BHARAT FORGE

KALYANI

FORTIFYING THE

CORE

Subsidiary Companies
Financial Statements 2023-24

Contents

FOREIGN SUBSIDIARIES

INDIAN SUBSIDIARIES

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	91.95
SEK	8.30
USD	83.37

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.

Registered Office
160, Mine lake, Court, Suite 200, Raleigh, NC 27615, U.S.A.

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Bharat Forge Aluminum USA, Inc. (the "Company"), which comprises the balance sheets as of March 31, 2024, and March 31, 2023, and the related statements of loss, changes in stockholder's equity and cash flows for the years 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, 2024, and March 31, 2023, and the result of its operations, and its cash flows for the years 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

July 8, 2024

Balance Sheet as on March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	USD	USD
Assets			
Current assets			
Cash and cash equivalents	950,123,378	11,395,933	417,038
Accounts receivable, net of allowances	771,652,958	9,255,330	7,650,518
Other receivable, related parties (Refer note Q)	103,773,993	1,244,682	228,733
Inventories, net	701,087,207	8,408,953	10,005,511
Other current assets	278,713,028	3,342,929	66,678
Total current assets	**2,805,350,564**	**33,647,827**	**18,368,478**
Property, plant and equipment, net	8,351,826,608	100,173,155	98,376,096
Capital work-in-progress	3,240,181,636	38,863,261	16,609,184
Intangible assets, net	17,127,667	205,432	392,176
Operating lease right-of-use-assets	3,744,739	44,915	312,314
Finance lease right-of-use-assets	29,993,677	359,749	647,284
Other non-current assets	2,643,298,131	31,704,144	9,539,503
Total Assets	**17,091,523,022**	**204,998,483**	**144,245,035**
Liabilities and Stockholder's Equity (Deficit)			
Current liabilities			
Accounts payable	959,468,008	11,508,014	7,697,915
Other payables, related party (Refer note Q)	341,361,677	4,094,347	1,971,552
Short term borrowings	6,076,313,343	72,880,282	67,000,000
Loans from related parties (Refer note Q)	6,378,103,350	76,500,000	32,500,000
Current portion of long-term debt	138,956,528	1,666,667	-
Operating lease liabilities, current portion	3,744,739	44,915	267,398
Finance lease liabilities, current portion	22,697,460	272,237	362,065
Other current liabilities	1,288,415,397	15,453,462	8,818,685
Total current liabilities	**15,209,060,502**	**182,419,924**	**118,617,615**
Non-current liabilities			
Long-term debt, net of current portion	694,782,472	8,333,333	-
Operating lease liabilities, excluding current portion	-	-	44,915
Finance lease liabilities, excluding current portion	7,748,604	92,938	288,318
Total liabilities	**15,911,591,578**	**190,846,195**	**118,950,848**
Stockholder's equity (deficit)			
Common stock (no par value, authorised 100 shares, issued and outstanding 10 shares)	8,337	100	100
Additional paid in capital	6,159,316,313	73,875,833	58,875,833
Accumulated deficit	(4,979,393,206)	(59,723,645)	(33,581,746)
Total stockholder's equity (deficit)	**1,179,931,444**	**14,152,288**	**25,294,187**
Total liabilities and stockholder's equity (deficit)	**17,091,523,022**	**204,998,483**	**144,245,035**

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

Statements of loss for the period ended March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	**USD**	**USD**
Operating revenues	5,063,553,739	60,733,080	22,085,113.00
Cost of revenues	(5,237,688,550)	(62,821,681)	(31,487,558)
Gross Loss	**(174,134,811)**	**(2,088,601)**	**(9,402,445)**
Operating expenses			
Selling, general and administrative expenses	765,111,859	9,176,875	7,413,567
Depreciation and amortization expenses	718,023,197	8,612,086	6,246,729
Total operating expenses	**1,483,135,056**	**17,788,961**	**13,660,296**
Operating Loss	**(1,657,269,867)**	**(19,877,562)**	**(23,062,741)**
Other (expenses) income			
Other Income	49,012,014	587,858	1,643,141
Interest expense	(571,294,221)	(6,852,195)	(3,173,552)
Loss before income tax	**(2,179,552,074)**	**(26,141,899)**	**(24,593,152)**
Income tax expense	-	-	-
Net Loss	**(2,179,552,074)**	**(26,141,899)**	**(24,593,152)**

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

Statement of changes in members' equity

For the year ended March 31, 2024, and three months period ended March 31, 2023

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

	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 April 1, 2022	100	83,374	1,000	10	8,337	100	2,167,721,400	26,000,000	(749,414,137)	(8,988,594)	1,418,315,600	17,011,506
Additional paid in capital							833,739,000	10,000,000			833,739,000	10,000,000
Loan and interest conversion to equity							1,907,247,413	22,875,833			1,907,247,413	22,875,833
Net loss for the period	-	-	-	-	-	-	-	-	(2,050,426,996)	(24,593,152)	(2,050,426,996)	(24,593,152)
Balance as of March 31, 2023	**100**	**83,374**	**1,000**	**10**	**8,337**	**100**	**4,908,707,813**	**58,875,833**	**(2,799,841,133)**	**(33,581,746)**	**2,108,875,017**	**25,294,187**
											-	
Balance as of April 1, 2023	100	83,374	1,000	10	8,337	100	4,908,707,813	58,875,833	(2,799,841,133)	(33,581,746)	2,108,875,017	25,294,187
Additional paid in capital	-	-	-	-	-	-	1,250,608,500	15,000,000	-	-	1,250,608,500	15,000,000
Loan and interest conversion to equity	-	-	-	-	-	-	-	-			-	-
Net loss for the year	-	-	-	-	-	-	-	-	(2,179,552,073)	(26,141,899)	(2,179,552,073)	(26,141,899)
Balance as at March 31, 2024	100	83,374	1,000	10	8,337	100	6,159,316,313	73,875,833	(4,979,393,206)	(59,723,645)	1,179,931,444	14,152,288

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

Statement of Cash Flow for the period ended March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	**USD**	**USD**
Cash flow from operating activities			
Net loss	(2,179,552,074)	(26,141,899)	(24,593,152)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities			
Depreciation and amortization expenses	718,023,197	8,612,086	6,246,729
Provision on expected credit loss	20,400,676	244,689	-
Allowance for doubtful accounts receivable	-	-	272,698
Movement in provision for inventory obsolescence	(13,141,561)	(157,622)	157,622
Write-off of property, plant, and equipment.	7,749,521	92,949	280,390
Write-off of inventories	-	-	18,728
Write-off of intangible assets	83,291	999	-
Changes in net operating assets and liabilities			
Accounts receivables	(154,200,111)	(1,849,501)	(6,588,376)
Inventories	146,252,828	1,754,180	(8,141,200)
Other receivables, related party	(126,390,580)	(1,515,949)	(228,733)
Other current assets	(273,153,823)	(3,276,251)	(53,081)
Accounts payable, related party	36,853,015	442,021	-
Other payables, related party	140,132,767	1,680,775	(5,720,862)
Accounts payable	317,662,813	3,810,099	(80,282)
Other current liabilities	553,167,234	6,634,777	10,498,256
Other non-current assets	-	-	22,471
Net cash (used in) provided by operating activities	**(806,112,807)**	**(9,668,647)**	**(27,908,792)**
Cash flow from investing activities			
Purchase of property, plant, and equipment (including capital work-in-progress, capital creditors, and capital advances)	(4,530,903,904)	(54,344,392)	(39,131,594)
Payments toward finance leases	-	-	-
Net cash used in investing activities	**(4,530,903,904)**	**(54,344,392)**	**(39,131,594)**
Cash flow from financing activities			
Proceeds from short-term borrowing	1,740,870,543	20,880,282	33,000,000
Repayment of short term borrowings	(1,250,608,500)	(15,000,000)	-
Proceeds from long term debt	833,739,000	10,000,000	-
Proceeds from loans from related parties	5,044,120,950	60,500,000	35,500,000
Repayment of loans from related parties	(1,333,982,400)	(16,000,000)	(12,000,000)
Issuance of shares	1,250,608,500	15,000,000	10,000,000
Principal payments on finance leases	(32,378,087)	(388,348)	(319,789)
Net cash provided by financing activities	**6,252,370,006**	**74,991,934**	**66,180,211**
Net increase in cash and cash equivalents	915,353,295	10,978,895	**(860,175)**
Cash and cash equivalents at the beginning of the year/period	34,770,085	**417,038**	**1,277,213**
Cash and cash equivalents at the end of the year/period	**950,123,380**	**11,395,933**	**417,038**
Supplemental cash flow information			
Interest paid	749,186,777	8,985,867	3,432,840
Conversion of loan and interest to equity by parent company	-	-	22,875,833

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

Notes to Financial Statements

NOTE A : NATURE OF OPERATIONS AND LIQUIDITY PLANS

1. 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 (Original Equipment Manufacturer). 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 II expansion which is estimated to be completed by end of the year 2024.

