Payable after 12 months from date of disbursement (In ₹ Millions)	**27.01**	-
iii) Intercorporate loan amounting to Rs. 27 mio from the Bharat Forge Limited Ultimate Holding Company carries interest @ 11% p.a.This loan is repayable as under:		
Payable with in 12 months from end of financial year (In ₹ Millions)	**-**	13.27
Payable after12 months from end of financial year (In ₹ Millions)	**-**	15.00

21 Provisions (non-current)

	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits		
Gratuity	**5.12**	2.88
Compensated absences	**2.65**	-
Refer note no. 36		
Total	**7.77**	2.88

22 Other non-current liabilities

	As at 31st March, 2023	As at 31st March, 2022
Contract liabilities	-	-
Deferred Revenue	**0.75**	-
Total	**0.75**	-

(All amounts are in rupees millions unless otherwise stated)

23 Borrowings (Current)

	As at 31st March, 2023	As at 31st March, 2022
Secured		
Bank overdraft[(a)]	**263.14**	-
Unsecured		
Current maturities of long term borrowings	**-**	13.27
Total	**263.14**	13.27

(a) Overdraft facility availed from ICICI Bank is secured by first and exclusive charge on inventory and receivables of the Company. Rate of Interest applicable Repo rate + spread.

For terms and conditions relating to related party transactions, refer note no. 38

24 Trade payables

	As at 31st March, 2023	As at 31st March, 2022
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**211.15**	67.12
Total	**211.15**	67.12

*Trade payables includes related party payables. For terms and conditions refer note no. 38.

Trade payables are non-interest bearing and are generally on terms of 0 to 60 days.

Ageing schedule - trade payables

	Outsanding for following periods from due date of payment					**Total**
	Unbilled	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
As at 31st March, 2023						
Undisputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Undisputed dues to other than MSME	**2.54**	**206.42**	**0.02**	**0.62**	**1.55**	**211.15**
Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	2.54	**206.42**	**0.02**	**0.62**	**1.55**	**211.15**
As at 31st March, 2022						
Undisputed dues to MSME	-	-	-	-	-	-
Undisputed dues to other than MSME	-	62.98	0.86	2.50	0.78	67.12
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	62.98	0.86	2.50	0.78	67.12

(All amounts are in rupees millions unless otherwise stated)

25 Other financial liabilities (Current)

	As at 31st March, 2023	As at 31st March, 2022
Creditors for Capital Expenses	**13.44**	-
Other Amounts Payable	**51.02**	-
Total	**64.46**	-

For terms and conditions relating to related party transactions, refer note no. 38

26 Provisions (Current)

	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits		
Gratuity	**0.56**	0.42
Compensated absences	**0.53**	-
Refer note no. 36		
Other provisions		
Provision for warranty[(a)(b)]	**11.24**	-
Total	**12.33**	0.42

(a) In pursuance of Ind AS-37 'Provisions, contingent liabilities and contingent assets', the provisions required for warranty have been incorporated in the books of account in the following manner:

	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	**-**	-
Arising during the year	**11.24**	-
Utilised during the year	**-**	-
Provision Written Back	**-**	-
Closing balance	**11.24**	**-**

(b) The estimated liability for product warranties is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. The timing of outflows will vary depending on when warranty claim will arise, being typically up to three years. The Company also has back-to-back contractual arrangement with its suppliers in the event that a vehicle fault is proven to be a supplier's fault.

Estimates are made of the expected reimbursement claim based upon historical levels of recoveries from supplier, adjusted for inflation and applied to the population of vehicles under warranty as on Balance Sheet date. Supplier reimbursements are recognised as separate asset.

(All amounts are in rupees millions unless otherwise stated)

27 Other current liabilities

	As at 31st March, 2023	As at 31st March, 2022
Statutory dues payable	**4.17**	1.18
Contract liabilities		
Deferred Revenue	**0.89**	-
Advance from customers	**43.37**	2.45
Total	**48.43**	3.63

28 Revenue from Operations

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Revenue from Operations		
Sale of products	**296.52**	17.49
Services - Others	**15.52**	27.13
Other operating revenues	**0.01**	-
	312.05	44.62

Disaggregated revenue information:

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2023 and 31st March, 2022 by offerings and contract type.