2. Liquidity plans

For the year ended March 31, 2024, the Company incurred a net loss after taxes of $26,141,899, negative operating cash flows of $9,668,647 and has accumulated deficit of $59,723,645. However, the operations of the Company is primarily funded by investment from Parent Company, loans from related parties and banks. The Company raised $60,500,000 through loans from related parties, $20,880,282 through short term borrowings from banks, $10,000,000 through long-term debt from banks and $15,000,000 investment from Parent Company during the year ended March 31, 2024.

Management evaluated the Company's liquidity position on the date these financial statements were available to be issued and determined that the Company will continue operations for the foreseeable future, in view of the continued support from the Ultimate Parent Company. The management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the presentation of accompanying financial statements are 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 years ended March 31, 2024, and March 31, 2023.

d. Certain reclassifications, regroupings, and reworking have been made in the prior period's company 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.

2. Use of estimates

The preparation of financial statements are in conformity with accounting principles generally accepted in the United States of America and 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 Company's most significant estimates include but are not limited to, allowance on obsolence of inventories, the realization of deferred tax assets, allowance for expected credit loss, determination of useful lives for tangible fixed assets, intangible assets, at the balance sheet dates 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 estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Cash

Cash consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash approximates fair value because of the short maturities of those financial instruments. 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.

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. 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, non-cash 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 from customers are recorded at the original invoiced amounts net of an allowance for doubtful accounts. The Company make estimates of expected credit losses for allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history continually updated for new collections data, the credit quality of customers, current economic conditions, reasonable and supportable forecasts of future economic conditions and other factors that may affect ability to collect from customers. The provision for estimated credit losses is recorded in accounts receivable, net of allowance on balance sheets.

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
Furniture and fixtures	5 -10 years
Leasehold improvements	Shorter of life or lease term
Office equipment	5 years

The cost of property, plant, and equipment not ready for use before such date are disclosed under capital work-in-progress. 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 statements 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.

The Company is a subsidary 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 new lease standard requires all leases to be reported on the balance sheet as lease right-of-use assets and lease obligations.

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.

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, accounts receivable, accounts payable, and accrued liabilities. The estimated fair value of cash, accounts receivable, 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 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 Company adopted the ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326) as of April 01, 2023 with no material impact to the financial statements.

15. Recently issued accounting standards not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance will be effective for the annual periods beginning the year ended December 31, 2025. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company does not expect the adoption of this guidance to have a material impact 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 and trade receivables involve risk including the credit risk of non-performance by counter parties.

In management's opinion, as of March 31, 2024, there was no significant risk of loss in the event of non performance of the counter parties to these cash and accounts receivables.

As at March 31, 2024 and March 31, 2023, three customers accounted for approximately 73% and 80% of the total accounts receivable and contributed for around 63% and 81% of the Company's revenue during the year ended March 31, 2024 and March 31, 2023, respectively.

NOTE D : CASH

Cash consists of:	**As at March 31, 2024**	**As at March 31, 2023**
Balance with banks	11,395,933	417,038
Total	**11,395,933**	**417,038**

NOTE E : ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable are stated net of provision for expected credit loss, doubtful receivables and other allowances.

Accounts receivable consists of:	As at March 31, 2024	As at March 31, 2023
Accounts receivable	9,772,717	7,923,216
Less: allowance for expected credit loss	(517,387)	-
Less: allowance for doubtful receivables	-	(272,698)
Accounts receivable, net of allowances	**9,255,330**	**7,650,518**

The following table provides the details of expected credit loss and doubtful accounts receivable:

	As at March 31, 2024	As at March 31, 2023
Balance at beginning of the year	272,698	-
Add: allowances towards expected credit loss	244,689	-
Add: allowances towards doubtful accounts receivable	-	272,698
Balance at the end of the year	**517,387**	**272,698**

NOTE F : INVENTORIES, NET

Inventories consists of:	As at March 31, 2024	As at March 31, 2023
Raw material	989,710	5,405,614
Work in progress	1,039,619	817,957
Finished goods [includes goods in transit]	540,732	975,021
Stores, spares and loose tools	5,838,892	2,964,541
Less: inventory reserve	-	(157,622)
Total	**8,408,953**	**10,005,511**

The following table provides the details of inventory provision:

	As at March 31, 2024	As at March 31, 2023
Balance at beginning of the year	157,622	-
Add: provision on inventory obsolescence	-	157,622
Less: reversal of provision on inventory obsolescence	(157,622)	-
Balance at the end of the year	**-**	**157,622**

During the current year ended March 31, 2024, inventory worth $NIL (March 31, 2023 : $18,728) was written off on account of its net realizable value being less than cost.

NOTE G : PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid and other current assets consists of:	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	753,482	65,617
Advance taxes	2,123	1,061
Insurance claim recoverable	750,000	-
Others	1,837,324	-
Total	**3,342,929**	**66,678**

NOTE H : PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment consists of:	As at March 31, 2024	As at March 31, 2023
Land	113,792	105,672
Building	24,308,462	24,224,242
Machinery and equipment	79,994,764	73,047,361
Tooling	8,223,279	6,099,068
Furniture and fixtures	281,809	235,543
Leasehold improvements	218,930	-
Office equipment	155,323	155,323
	113,296,359	**103,867,209**
Less: accumulated depreciation	(13,123,204)	(5,491,113)
Total	**100,173,155**	**98,376,096**

Depreciation for the year ended March 31, 2024, was $7,703,255 (March 31, 2022: $5,491,113). During the year ended March 31, 2024, certain assets amounting to $92,949 were written-off (March 31, 2023: $280,390), as their recoverable value was determined to be zero as of the balance sheet date.

NOTE I : INTANGIBLE ASSETS, NET

Intangible assets consists of:	As at March 31, 2024	As at March 31, 2023
Software	560,407	560,407
Less: accumulated amortization	(354,975)	(168,231)
Intangible assets, net	**205,432**	**392,176**

Amortization for the year ended March 31, 2024, was $186,744 (March 31, 2023: $168,231). During the year ended March 31, 2024, certain assets amounting to $999 were written-off.

NOTE J : OTHER NON-CURRENT ASSETS

Other non-current assets consists of:	As at March 31, 2024	As at March 31, 2023
Advance payments to capital vendors	31,701,944	9,537,303
Others	2,200	2,200
Total	**31,704,144**	**9,539,503**

NOTE K : SHORT-TERM BORROWINGS

Short term borrowings consists of:	As at March 31, 2024	As at March 31, 2023
Line of credit	52,000,000	67,000,000
Vendor financing credit facility	20,880,282	-
Total	**72,880,282**	**67,000,000**

Under multiple line of credit agreements (the "agreement") with banks, the Company has availed borrowings of $52,000,000 (March 31, 2023: $67,000,000). The entire amount is withdrawn as of March 31, 2024, and March 31, 2023, respectively and has extended maturity dates within twelve months from balance sheet dates.

The interest rate as per the agreement was stipulated at 2% plus the applicable LIBOR resulting in interest rate of 7.08% for the year ended March 31, 2024 (March 31, 2023: 6.13%)

During the current year, the Company availed a vendor financing credit facility of $23,000,000 from a bank for funding the capital expenditures. Out of the total permissible limit, the Company has drawn $20,880,282 as of March 31, 2024. The interest rate as per the agreement was stipulated at 2.80% plus the applicable SOFR resulting in effective interest rate of 6.96% for the year ended March 31, 2024.

The interest expense for the year ended March 31, 2024, was $6,526,305 (March 31, 2023: $4,131,197). Out of the interest expenses, $2,350,430 is capitalized as capital work-in-progress (March 31, 2023: $1,467,897). Net interest expense towards short-term borrowings amounts to $4,175,875 (March 31, 2023: $2,663,300). Interest outstanding is $1,057,859 and $875,614 as of March 31, 2024, and March 31, 2023, respectively.

The line of credit are guaranteed by the Ultimate Parent Company and in exchange of which the Company is paying guarantee commission of $453,822 for the year ended March 31, 2024 (March 31, 2023: $103,623), out of which $NIL (March 31, 2023: $103,623) was capitalized during the year ended March 31, 2024. Net guarantee commission interest amounts to $453,822 (March 31, 2023: $NIL)

NOTE L : LOANS FROM RELATED PARTIES

Loans from related parties consists of:	As at March 31, 2024	As at March 31, 2023
Loan from Parent Company **(refer note R)**	64,500,000	32,000,000
Loan from other related parties **(refer note R)**	12,000,000	500,000
Total	**76,500,000**	**32,500,000**

The Company has received line of credit from parent company and other related parties to facilitate working capital requirements with a aggregate permissible limit of $76,500,000 (March 31, 2023: $32,500,000). The entire balance is repayable within twelve months from the balance sheet date. As at March 31, 2024 the Company has made withdrawals to the tune of $76,500,000 (March 31, 2023: $32,500,000).

As of March 31, 2024, the applicable rate of interest on the outstanding loan was 5.30% per annum (March 31, 2023: 5.45%).

The interest expense for the year ended March 31, 2024, was $2,487,177 (for the year ended March 31, 2023: $679,534). Out of the interest expenses, $286,375 is capitalized as capital work-in-progress (for the year ended March 31, 2023: $178,341). Net interest expense towards loans from related parties amounts to $2,200,802 (for the year ended March 31, 2023: $501,193). Interest outstanding is $1,196,739 and $741,585 as of March 31, 2024 and March 31, 2023, respectively.

NOTE M : OTHER CURRENT LIABILTIES

Other current liabilities consist of:	**As at March 31, 2024**	**As at March 31, 2023**
Capital vendors	11,817,090	6,533,590
Accrued interest on short term borrowings	1,057,859	875,614
Accrued interest on loans from related parties **(refer note R)**	1,196,739	741,585
Accrued property taxes	383,825	307,620
Employee related liabilities	578,614	337,967
Accrued expenses	419,335	22,309
Total	**15,453,462**	**8,818,685**

NOTE N : LONG-TERM DEBT

Long-term debt consist of:	**As at March 31, 2024**	**As at March 31, 2023**
Loan from banks	10,000,000	-
Less: current portion of long-term debt	(1,666,667)	-
Long-term debt, net of current portion	**8,333,333**	**-**

The future maturities of the Company's loan arrangements are as follows:

For the years ending March 31,	**Amount**
March 31, 2025	1,666,667
March 31, 2026	8,333,333
Total	**10,000,000**

During the year ended March 31, 2024, the Company availed a loan of $10,000,000 from bank for funding the capital expenditures. Out of the total permissible limit, the company has drawn entire $10,000,000 as of March 31, 2024. The interest rate was stipulated at 1.93% plus the applicable SOFR resulting in interest rate of 7.24% for the year ended March 31, 2024. The effective interest rate for the year ended March 31, 2024 is 7.50%. The loan is repayable in equal monthly installments till January 18, 2026.

The interest expense for the year ended March 31, 2024, was $146,947 (for the year ended March 31, 2023: $NIL), which was entirely capitalized as capital work-in-progress (for the year ended March 31, 2023: $NIL). Interest outstanding is $NIL as of March 31, 2024 and 2023, respectively.

NOTE O : LEASE

General description of the lease: The Company has obtained one warehousing facility and multiple vehicles under operating and finance leases, respectively. These leases have non-cancellable terms.

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.

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 'selling, general and administrative expenses' on the statements of loss.

Balance sheets information as of March 31, 2024 and March 31, 2023 related to leases is shown below:

	As at March 31, 2024	**As at March 31, 2023**
Assets		
Operating lease right-of-use assets	44,915	312,314
Finance lease right-of-use assets	359,749	647,284
Operating lease liabilities:		
Current lease liabilities	44,915	267,398
Total operating lease liabilities	**44,915**	**267,398**
Finance lease liabilities:		
Current lease liabilities	272,237	362,065
Non-current lease liabilities	92,938	288,318
Total finance lease liabilities	**365,175**	**650,383**

Statements of loss information for the years ended March 31, 2024 and March 31, 2023 related to leases are shown below:

	For the year ended March 31, 2024	**For the year ended March 31, 2023**
Operating lease cost:		
Operating lease cost	267,399	267,399
Interest on lease liabilities	2,538	2,538
Total operating lease cost ("Selling, general and administrative expenses")	**269,937**	**269,937**

Statements of loss information for the years ended March 31, 2024 and March 31, 2023 related to leases are shown below:

	As at March 31, 2024	As at March 31, 2023
Finance lease cost:		
Amortization of right-of-use assets	390,675	587,384
Interest on lease liabilities	12,681	9,059
Total finance lease cost	**403,356**	**596,443**

Supplemental cash flow information related to leases for the years ended March 31, 2024, and March 31, 2023, was as follows:

	As at March 31, 2024	As at March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Cash paid towards operating leases	269,937	269,937
Cash paid towards finance leases (principal payments)	388,348	319,789
Cash paid towards finance leases (interest payments)	12,681	9,059
Lease assets obtained in exchange for new finance lease liabilities	103,120	970,172

	As at March 31, 2024	As at March 31, 2023
Maturities of operating lease liabilities as of March 31, 2024, and March 31, 2023, were as follows:		
Weighted average remaining lease term	1.06 years	2.00 years
Weighted average discount rate	2.06%	1.34%
Maturities of finance lease liabilities as of March 31, 2024, and March 31, 2023, were as follows:		
Weighted average remaining lease term	1.90 years	2.79 years
Weighted average discount rate	1.34%	1.58%

Maturities of operating lease liabilities as of March 31, 2024 are as follows:

	Amount
March 31, 2025	44,990
Total future minimum rental commitments	**44,990**
Less: imputed interest	(75)
Total lease liability	**44,915**

Maturities of finance lease liabilities as of March 31, 2024 are as follows:

	Amount
March 31, 2025	279,278
March 31, 2026	86,119
Thereafter	9,213
Total future minimum rental commitments	**374,610**
Less: imputed interest	(9,435)
Total lease liability	**365,175**

NOTE P : REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

	For the year ended March 31, 2024	For the year ended March 31, 2023
Type of goods sold		
Sale of manufactured products	60,383,080	19,975,812
Tooling sales	350,000	-
Sale of scrap	-	2,109,301
Total	**60,733,080**	**22,085,113**
Timing of revenue recognition		
Goods transferred at a point of time	60,733,080	22,085,113
Total	**60,733,080**	**22,085,113**

NOTE Q : INCOME TAXES

The Company is a member of a group that files a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States of America. 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 Company's net deferred income taxes are as follows:

	As at March 31, 2024	As at March 31, 2023
Non-current deferred tax assets		
Interest disallowed u/s 163(j)	1,969,278	504,727
Unpaid related party provision disallowed u/s 267	238,949	77,555
Start-up costs	4,143,206	984,375
State tax credit carry forward	13,089,479	7,175,185
Charitable contributions	672	-
Unrealised foreign exchange loss	98,164	-
Total deferred tax assets	**19,539,748**	**8,741,842**
Non-current deferred tax liabilities		
Property, plant, and equipment	(4,696,291)	(1,327,875)
Total deferred tax liabilities	**(4,696,291)**	**(1,327,875)**
Net deferred taxes	14,843,457	7,413,967
Less: deferred tax assets valuation allowance	(14,843,457)	(7,413,967)
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 $14,843,457 and $7,413,967 has been created as at March 31, 2024 and March 31, 2023 respectively.