Revenue by offerings :		
Sale of products		
Sale of Vehicles	**129.75**	-
Sale of Spare parts	**4.11**	-
Sale of Miscellaneous products	**162.66**	17.49
Sale of Sevises	**15.52**	27.13
Other operating revenues	**0.01**	
	312.05	44.62
Revenue by contract type :		
Fixed price contracts	**312.05**	44.62
Cost plus contract	**-**	-
	312.05	44.62
Revenue by geographical segment :		
Domestic	**312.05**	44.62
Overseas	**-**	-
	312.05	44.62

(All amounts are in rupees millions unless otherwise stated)

29 Other Income

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Interest received		
On bank deposits	**0.05**	0.04
On income tax refund	**-**	-
On others	**0.44**	0.08
Fair Value gain on mark to market investments	**-**	1.65
Net gain on sale of financial investments	**0.22**	3.95
Net gain foreign exchange fluctuations	**1.35**	-
Liabilities written bank	**1.87**	-
Total	**3.93**	5.72

30 Cost of raw materials and components

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Opening stock of raw material	**18.33**	5.74
Add : Purchases of raw materials	**493.34**	39.44
	511.67	45.18
Less : Closing stock of raw material	**(73.27)**	(18.33)
Total	**438.40**	26.85

31 (Increase) in inventories of finished goods, work-in progress, traded goods

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Inventories at the beginning of the year		
Finished Goods	**4.23**	0.96
Sub-total	**4.23**	0.96
Inventories at the end of the year		
Finished Goods	**25.60**	4.23
Sub-total	**25.60**	4.23
(Increase)/Decrease in Inventories	**(21.37)**	(3.27)

(All amounts are in rupees millions unless otherwise stated)

32 Employee benefit expenses

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Salaries and wages	**110.85**	32.46
Contributions to provident and other funds	**3.75**	0.99
Gratuity	**2.08**	0.80
Share based payments	**21.10**	16.29
Staff welfare expenses	**4.37**	0.55
Total	**142.15**	51.09

33 Finance costs

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Interest paid		
On inter corporate borrowings*	**6.51**	3.75
On lease liability	**4.93**	1.04
On bank overdraft	**12.93**	-
Other borrowing costs	**3.00**	-
Total	**27.37**	4.79

*For terms and conditions relating to related party transactions, refer note no. 38

34 Depreciation and amortization expenses

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Depreciation on property, plant and equipment	**33.67**	8.10
Amortization on intangible assets	**39.06**	10.87
Depreciation on right-of-use assets	**15.50**	4.34
Transferred to CWIP Vehicle Development	**-**	(4.20)
Total	**88.23**	19.11

(All amounts are in rupees millions unless otherwise stated)

35 Other expenses

	For the year ended 31st March 2023	For the year ended 31st March, 2022
Contract labour charges	**6.28**	1.47
Power and fuel	**2.10**	1.04
Rent	**3.04**	1.97
Exchange difference (net)	**-**	0.24
Rates and taxes	**6.41**	1.15
Insurance	**0.86**	0.31
Legal and professional fees	**17.32**	9.81
Repairs and maintenance - Building	**6.51**	3.01
Repairs and maintenance - Others	**4.97**	-
Security expenses	**3.15**	1.03
Travelling expenses	**9.90**	1.73
Transport charges	**0.38**	1.76
Warranty expenses	**15.85**	-
Payment to auditors (Refer note below)	**0.58**	0.15
Communication expenses	**2.28**	1.33
Printing & Stationery	**0.55**	0.28
Advertisment and marketing expenses	**15.31**	7.51
Commission and Brokerage	**0.03**	0.85
Subscription expenses	**2.59**	0.32
Advances written off	**6.75**	-
Loss on property, plant and equipmet written off	**2.47**	-
Miscellaneous expenses	**3.25**	0.81
Bank charges	**0.28**	0.20
Total	**110.86**	34.97