As at March 31, 2024, the Company has federal net operating loss (NOL's) carryforwards of approximately $57,461,819 (March 31, 2023: $34,167,549), as per Tax Cuts and Jobs Act it will be carried forward indefinitely for utilization.

The Company has state NOL's carryforward in North Carolina of approximately $51,771,984 as at March 31, 2024 (March 31, 2023: $34,900,908), which if unutilized will expire in the year 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, 2024 and March 31, 2023.

The tax year 2020 to 2022 remain subject to examination by the taxing authorities.

NOTE R : RELATED PARTY TRANSACTIONS

The Company has entered into related party transactions with following entities: (Bharat Forge Limited and its subsidiaries referred to as “Group Companies”)

A. Ultimate Parent Company

Bharat Forge Limited

B. Parent Company

Bharat Forge America Inc.

C. Other related parties where common control exists

1. Bharat Forge PMT Technologie, LLC
2. Bharat Forge Global Holding GmbH
3. Bharat Forge Aluminiumtechnik GmbH
4. Bharat Forge CDP GmbhH
5. Kalyani Mobility, Inc
6. Bharat Forge International Limited
7. Bharat Forge Daun GmbH
8. Bharat Forge Tennessee Inc.
9. Kalyani Technoforge Limited
10. Kalyani Cleantech Private Limited

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

Cost of revenues:

The Company recognized cost of revenues related to purchases of materials from Group Companies amounting to $11,414,980 and $2,296,647 for the years ended March 31, 2024, and March 31, 2023, respectively.

Selling, general and administrative expenses:

The Company recognized expenses related to reimbursement of costs from Group Companies amounting to $576,979, and $1,181,121, for the years ended March 31, 2024, and March 31, 2023, respectively.

Additionally, the Company recognized expenses related to reimbursement of payroll costs incurred on behalf of a Group Company amounting to $1,034,810 for the year ended March 31, 2024.

Loans from related parties:

During the years ended March 31, 2024, and March 31, 2023, the Company obtained loans from a Group Companies amounting to $60,500,000 and $35,500,000, respectively.

Investments from parent company:

During the years ended March 31, 2024, and March 31, 2023, the Company obtained additional investments from Parent Company amounting to $15,000,000 and $10,000,000, respectively.

Loan offset:

During the year ended March 31, 2024, loan from a Group Company amounting to $500,000 is offset against the receivable balance from the said company.

Loan converted to equity:

During the year ended March 31, 2023, Loan from Parent Company amounting to $20,000,000 and the corresponding accrued interest of $2,875,833 were converted into equity.

Interest expenses:

The Company recognized interest expenses on loans from Group Companies amounting to $2,487,177 and $679,534, for the years ended March 31, 2024, and March 31, 2023, respectively.

Guarantee commission:

The Company recognized gurantee commission on loans guranteed by the Ultimate Parent Company amounting to $453,822 and $103,623, for the years ended March 31, 2024, and March 31, 2023, respectively.

The summary of balances due to and from related parties:

	As at March 31, 2024	As at March 31, 2023
Due from related parties:		
Other receivables, related parties	1,244,682	228,733
Total	**1,244,682**	**228,733**

The summary of balances due to and from related parties:

	As at March 31, 2024	As at March 31, 2023
Due to related parties:		
Account payable, related party	442,020	-
Other payables, related parties	3,652,327	1,971,552
Loan from related parties	76,500,000	32,500,000
Accrued interest on loans from related parties	1,196,739	741,585
Total	**81,791,086**	**35,213,137**

NOTE S : 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, 2024, was $151,428 (March 31, 2023: $116,506).

NOTE T : 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, 2024 and March 31, 2023 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 U : FIRE RELATED EXPENSES AND INSURANCE CLAIM RECOVERIES

In March 2024, the Company experienced a fire incident at its plant at Sanford, North Carolina, resulting in property damages and business interruption. The Company is currently in the process of settling the fire insurance claim, including claims for equipment damages and loss of profit, with the insurance company under a settlement and release agreement dated February 22, 2024. As of the year-end date, the Company has recognized the claim to the extent it has been sanctioned and has incurred the related expenses.

The Company incurred expenses related to fire incident amounting to $714,933 for the year ended March 31, 2024, as reported in the statements of loss. The Company has recognized insurance claim recoveries amounting to $750,000 during the year ended March 31, 2024, as reported under "Other income" in the statement of loss.

NOTE V : SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2024, 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.

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Bharat Forge America, Inc.

Registered Office

2150, Schmiede St, Surgoinville, TN 37873, U.S.A.

Independent Auditor's Report

To the Board of Directors and the 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, 2024, and March 31, 2023 (restated), and the related statements of changes in stockholder's equity for the years then ended, the statements of income and cash flows for the years ended March 31, 2024, and March 31, 2023 (restated) 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 the 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, 2024, and March 31, 2023 (restated), the results of its operations for the years then ended and its cash flows for the years ended March 31, 2024, and March 31, 2023(restated) in accordance with accounting principles generally accepted in the United States of America.

Basis for qualified opinion

As discussed in Note B.1(e) to the separate parent company financial statements, the Company reports its investments in its wholly owned subsidiaries by applying the equity method of accounting. Accounting principles generally accepted in the United States of America require all majority-owned subsidiaries to 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 (US GAAS). Our responsibilities under those standards are further described in the 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 separate parent company 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 (US GAAP); 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 separate parent company 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.

Other matters

Auditors' report on the consolidated financial statements of Bharat Forge America Inc. and its subsidiaries for the year ended March 31, 2024, and March 31, 2023.

The consolidated financial statements of Bharat Forge America Inc. and its subsidiaries for the year ended March 31, 2024, and March 31, 2023, prepared in accordance with US GAAP, were audited by us in accordance with US GAAS, and we have expressed an unmodified opinion on those financial statements dated July XX, 2024

Restatements as on March 31, 2023.

The March 31, 2023, restated balance sheet, the statements of income, and the cash flows represent the correction of errors as discussed in Note A.3 to the separate parent company financial statements. Our opinion is not modified with respect to this matter.

Atlanta, Georgia

July 8, 2024

Balance Sheet as on March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	USD	USD
Assets			
Current Assets			
Cash and cash equivalents	13,753,025	164,956	24,519
Accounts receivables, related parties (refer note J)	115,242,406	1,382,236	625,247
Loan to subsidiaries (refer note J)	6,253,042,500	75,000,000	41,500,000
Inventories, net	6,378,353	76,503	298,540
Other current assets	126,559,746	1,517,978	964,980
Total current assets	**6,514,976,030**	**78,141,673**	**43,413,286**
Investments in non-consolidated subsidiaries and affiliate	2,383,134,796	28,583,703	43,210,743
Total assets	**8,898,110,826**	**106,725,376**	**86,624,029**
Liabilities and Stockholder's Equity			
Current Liabilities			
Accounts payable	79,033,622	947,942	362,907
Other payable, related parties (refer note J)	334,779,475	4,015,399	4,000,000
Short term borrowings	2,709,651,750	32,500,000	32,500,000
Loan from Related Parties	3,543,390,750	42,500,000	9,000,000
Other current liabilities	116,426,399	1,396,437	975,256
Total current liabilities	**6,783,281,996**	**81,359,778**	**46,838,163**
Non-current Liabilities			
Other liabilities	806,142	9,669	9,673
Total Liabilities	**6,784,088,138**	**81,369,447**	**46,847,836**
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	83	1	1
Additional paid up capital	9,620,102,621	115,385,062	100,385,062
Accumulated deficit	(7,506,080,015)	(90,029,134)	(60,608,870)
Total stockholder's equity	**2,114,022,689**	**25,355,929**	**39,776,193**
Total liabilities and stockholder's equity	**8,898,110,827**	**106,725,376**	**86,624,029**

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

Statements of loss for the period ended March 31, 2024

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

	Year ended as at		
	March 31, 2024		March 31, 2023
	Rs.	USD	USD
Operating revenues	343,725,661	4,122,701	1,257,262
Less : cost of revenues	(269,855,302)	(3,236,688)	(667,647)
Gross profit	**73,870,359**	**886,013**	**589,615**
Operating expenses			
General and administrative expenses	56,655,650	679,537	478,083
Total operating expenses	**56,655,650**	**679,537**	**478,083**
Operating profit (loss)	**17,214,709**	**206,476**	**111,532**
Other income (expenses)			
Deficit in earnings of non-consolidated subsidiaries and Affiliate	(2,470,096,858)	(29,626,740)	(24,294,707)
Interest expenses	(251,257,753)	(3,013,626)	(923,673)
Interest income (refer note J)	251,257,753	3,013,626	923,673
Other income	-	-	-
Loss before income tax	**(2,452,882,149)**	**(29,420,264)**	**(24,183,175)**
Income tax expense	-	-	-
Net loss	**(2,452,882,149)**	**(29,420,264)**	**(24,183,175)**

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

Statements of changes in stockholder's equity

For the year ended March 31, 2024, and the period ended March 31, 2023

(All amounts are stated in United States Dollars, unless otherwise stated except the number of shares)

	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 April 1, 2022	**3,000**	**2,501**	**30**	**60**	**83**	**1**	**5,457,834,331**	**65,462,145**	**(3,036,952,252)**	**(36,425,695)**	**2,420,882,162**	**29,036,451**
Conversion of loan to equity							2,077,920,790	24,922,917			2,077,920,790	24,922,917
Additional paid-in-capital	-	-	-	-	-	-	833,739,000	10,000,000	-	-	833,739,000	10,000,000
Net loss for the period	-	-	-	-	-	-	-	-	(2,016,245,613)	(24,183,175)	(2,016,245,613)	(24,183,175)
Balance as of March 31, 2023	**3,000**	**2,501**	**30**	**60**	**83**	**1**	**8,369,494,121**	**100,385,062**	**(5,053,197,865)**	**(60,608,870)**	**3,316,296,339**	**39,776,193**
Balance as of April 1, 2023	**3,000**	**2,501**	**30**	**60**	**83**	**1**	**8,369,494,121**	**100,385,062**	**(5,053,197,865)**	**(60,608,870)**	**3,316,296,339**	**39,776,193**
Conversion of loan to equity							-				-	-
Additional paid-in-capital	-	-	-	-	-	-	1,250,608,500	15,000,000	-	-	1,250,608,500	15,000,000
Net loss for the year	-	-	-	-	-	-	-	-	(2,452,882,149)	(29,420,264)	(2,452,882,149)	(29,420,264)
Balance as of March 31, 2024	**3,000**	**2,501**	**30**	**60**	**83**	**1**	**9,620,102,621**	**115,385,062**	**(7,506,080,014)**	**(90,029,134)**	**2,114,022,690**	**25,355,929**

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

Statement of Cash Flow for the period ended March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	**USD**	**USD**
Cash flows from operating activities			
Net loss	**(2,452,882,149)**	**(29,420,264)**	**(24,183,175)**
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Equity in earning of unconsolidated investee	2,470,096,858	29,626,740	24,294,707
Changes in net operating assets and liabilities	-		
Accounts receivables, related parties	(63,113,125)	(756,989)	(258,566)
Inventories	18,512,091	222,037	(298,540)
Other current and non-current assets	(46,105,600)	(552,998)	(706,692)
Accounts payable	48,801,328	585,331	270,197
Other payables, related parties	1,283,875	15,399	2,278,474
Other current and non-current liabilities	35,115,503	421,181	656,438
Net cash provided by (used in) operating activities	**11,708,781**	**140,437**	**2,052,843**
Cash flows from investing activities			
Investment in non-consolidated subsidiaries	(1,250,608,500)	(15,000,000)	(10,000,000)
Loans repaid by subsidiaries	1,333,982,400	16,000,000	-
Loans provided to subsidiaries	(4,127,008,050)	(49,500,000)	(11,500,000)
Net cash used in investing activities	**(4,043,634,150)**	**(48,500,000)**	**(21,500,000)**
Cash flows from financing activities			
Proceeds from the issuance of shares	1,250,608,500	15,000,000	10,000,000
Proceeds from loan from related parties	4,127,008,050	49,500,000	9,000,000
Repayment of loans to related party	(1,333,982,400)	(16,000,000)	-
Net cash provided by financing activities	**4,043,634,150**	**48,500,000**	**19,000,000**
Net (decrease) increase in cash and cash equivalents	**11,708,781**	**140,437**	**(447,157)**
Cash and cash equivalents at the beginning of the year/ period	2,044,245	24,519	471,676
Cash and cash equivalents at the end of the year/period	**13,753,025**	**164,956**	**24,519**
Supplemental disclosure of cash flow information			
Conversion of loan to equity by parent company	-	-	24,922,917
Interest paid	215,719,294	2,587,372	278,225
Interest received	215,719,294	2,587,372	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, LIQUIDITY PLANS AND RESTATEMENT

1. Nature of operations

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

On November 30, 2016, the Company acquired 100 percent 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 a wholly owned subsidiary, namely Bharat Forge Aluminum USA, Inc. ("BFALU"), which was incorporated on September 27, 2019.

2. Liquidity plans

For the year ended March 31, 2024, the Company incurred net loss after taxes of $29,420,264, positive operating cash flows of $140,437 and has accumulated deficit of $90,029,134. However, the operations of the Company are primarily funded by loans from related parties and equity investments from the Parent. The Company raised $49,500,000 through loans from related party and $15,000,000 investment from Parent Company during the year ended March 31, 2024.

Management evaluated the Company's liquidity position on the date these financial statements were available to be issued and determined that the Company will continue operations for the foreseeable future, in the view of the continued support from the Ultimate Parent Company. The management considers that it is appropriate to prepare these separate Parent Company financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

3. Correction of errors as of March 31, 2023:

During the year ended March 31, 2023, the Company failed to record loan to subsidiaries, loan from related parties and short term borrowings, accrual of interest income and expense, resulting in an incorrect carryforward of these balances. This error has been corrected in these separate parent company financial statements.

The following table summarizes the adjustments made in the balance sheet as of March 31, 2023:

Particulars	As previously reported March 31, 2023	Restatement adjustment	As adjusted March 31, 2023
Carve-out Balance Sheet			
Loan to subsidiaries	14,500,000	27,000,000	41,500,000
Other current assets	411,649	553,331	964,980
Total current assets	**14,500,000**	**27,000,000**	**41,500,000**
Total assets	**14,500,000**	**27,000,000**	**41,500,000**

Particulars	As previously reported March 31, 2023	Restatement adjustment	As adjusted March 31, 2023
Carve-out Balance Sheet			
Short term borrowings	14,500,000	18,000,000	32,500,000
Loan from related party	-	9,000,000	9,000,000
Other current liabilities	421,925	553,331	975,256
Total current liabilities	**14,500,000**	**27,000,000**	**41,500,000**
Total liabilities and stockholder's equity	**14,500,000**	**27,000,000**	**41,500,000**

The following table summarizes the adjustments made in the income statement for the year ended March 31, 2023:

Particulars	As previously reported March 31, 2023	Restatement adjustment	As adjusted March 31, 2023
Carve-out Statement of loss			
Interest expenses	(488,460)	(435,213)	(923,673)
Interest income	488,460	435,213	923,673

The following table summarizes the adjustments made in the cash flow statement for the year ended March 31, 2023:

Particulars	As previously reported March 31, 2023	Restatement adjustment	As adjusted March 31, 2023
Carve-out Statement of cash flows			
Cash flows from investing activities			
Loans repaid by subsidiary	12,500,000	(12,500,000)	-
Loans provided to subsidiaries	(25,500,000)	14,000,000	(11,500,000)
Net cash used in investing activities	**(13,000,000)**	**1,500,000**	**(11,500,000)**
Cash flows from financing activities			
Proceeds from loans from related party	14,500,000	(5,500,000)	9,000,000
Repayment of loans to related party	(4,000,000)	4,000,000	-
Net cash provided by financing activities	**10,500,000**	**(1,500,000)**	**9,000,000**

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the presentation of accompanying separate financial statements are 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, stockholder’s equity, and cash flows.