Payment to auditors		
As auditor:		
- Audit fee	**0.45**	0.15
- Tax Audit	**0.13**	-
Total	**0.58**	0.15

36 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 3.65 millions (Previous Year: ₹ 0.95 millions) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk :

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financials and also benefit risk through return on the funds made available for the plan.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

(All amounts are in rupees millions unless otherwise stated)

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Mortality table	**IALM(2012-14) ult**	IALM(2012-14) ult
Discount rate	**7.40%**	7.00%
Expected rate of return on plan assets	**-**	-
Salary growth Rate	**10.00%**	10.00%
Expected average remaining working lives (in years)	**6.49**	9.31
Withdrawal rate		
Age upto 30 years	**15.00%**	10.00%
Age 31 - 40 years	**15.00%**	10.00%
Age 41 - 50 years	**15.00%**	10.00%
Age above 50 years	**15.00%**	10.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the beginning of the year	**3.29**	2.29
Transfer in/(out)	**-**	-
Interest expense	**0.22**	0.14
Current service cost	**1.70**	0.59
Benefits (paid)	**(0.17)**	-
Remeasurements on obligation [actuarial (Gain) / Loss]	**0.64**	0.27
Present value of obligation as at the end of the year	**5.68**	3.29

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Fair value of plan assets at the beginning of the year	**-**	-
Interest income	**-**	-
Contributions	**-**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in interest income - gain / (Loss)	**-**	-
Fair value of plan assets at the end of the year	**-**	-
Actual return on plan assets	**-**	-

(All amounts are in rupees millions unless otherwise stated)

Net interest (income/expense)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest (income) / expense – obligation	**0.22**	0.14
Interest (income) / expense – plan assets	**-**	-
Net interest (income) / expense for the year	**0.22**	0.14

Remeasurement for the period [actuarial (gain)/loss]

	Year ended 31st March, 2023	Year ended 31st March, 2022
Experience (gain) / loss on plan liabilities	**1.09**	0.48
Demographic (gain) / loss on plan liabilities	**(0.30)**	-
Financial (gain) / loss on plan liabilities	**(0.14)**	(0.21)
Experience (gain) / loss on plan assets	**-**	-
Financial (gain) / loss on plan assets	**-**	-

Amount recognised in statement of other comprehensive income (OCI)

	Year ended 31st March, 2023	Year ended 31st March, 2022
Opening amount recognised in OCI outside profit and loss account	**(1.01)**	(1.28)
Remeasurement for the period-obligation (gain)/loss	**0.64**	0.27
Remeasurement for the period-plan assets (gain)/loss	**-**	-
Total remeasurement cost/(credit) for the period recognised in OCI	**0.64**	0.27
Closing amount recognised in OCI outside profit and loss account	**(0.37)**	(1.01)

The amounts to be recognised in the balance sheet

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation as at the end of the period	**5.68**	3.29
Fair value of plan assets as at the end of the period	**-**	-
Net asset / (liability) to be recognised in balance sheet	**(5.68)**	(3.29)

Expense recognised in the statement of profit and loss

	Year ended 31st March, 2023	Year ended 31st March, 2022
Current service cost	**1.70**	0.59
Net interest (income) / expense	**0.22**	0.14
Benefits (paid)	**0.16**	-
Transfer in/(out)	**-**	-
Net periodic benefit cost recognised in the statement of profit and loss	**2.08**	0.73

(All amounts are in rupees millions unless otherwise stated)

Reconciliation of net asset/(liability) recognised:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Net asset / (liability) recognised at the beginning of the period	**(3.29)**	(2.29)
Company contributions	**0.17**	-
Expense recognised at the end of period	**(1.91)**	(0.73)
Amount recognised outside profit & loss for the period	**(0.64)**	(0.27)
Mortality charges and taxes	**-**	-
Adjustment to fund	**-**	-
Net asset / (liability) recognised at the end of the period	**(5.67)**	(3.29)