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

c. The separate parent company financial statements are for the years ended March 31, 2024, and March 31, 2023.

d. Certain reclassifications, regroupings, and reworking have been made in the prior period's separate parent company 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. The Company reported its investments in Bharat Forge Tennessee, Inc., Bharat Forge PMT Technologie LLC, and Bharat Forge Aluminum USA, Inc. applying the equity method of accounting, which is a departure from accounting principles generally accepted in the United States of America.

f. The financial statements are prepared solely for the use of the Parent Company, Bharat Forge Limited, for the purpose of regulatory filings.

2. Use of estimates

The preparation of separate Parent Company financial statements are in conformity with accounting principles generally accepted in the United States of America and 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 Company's most significant estimates include but are not limited to, the realization of deferred tax assets and allowance on obsolescence of inventories at the balance sheet dates represent certain of these particularly sensitive estimates. 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 estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Cash

Cash consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash approximates fair value because of the short maturities of those financial instruments. 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.

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. 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. Inventories, net

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method of costing.

A write down of inventory to the lower of cost or net realizable value at the close of a year creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. 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 used to calculate its inventory reserves.

6. Investments in subsidiaries

The Company's investments in BFT, PMT and BFALU 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. 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 separate parent company financial statements 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.

8. 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 separate Company financial statements.

9. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the separate parent company financial statements are categorized based on 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, accounts receivable, accounts payable, and accrued liabilities. The estimated fair value of cash, accounts receivable, 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.

10. Recently issued accounting standards adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets measured at amortized cost as well as certain off balance sheet commitments (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). The Company adopted ASU 2016-13 on April 01, 2023, using a modified retrospective approach. Results for reporting periods beginning April 01, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles.

Further, the Company has applied scope exception as per Accounting Standard Codification ("ASC") 326-20-15-3, for the accounts receivable and loan receivables balance from entities under common control and related parties. Therefore, the Company has not recorded any allowance for credit losses on receivables balance from entities under common control. There was no impact on adoption of ASU 2016-13 as of April 01, 2023.

11. Recently issued accounting standards not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance will be effective for the annual periods beginning the year ended March 31, 2026. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company does not expect the adoption of this guidance to have a material impact on separate parent company financial statements.

NOTE C : CASH

Cash consists of:

	As at March 31, 2024	As at March 31, 2023
Balance with banks	164,956	24,519
Total	**164,956**	**24,519**

NOTE D : LOANS TO SUBSIDIARIES

Loans to subsidiaries consists of:

	As at March 31, 2024	As at March 31, 2023 (Restated)
Loans to subsidiaries **(refer note L)**	75,000,000	41,500,000
Total	**75,000,000**	**41,500,000**

The Company has provided line of credits to related parties to facilitate working capital and capital expenditure requirements. The line of credit has a maximum aggregate permissible limit of $75,000,000 (March 31, 2023 (Restated): $41,500,000). The loans are repayable on demand. As at March 31, 2024 the Company has made withdrawals to the tune of $75,000,000 (March 31, 2023: $41,500,000).

As of March 31, 2024, the effective rate of interest on the outstanding loan is 5.03% per annum (March 31, 2023: 5.45%).

The interest income for the year ended March 31, 2024, was $3,013,626 (March 31, 2023 (Restated): $923,673). Interest receivable is $1,388,320 and $962,066 as of March 31, 2024 and March 31, 2023 (Restated), respectively.

NOTE E : INVENTORIES, NET

Inventories consists of:

	As at March 31, 2024	As at March 31, 2023
Finished goods	76,503	298,540
Total	**76,503**	**298,540**

NOTE F : OTHER CURRENT ASSETS

Other current assets consists of:

	As at March 31, 2024	As at March 31, 2023
Accrued interest on loans to related parties **(refer note L)**	1,388,320	962,066
Others	129,658	2,914
Total	**1,517,978**	**964,980**

NOTE G : INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATE

Investments in non-consolidated subsidiaries and affiliate consist of:

	As at March 31, 2024	As at March 31, 2023
Investment in Bharat Forge Tennessee, Inc.	5,791,438	6,410,591
Investment in Bharat Forge PMT Technologie, LLC	8,641,285	11,506,980
Investment in Bharat Forge Aluminum USA Inc	14,150,980	25,293,172
	28,583,703	**43,210,743**

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, 2024, and March 31, 2023:

	As at March 31, 2024	As at March 31, 2023
Current assets	21,041,863	21,573,883
Property, plant and equipment	10,324,752	11,400,313
Capital work-in-progress	12,762,889	436,952
Intangible assets, net	39,529	-
Operating lease right-of-use-assets	192,971	325,330
Other assets	181,649	3,117,239
Total assets	**44,543,653**	**36,853,717**
Current liabilities	(15,948,605)	(13,808,013)
Long-term borrowings	(14,578,975)	(4,865,779)
Operating lease liabilities excluding current portion	(89,620)	(190,872)
Members' equity	**13,926,453**	**17,989,053**

PMT has revenues of $38,575,277 and net loss of $4,062,600 for the year ended March 31, 2024 (for the year ended March 31, 2023: revenue $37,781,343, and net loss of $316,172). 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, 2024, and March 31, 2023:

	As at March 31, 2024	As at March 31, 2023
Current assets	751,218	689,739
Property and plant, net	2,839,907	3,001,602
Investment in non-consolidated affiliate	3,143,118	3,767,916
Total assets	**6,734,243**	**7,459,257**
Current liabilities	(9,055)	(13,445)
Deferred tax liabilities	(557,377)	(549,430)
Stockholder's equity	**6,167,811**	**6,896,382**

BFT has income from rentals of $360,000 and net loss of $728,571 during the year ended March 31, 2024 (for the year ended March 31, 2023: income from rentals of $360,000 and net loss of $40,623). 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, 2024, and March 31, 2023:

	As at March 31, 2024	As at March 31, 2023
Current assets	33,647,827	18,368,478
Property, plant and equipment, net	100,173,155	98,376,096
Capital work-in-progress	38,863,261	16,609,184
Intangible assets, net	205,432	392,176
Operating lease right-of-use-assets	44,915	312,314
Finance lease right-of-use-assets	359,749	647,284
Other non-current assets	31,704,144	9,539,503
Total assets	**204,998,483**	**144,245,035**
Current liabilities	(182,419,924)	(118,617,615)
Long term borrowings	(8,333,333)	-
Operating lease liabilities, excluding current portion	-	(44,915)
Finance lease liabilities, excluding current portion	(92,938)	(288,318)
Stockholder's equity	**14,152,288**	**25,294,187**

BFALU has revenue of $60,733,080 and net loss of $26,141,899 during the year ended March 31, 2024 (for the year ended March 31, 2023: revenue was $22,085,113 and net loss was $24,593,152). The net loss is adjusted for depreciation based on fair value of fixed assets.