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount rate	**Year ended 31st March, 2023**	Year ended 31st March, 2022
Increase in discount rate by 100 basis points	**5.35**	3.03
Decrease in discount rate by 100 basis points	**6.05**	3.60

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

Salary growth rate	**Year ended 31st March, 2023**	Year ended 31st March, 2022
Increase in salary growth rate by 100 basis points	**5.95**	3.50
Decrease in salary growth rate by 100 basis points	**5.42**	3.10

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

Withdrawal rate	**Year ended 31st March, 2023**	Year ended 31st March, 2022
Increase in withdrawal rate by 100 basis points	**5.64**	3.26
Decrease in withdrawal rate by 100 basis points	**5.72**	3.33

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(All amounts are in rupees millions unless otherwise stated)

(c) Other long term employee benefits:

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

	Year ended 31st March, 2023	Year ended 31st March, 2022
Present value of obligation	**3,185.66**	-
Fair value of plan assets	**-**	-
Net asset/(liability) recognized in the balance sheet	**(3,185.66)**	-

37 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company was engaged in the in the business of manufacturing, buying, selling, reselling, importing, exporting of electric powered battery operated vehicles ; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

38 Related party disclosures

(i) Names of the related parties and related party relationship

a)	Ultimate Holding Company	Bharat Forge Limited (w.e.f. 22nd November, 2021)
b)	Holding Company	Kalyani Powertrain Limited (w.e.f. 22nd November, 2021)
c)	Subsidiary Company	Lycan Electric Private Limited
d)	Enterprises having significant influence	Bharat Forge Limited (Upto 21st November, 2021)
e)	Enterprises controlled by the enterprises having significant influence	Kalyani Powertrain Limited (Upto 21st November, 2021)
f)	Key management personnel	Kapil Shelke, Managing Director Premanand Risbud, Director
g)	Entities controlled by relatives of key managerial persons	Siddhatek Enterprise Tirupati Engineers H M Risbud & Co. M J Risbud & Co.
h)	Enterprises under common control	Kalyani Technoforge Limited

(All amounts are in rupees millions unless otherwise stated)

(ii) Related parties with whom transactions have taken place during the period

S.N.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
1	Purchase of goods	**Ultimate Holding Company**		
		Bharat Forge Limited	**17.71**	3.36
		Holding Company		
		Kalyani Powertrain Limited	**145.55**	-
		Entities controlled by relatives of key managerial persons		
		Siddhatek Enterprise	**1.32**	-
		Tirupati Engineers	**5.92**	-
		Entities under common control		
		Kalyani Technoforge Limited	**8.19**	-
2	Purchase of services	**Holding Company**		
		Kalyani Powertrain Limited	**-**	0.13
		Entities controlled by relatives of key managerial persons		
		Siddhatek Enterprise	**0.09**	-
		Tirupati Engineers	**1.41**	0.71
3	Sale of goods	**Holding Company**		
		Kalyani Powertrain Limited	**127.23**	-
		Subsidiary Company		
		Lycan Electric Private Limited	**125.92**	-
4	Sale of services	**Subsidiary Company**		
		Lycan Electric Private Limited	**2.20**	-
5	Purchase of property, plant and equipment	**Entities controlled by relatives of key managerial persons**		
		Siddhatek Enterprise	**2.70**	0.24
		Tirupati Engineers	**0.20**	1.31
6	Rent paid	**Entities controlled by relatives of key managerial persons**		
		Tirupati Engineers	**2.03**	2.03
7	Professional fees	**Entities controlled by relatives of key managerial persons**		
		H M Risbud & Co.	**0.22**	0.11
		M J Risbud & Co.	**0.11**	0.15
8	Issue of 0% optionally convertible debentures	**Holding Company**		
		Kalyani Powertrain Limited	**-**	400.00
9	Conversion of 0% optionally convertible debentures	**Holding Company**		
		Kalyani Powertrain Limited	**-**	399.98
10	Redemption of 0% optionally convertible debentures	**Holding Company**		
		Kalyani Powertrain Limited	**-**	0.02

(All amounts are in rupees millions unless otherwise stated)

S.N.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
11	**Intercorporate deposit taken**	**Holding Company**		
		Kalyani Powertrain Limited	**77.00**	-
12	**Repayment of intercorporate deposit taken**	**Ultimate Holding Company**		
		Bharat Forge Limited	**28.00**	10.00
13	**Interest on intercorporate deposit**	**Ultimate Holding Company**		
		Bharat Forge Limited	**2.95**	3.75
		Holding Company		
		Kalyani Powertrain Limited	**3.56**	-
14	**Reimbursement of expenses received**	**Subsidiary Company**		
		Lycan Electric Private Limited	**51.86**	-
15	**Reimbursement of expenses Paid**	**Entities controlled by relatives of key managerial persons**		
		H M Risbud & Co.	**0.02**	-
16	**Repayment of loan received**	**Subsidiary Company**		
		Lycan Electric Private Limited	**3.58**	-
17	**Managerial remuneration**	**Key managerial personnel**		
		Kapil Shelke	**3.81**	2.92
		Premanand Risbud	**3.19**	2.54

S.N.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
1	**Trade payables**	**Ultimate Holding Company**		
		Bharat Forge Limited	**22.74**	6.35
		Holding Company		
		Kalyani Powertrain Limited	**168.49**	0.16
		Entities controlled by relatives of key managerial persons		
		H M Risbud & Co.	**-**	-
		Tirupati Engineers	**-**	1.94
		Entities under common control		
		Kalyani Technoforge Limited	**6.57**	-
		Subsidiary Company		
		Lycan Electric Private Limited	**43.44**	0.28
2	**Trade receivables**	**Holding Company**		
		Kalyani Powertrain Limited	**99.19**	-
3	**Loan given**	**Subsidiary Company**		
		Lycan Electric Private Limited	**-**	3.58

(All amounts are in rupees millions unless otherwise stated)

S.N.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2023	Year ended 31st March, 2022
4	**Intercorporate loan taken (including interest accrued thereon)**	**Ultimate Holding Company**		
		Bharat Forge Limited	**-**	28.27
		Holding Company		
		Kalyani Powertrain Limited	**80.20**	-
5	**Advance received**	**Subsidiary Company**		
		Lycan Electric Private Limited	**43.09**	-
6	**Advance received**	**Holding Company**		
		Kalyani Powertrain Limited	**50.00**	-
7	**Managerial remuneration payable**	**Key Managerial Personnel**		
		Kapil Shelke	**0.20**	-
		Premanand Risbud	**0.19**	-

39 Earnings per share (EPS)

		For the year ended 31st March, 2023	For the year ended 31st March, 2022
Loss for the year attributable to shareholders (In ₹ Thousands)		**(469.82)**	(83.20)
I	**Basic Earning Per Share**		
	Weighted average number of equity shares in calculating basic EPS (In Nos.)	**41,746**	33,590
	Basic Earning Per Share [nominal value of share ₹ 10/-] -	**(11,255)**	(2,478)
II	**Diluted Earning Per Share**		
	Weighted average number of equity shares in calculating basic EPS (In Nos.)	**41,746**	33,590
	Dilutive Earning Per Share [nominal value of share ₹ 10/-] -	**(10,447.24)**	(1,840.52)

*As at 31st March 2023 : 2,101 (31st March 2022 : 1,074) ESOP Shares were excluded from weighted average number of Ordinary Shares for the computation of diluted earnings per share as these were anti dilutive.