NOTE H : SHORT TERM BORROWINGS

Short-term borrowings consist of:

	As at March 31, 2024	As at March 31, 2023 (Restated)
Line of credit	32,500,000	32,500,000
Total	**32,500,000**	**32,500,000**

The Company has availed line of credit agreement (the "agreement") with a bank, from which the Company has available borrowings of $32,500,000 (March 31, 2023 (Restated): $32,500,000). The entire loan is repayable on demand. The interest rate as per the agreements was stipulated at 2% plus the applicable LIBOR. The average effective rate for this facility is 6.95% and 5.36% for the years ended March 31, 2024 and March 31, 2023, respectively. These loans are guaranteed by the Ultimate Parent Company.

The interest expense for the year ended March 31, 2024 is $2,258,181 (March 31, 2023 (Restated): $818,499). The interest outstanding as of March 31, 2024 is $346,501 (March 31, 2023 (Restated): $856,892).

NOTE I : OTHER CURRENT LIABILTIES

Other current liabilities consists of:

	As at March 31, 2024	As at March 31, 2023 (Restated)
Accrued interest on short-term borrowings	346,501	856,892
Accrued interest on loans from related parties **(refer note L)**	1,041,819	105,174
Employee related liabilities	2,355	1,352
Accrued expenses	5,762	11,838
Total	**1,396,437**	**975,256**

NOTE J : REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

	For the year March 31, 2024	For the year March 31, 2023
Type of goods sold		
Sale of scrap	4,122,701	1,257,262
Total	**4,122,701**	**1,257,262**
Timing of revenue recognition		
Goods transferred at a point of time	4,122,701	1,257,262
Total	**4,122,701**	**1,257,262**

NOTE K : INCOME TAXES

The Company files a federal tax return as a member of Bharat Forge America Inc. as consolidated group.

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.

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, 2024	As at March 31, 2023
Non-current deferred tax assets		
Goodwill	39,022	43,313
Charitable contribution	12,600	-
Net operating loss	7,506,582	7,150,747
Total deferred tax assets	**7,558,204**	**7,194,060**
Non-current deferred tax liabilities		
Investment in Bharat Forge PMT Technologie, LLC	(1,850,337)	(1,365,292)
Total deferred tax liabilities	**(1,850,337)**	**(1,365,292)**
Net deferred taxes assets	5,707,867	5,828,768
Less: deferred tax asset valuation allowance	(5,707,867)	(5,828,768)
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 $5,707,867 and $5,828,768 has been created as at March 31, 2024 and March 31, 2023 respectively.

As at March 31, 2024, the Company has federal net operating loss (NOL's) carry forwards of approximately $ 35,747,626(March 31, 2023: $34,051,175). Out of total available NOL's of $ 36,158,583 (March 31, 2023: $34,051,175), NOL's aggregating to $ 28,720,579 (March 31, 2023: $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 $5,661,548 generated in tax years 2018 through 2022 will be carried forward indefinitely for utilization.

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 at March 31, 2024 and March 31, 2023.

The tax years of 2020 through 2022 remain subject to examination by the taxing authorities.

NOTE L : RELATED PARTY TRANSACTIONS

The Company has entered into related party transactions with following entities: (Bharat Forge Limited and its subsidiaries referred to as "Group Companies")

A. Parent company:

1. Bharat Forge Limited

B. Subsidiaries:

1. Bharat Forge Tennessee, Inc.
2. Bharat Forge PMT Technologie, LLC
3. Bharat Forge Aluminum USA, Inc.

C. Other affiliate group companies:

1. Saarloha Advanced Materials Private Limited
2. Bharat Forge International Limited
3. Kalyani Mobility, Inc.

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

Operating revenues:

The Company recognized operating revenues from sale of scrap to Group Companies amounting to $4,122,591 and $1,257,262 for the years ended March 31, 2024, and March 31, 2023, respectively.

Investments from Parent Company:

During the years ended March 31, 2024, and March 31, 2023, the Company obtained investments from Parent Company amounting to $15,000,000 and $10,000,000, respectively.

Investments in subsidiaries:

During the years ended March 31, 2024, and March 31, 2023, the Company made additional investments into its Subsidiaries amounting to $15,000,000 and $10,000,000, respectively.

Loans provided to subsidiaries:

During the years ended March 31, 2024, and March 31, 2023 (Restated), the Company provided loans to its subsidiaries amounting to $49,500,000 and $11,500,000, respectively.

Loans from related party:

During the years ended March 31, 2024, and March 31, 2023(Restated), the Company obtained loans from Group Company amounting to $49,500,000 and $9,000,000, respectively.

Repayment of loan to related parties:

During the year ended March 31, 2024, the Company made repayments of loans to Group Companies amounting to $16,000,000.

Loans converted to equity:

During the year ended March 31, 2023, loan from Parent amounting to $24,000,000 and corresponding accrued interest amounting to $922,917 were converted into equity.

Loans to subsidiaries converted to equity:

During the year ended March 31, 2023, loan to subsidiaries amounting to $24,000,000 and corresponding accrued interest amounting to $922,917 were converted into equity.

Interest income:

The Company recognized interest income on loans provided to subsidiaries amounting to $3,013,626 and $923,672 for the years ended March 31, 2024, and March 31, 2023(Restated), respectively.

Interest expenses:

The Company recognized interest expenses on loans obtained from Group Company amounting to $755,444 and $105,174 for the years ended March 31, 2024 and March 31, 2023(Restated), respectively

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

	As at March 31, 2024	As at March 31, 2023 (Restated)
Due from related parties:		
Accounts receivable, related parties	1,382,236	213,533
Other receivables, related parties	-	411,714
Investments in non-consolidated subsidiaries and affiliate	28,583,703	43,210,743
Loans to subsidiaries	75,000,000	41,500,000
Accrued interest receivable from related parties	1,388,320	962,066
Total	**106,354,259**	**86,298,056**
Due to related parties:		
Other payables, related parties	4,015,399	4,000,000
Loans from related party	42,500,000	9,000,000
Accrued interest on loans from related parties	1,041,819	105,174
Total	**47,557,218**	**13,105,174**

NOTE M : COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company is obligated under operating leases with unrelated parties primarily for equipment. As of March 31, 2024, the lease was terminated. The rental expense for the year ended March 31, 2024, is $Nil ($23,296 for the year ended March 31, 2023)

NOTE N : 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, 2024, and March 31, 2023, 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 O : SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2024, through the date the separate parent company 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 separate parent company financial statements.

Bharat Forge CDP GmbH

Registered Office
Mittelstrasse 64, 58256 Ennepetal, Germany

Balance Sheet as at December 31, 2023

	As at December 31, 2023		As at December 31, 2023		As at December 31, 2022
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		5,738,139.75		62,405.00	56,010.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	550,642,267.89		5,988,496.66		6,354,584.66
2. Technical equipment and machinery	570,667,629.88		6,206,282.00		9,013,534.00
3. Other plant, factory and office equipment	528,306,908.55		5,745,589.00		6,233,479.00
4. Prepayments on tangible assets and construction in progress	284,514,016.34		3,094,225.30		2,013,038.42
		1,934,130,822.66		21,034,592.96	23,614,636.08
III. Financial assets					
1. Shares in affiliated companies		142,522,500.00		1,550,000.00	1,550,000.00
		2,082,391,462.41		22,646,997.96	25,220,646.08
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	1,145,919,426.13		12,462,418.99		11,928,557.23
2. Work in progress	1,046,079,392.48		11,376,611.12		8,461,300.53
3. Finished goods and merchandise	762,180,791.98		8,289,078.76		8,120,354.23
		2,954,179,610.59		32,128,108.87	28,510,211.99
II. Accounts receivable and other assets					
1. Trade receivables	1,249,921,570.09		13,593,491.79		19,068,594.81
- of which Rs. 0.00 EUR 0.00 (2022 EUR 0.00) due after more than one year					
2. Receivables from affiliated companies	3,974,018,767.23		43,219,344.94		44,792,563.34
- of which EUR 0.00 (2022: EUR 0.00) due after more than one year					
- of which EUR 10.568.134,84 (2022: EUR 17,056,737.71) to shareholders					
3. Other assets	371,483,717.45		4,040,062.18		2,687,739.09
- of which Rs. 0.00 EUR 0.00 (2022 : EUR 0.00) due after more than one year					
		5,595,424,054.77		60,852,898.91	66,548,897.24
III. Cash on hands, bank balances		73,472,225.45		799,045.41	284,597.71
		8,623,075,890.81		93,780,053.19	95,343,706.94
C. Prepaid expenses		24,187,709.56		263,052.85	208,039.26
Total		**10,729,655,062.79**		**116,690,104.00**	**120,772,392.28**