40 Significant accounting judgements, 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. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

a) Revenue recognition

The Company's contracts with customers could include promises to transfer multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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. Refer note 41 and 42 for further disclosures.

c) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

f) Current / Non-Current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year.

g) Leases

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer Note 46 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

(All amounts are in rupees millions unless otherwise stated)

41 Financial instruments by categories

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities :

	Carrying value		Fair value	
	As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
Financial assets				
Measured at amortised costs				
Security deposits	**5.59**	5.68	**5.59**	5.68
Bank Deposits having maturity of more than twelve months	**0.10**	-	**0.10**	-
Loans	**-**	3.58	**-**	3.58
Cash and cash equivalents	**15.54**	13.70	**15.54**	13.70
Other bank balances	**1.20**	0.60	**1.20**	0.60
Trade receivables	**1.86**	9.72	**1.86**	9.72
Other financial assets	**47.05**	-	**47.05**	-
Measured at fair value through profit and loss				
Investment in mutual funds	**-**	74.55	**-**	74.55
Total:	**71.34**	107.83	**71.34**	107.83

	Carrying value		Fair value	
	As at 31st March, 2023	As at 31st March, 2022	**As at 31st March, 2023**	As at 31st March, 2022
Financial liabilities				
Measured at amortised costs				
Lease liabilities	**50.67**	56.05	**50.67**	56.05
Borrowings	**343.34**	28.27	**343.34**	28.27
Trade payables	**211.15**	67.12	**211.15**	67.12
Other financial liabilities	**64.46**	-	**64.46**	-
Total:	**669.62**	151.44	**669.62**	151.44

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(All amounts are in rupees millions unless otherwise stated)

42 Fair value hierarchy

	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed	**31/3/2023**	**-**	**-**	**-**	**-**
Liabilities for which fair value has been disclosed	**31/3/2023**	**-**	**-**	**-**	**-**
Assets for which fair value has been disclosed	31/3/2022	-	74.55	-	74.55
Liabilities for which fair value has been disclosed	31/3/2022	-	-	-	-

43 Financial risk management disclosure

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances 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 Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance for the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2023 and 31st March, 2022 including the effect of hedge accounting (if any).

i) Equity price risk

The Company's investment in equity instruments comprise of investments in subsidiaries which is strategic long term investments. Reports on the equity portfolio are submitted to the Company’s management on a regular basis. The Company’s Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was ₹ 1.33 millions (for previous year ended 31st March, 2022 - 1.33 millions).

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(In ₹ millions)

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2023	**5.00%**	**0.43**	**0.43**
	-5.00%	**(0.43)**	**(0.43)**
31st March, 2022	5.00%	-	-
	-5.00%	-	-

b) 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 and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2023 and 31st March, 2022 is the carrying amounts as illustrated in the respective notes.

c) Liquidity risk :

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

(In ₹ millions)

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2023				
Lease liabilities	**12.35**	**38.32**	**-**	**50.67**
Borrowings	**343.34**	**-**	**-**	**343.34**
Trade payables	**211.15**	**-**	**-**	**211.15**
Other payables	**64.46**	**-**	**-**	**64.46**
	631.30	**38.32**	**-**	**669.62**
Year ended 31st March, 2022				
Lease liabilities	8.77	47.28	-	56.05
Borrowings	13.27	15.00	-	28.27
Trade payables	67.12	-	-	67.12
	89.16	62.28	-	151.44

44 Capital commitment

(In ₹ millions)

	As at 31st March, 2023	As at 31st March, 2022
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**5.91**	**-**

45 Contingent liabilities

	As at 31st March, 2023	As at 31st March, 2022
Dues under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952(a)	**0.70**	-

(a) The Company has received a demand from the Employees' Provident Fund Organisation ("EPFO") for non-payment of dues pertaining to the period July, 2016 till November, 2022. The Company has made a representation to EPFO in this regard.

Based on expert advise taken by the Company, the management believes that there is fair chance of decision in its favour and accordingly no provision has been considered in the books of accounts. The amount disclosed is inclusive of interest included in notice of demand for additional duty.

46 Lease

A Company as lessee

The Company has lease contracts for building and leasehold land used in its operations. This lease have non cancellable lease term of 4 years. The Company’s obligations under its leases are secured by the lessor’s title to the leased assets.

The Company also has certain leases of various assets with lease terms of 12 months or less and 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.

(All amounts are in rupees millions unless otherwise stated)

i) The carrying amount of right-of-use assets recognised and the movements during the period:

	As at 31st March, 2023	As at 31st March, 2022
Carrying value as at the beginning of the year	**57.98**	2.27
Additions	**7.67**	60.05
Other Adjustments	**3.25**	-
Depreciation	**(15.50)**	(4.34)
As at 31st March, 2023	**53.40**	57.98

ii) The carrying amount of lease liability and the movements during the period:

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	**56.05**	2.52
Additions during the period	**-**	60.05
Adjustments	**5.32**	(2.46)
Accretion of interest	**4.93**	1.04
Rent payments	**(15.63)**	(5.10)
Balance at the end of the year	**50.67**	56.05
Current	**12.35**	8.77
Non - current	**38.32**	47.28

iii) The amounts recognised in statement of profit and loss :

	As at 31st March, 2023	As at 31st March, 2022
Depreciation expense of right-of-use assets	**15.50**	4.34
Interest expense on lease liabilities	**4.93**	1.04
Payments towards short term leases	**3.04**	1.97
	23.47	7.35

iv) The Company had total cash outflows for leases of ₹ 18.67 million (31st March, 2022: ₹ 7.07 million). The Company also had non-cash outflow of ₹ Nil/- (31st March, 2022: Nil/-) relating to right-of-use assets and lease liabilities.

47 Loans and advances in the nature of loans given to subsidiaries

	As at 31st March, 2023	As at 31st March, 2022
Lycan Electric Private Limited		
Balance outstanding	-	3.58
Maximum amount outstanding during the year	**3.58**	3.58

*Refer note 38 for terms and conditions for loan given to subsidiary.

48 Disclosures required under Sec 186(4) of the Companies Act , 2013

Name of the party and purpose	Rate of interest (p.a.)	As at 31st March, 2023	As at 31st March, 2022
Lycan Electric Private Limited	0.00%	-	3.58

49 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2023 ₹ NIL (Previous Year : ₹ NIL) of unbilled revenue pertaining to fixed price development contracts has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets are as under :

(In ₹ millions)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	-	-
Contract assets recognised during the year	-	-
Invoices raised during the year	-	-
	-	-
Balance at the end of the year	-	-

c) Changes in Contract Liabilities are as under :

(In ₹ millions)

	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	**-**	-
Revenue recognised from contract liabilities at the beginning of the year	**-**	-
Increased due to advances received during the year/deferred revenue	**45.01**	-
Decreased due to refund of advance received	**-**	-
Balance at the end of the year	**45.01**	-

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2023, other than those meeting the exclusion criteria mentioned above, is ₹ 1.64 Mio (Previous year : NIL). Out of this, the Company expects to recognize revenue of ₹ 1.64 Mio (Previous year : NIL) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(In ₹ millions)

	As at 31st March, 2023	As at 31st March, 2022
Revenue recognised as per Statement of Profit & loss		
Sale of products	**296.52**	17.49
Sale of services	**15.52**	27.13
Other operating revenues	**0.01**	-
	312.05	44.62
Add : Adjustments		
Deferred Revenue	**1.64**	-
Contract Price	**313.69**	44.62

50 Share based payments

The Company provides share-based payment schemes to its employees. During the year ended 31st March 2023, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

The Company had introduced Tork Motors Private Limited – Employee Stock Option Plan I (TMPL ESOP SCHEME I) in the FY 2018-19 pursuant to approval of Shareholders at its meeting held on 25th January, 2019. In order to make the said ESOP more flexible and beneficial to the Employees to ensure wide coverage of the Employees; to give employees who are performing well, a certain minimum opportunity to gain from the Subsidiary Company's performance thereby acting as a preservation tool and to attract the best talent available in the market, the Company amended the said TMPL ESOP SCHEME I in its General Meeting held on 12th November, 2020 and introducted the Tork Motors Private Limited – Amended Employee Stock Option Plan – 2020 (TMPL Amended Employee Stock Option Plan – 2020). The said ESOP Plan 2020 was further amended and approved by the Board in its meeting held on 23rd October, 2021 resolving thereby few discrepancies, ambiguities etc.

The fair value of the share options is estimated at the grant date using fair value taken for issue of share to Bharat Forge Limited, taking into account the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. ₹ 10. The contractual term of each option granted is 3 years.

(In ₹ millions)

	31st March 2023	31st March 2022
Expense arising from equity-settled share-based payment transactions	**21.10**	16.29
Total expense arising from share-based payment transactions	**21.10**	16.29

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	31st March 2023		31st March 2022	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 April	**1,198**	**10**	650	10
Granted during the year	**1,027**	**-**	573	-
Forfeited during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Expired during the year	**(124)**	**-**	(25)	-
Outstanding at 31 March	**2,101**	**₹ 10**	1,198	₹ 10
Exercisable at 31 March	**1,198**	**-**	650	-

The weighted average share price at the date of exercise of these options would be ₹ 10

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

51 Income and deferred taxes

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2023 and 31st March 2022

(In ₹ millions)

	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Accounting loss before tax	**(469.66)**	(83.20)
At India's enacted tax rate of 26% (31st March, 2022: 26%)	**-**	-
Deferred tax savings on current year accounting loss	**-**	-
Tax effect of non-deductible expenses	**-**	-
Tax effect on non-taxable income	**-**	-
Deferred tax savings not recognised on prudent basis	**-**	-
Taxation for earliers	**0.16**	-
At the effective income tax rate	**0.16**	-
Income tax expense reported in the statement of profit and loss	**0.16**	-

b) **Deferred Tax :**

The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to ₹ 32.97 Mio (Previous year : ₹ Nil) and on account of unabsorbed depreciation and other disallowances aggregating to ₹ 160.89 Mio (Previous year : ₹ NIL) under the Income Tax Act, 1961 on the considerations of prudence.

52 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

As per the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received as of 31st March, 2023 and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

53 Ratio analysis

		Numerator	**Denominator**	**31st March 2023**	31st March 2022	Variance %
(a)	Current ratio (Refer note no. (i) below)	Current assets	Current liabilities	0.30	1.72	-82.34%
(b)	Debt - equity ratio (Refer note no. (ii) below)	Total debt	Shareholder's equity	26.19	2.16	1114.50%
(c)	Debt service coverage ratio (Refer note no. (i) below)	Earnings available for debt services	Debt service	(9.06)	(6.70)	35.25%
(d)	Return on equity ratio (Refer note no. (i) below)	Loss for the year	Average shareholders' equity	-197.65%	-28.12%	602.92%
(e)	Inventory turnover ratio (Refer note no. (i) below)	Cost of goods sold	Average inventory	6.87	1.61	326.16%
(f)	Trade receivables turnover ratio	Revenue	Average trade receivable	53.89	6.52	726.84%

		Numerator	Denominator	31st March 2023	31st March 2022	Variance %
(g)	Trade payables turnover ratio (Refer note no. (i) below)	Net Purchases	Average trade payables	4.28	0.99	332.23%
(h)	Net capital turnover ratio (Refer note no. (i) below)	Revenue	Working capital	(0.73)	0.66	-211.03%
(i)	Net profit ratio (Refer note no. (i) below)	Loss for the year	Revenue	(1.51)	(1.86)	-19.26%
(j)	Return on capital employeed (Refer note no. (i) below)	Earning before interest and taxes	Capital employed	43%	1%	4570.99%
(k)	Return on investments	Income generated from investment	Time weighted average investments	26.57	3.17	738.52%

Notes :

(i) During the year, the Company has started commercial sale of its two wheeler vehicles. The Company has incurred losses during the year. This has resulted in the variations in various ratios.

(ii) During the year, the Company has obtained credit facilities from ICICI bank and taken inter coporate deposit from the Holding Company. This has resulted in increase in debt-equity ratio.

54 Other statutory information

(a) The Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(b) There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(c) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) During the year ended 31st March, 2023, the Company was not a party to any scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 23142953BGYHPJ5019

Place: Pune
Date: 24th April, 2023

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: 24th April, 2023

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: 24th April, 2023