Balance Sheet as at December 31, 2023

	As at December 31, 2023		As at December 31, 2023		As at December 31, 2022
	Rs.		EUR		EUR
Equity					
I. Share Capital		45,975,000.00		500,000.00	500,000.00
II. Capital reserves		3,831,416,355.33		41,668,475.86	41,668,475.86
III. Profit brought forward		-		-	-
		3,877,391,355.33		42,168,475.86	42,168,475.86
Accruals					
1. Accruals for pensions and similar obligations	959,836,166.25		10,438,675.00		10,152,812.00
2. Other accruals	833,836,913.90		9,068,373.18		7,154,867.86
		1,793,673,080.15		19,507,048.18	17,307,679.86
Liabilities					
1. Liabilities to banks	2,397,237,318.58		26,071,096.45		25,617,612.73
- up to one year: EUR 21,121,096.45 (2022: EUR 15,942,612.73)					
- due later than one year: EUR 4,950,000.00 (2022: EUR 9,675,000.00)					
2 Advance payments received for orders	531,838.80		5,784.00		638,284.00
- up to one year: EUR 5.784,00 (2022: EUR 638,284.00)					
- due later than one year: EUR 0.00 (2022: EUR 0.00)					
3 Trade payables	1,945,456,756.57		21,157,767.88		24,962,281.85
- up to one year: EUR 21,157,77.88 (2022: EUR 24,962,281.85)					
- due later than one year: EUR 0.00 (2022: EUR 0.00)					
4 Payables to affiliated companies	645,477,525.56		7,019,875.21		9,359,855.33
- up to one year: EUR 7,019,875.21 (2022: EUR 9,659,855.33)					
- due later than one year: EUR 0,00 (2021: EUR 0.00)					
- of which EUR 44.917,89 (2022: EUR 8,179,402.25) to shareholders					
- of which EUR 6.814.349,40 (2022: EUR 720,362.92) from supplies and services					
5 Other liabilities	69,777,767.32		758,866.42		716,906.95
- up to one year: EUR 758,866.42 (2022: EUR 716,902.95)					
- due later than one year: EUR 0.00 (2022: EUR 0.00)					
- of which EUR 256,384.11 (2022: EUR 279,119.63) to shareholders					
- of which EUR 90.20 (2022: EUR 0.00) from supplies and services					
		5,058,481,206.83		55,013,389.96	61,294,940.86
Deferred Income		109,420.50		1,190.00	1,295.70
Total		**10,729,655,062.81**		**116,690,104.00**	**120,772,392.28**

Profit and Loss Account for the period from January 1, 2023 to December 31, 2023

	As at December 31, 2023		As at December 31, 2023		As at December 31, 2022
	Rs.		EUR		EUR
1. Sales		21,712,025,924.89		236,128,612.56	208,811,596.37
2. Increase/decrease in finished goods inventories and work-in-process		331,706,512.49		3,607,466.15	5,846,337.66
3. Production for own plant and equipment capitalised		23,801,595.88		258,853.68	399,577.78
		22,067,534,033.26		239,994,932.39	215,057,511.81
4. Other operating income thereof EUR 20,098.63 (2022: EUR 117,384.69) from currency conversion		94,423,477.99		1,026,900.25	2,979,155.47
		22,161,957,511.25		241,021,832.64	218,036,667.28
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	(12,191,320,843.62)		(132,586,414.83)		(116,599,112.03)
b) Cost of purchased services	(3,935,246,470.03)		(42,797,677.76)		(40,049,413.44)
		(16,126,567,313.65)		(175,384,092.59)	(156,648,525.47)
		38,288,524,824.90		65,637,740.05	61,388,141.81
6. Personnel expenses					
a) Wages and salaries	(2,582,863,678.91)		(28,089,871.44)		(26,719,683.78)
b) Social security contributions and pension expenses thereof EUR 295,933.06 (2022: EUR 846,278.40) for pension expenses	(535,256,741.49)		(5,821,171.74)		(6,144,821.87)
		(3,118,120,420.40)		(33,911,043.18)	(32,864,505.65)
7. Depreciation and amortization on intangible fixed assets and tangible assets		(661,049,572.53)		(7,189,228.63)	(7,244,097.74)
8. Other operating expenses		(1,664,468,397.47)		(18,101,885.78)	(16,363,504.54)
thereof EUR 141,770.31 (2022: EUR 31,460.37) from currency conversion		32,844,886,434.50		6,435,582.46	4,916,033.88
9. Income from Profit & Loss transfer agreements	176,497,428.24		1,919,493.51		2,044,460.16
10. Other interest and similar income	86,187,123.86		937,325.98		500,441.09
11. Depreciation on financial assets	0.00		0.00		(3,543.78)
12. Interest and similar expenses	(253,033,739.40)		(2,751,862.31)		(1,845,491.18)
thereof EUR 0.00 (2022: EUR 0.00) to affiliated companies					
thereof EUR 188,997.00 (2022: EUR 182,107.39) from discounting of provisions					
		9,650,812.70		104,957.18	695,866.29
		32,854,537,247.20		6,540,539.64	5,611,900.17
13. Taxes from Income		(10,084.16)		(109.67)	0.00
14. **Income after Taxes**		**32,854,547,331.36**		**6,540,429.97**	**5,611,900.17**
15. Other taxes		(40,572,227.65)		(441,242.28)	(385,041.20)
16. Income from Loss transfer		(32,813,975,103.71)		(6,099,187.69)	(5,226,858.97)
17. **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 01.01.2023 to 31.12.2023.

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 2023 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:	1.83 % 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 years 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, 2023

	Historical acquisition or manufacturing costs					Accumulated depreciation				Book value	
	01/01/2023	Additions	Disposals	Reclassifications	31/12/2023	01/01/2023	Additions	Disposals	31/12/2023	31/12/2023	31/12/2022
	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	1,987,882.63	28,356.54	213,433.34	29,292.72	1,832,098.55	1,931,872.63	51,254.26	213,433.34	1,769,693.55	62,405.00	56,010.00
	1,987,882.63	28,356.54	213,433.34	29,292.72	1,832,098.55	1,931,872.63	51,254.26	213,433.34	1,769,693.55	62,405.00	56,010.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	16,097,935.84	213,013.78	38,315.12	100,975.00	16,373,609.50	9,743,351.18	680,076.78	38,315.12	10,385,112.84	5,988,496.66	6,354,584.66
2. Technical equipment and machinery	51,466,542.55	299,762.30	2,757,648.09	0.00	49,008,656.76	42,453,008.55	3,107,014.30	2,757,648.09	42,802,374.76	6,206,282.00	9,013,534.00
3. Other plant, factory and office equipment	39,801,752.94	2,535,365.76	4,311,313.18	329,491.53	38,355,297.05	33,568,273.94	3,350,883.29	4,309,449.18	32,609,708.05	5,745,589.00	6,233,479.00
4. Prepayments on tangible assets and construction in progress	2,013,038.42	1,540,946.13	0.00	(459,759.25)	3,094,225.30	0.00	0.00	0.00	0.00	3,094,225.30	2,013,038.42
	109,379,269.75	4,589,087.97	7,107,276.39	(29,292.72)	106,831,788.61	85,764,633.67	7,137,974.37	7,105,412.39	85,797,195.65	21,034,592.96	23,614,636.08
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
	112,917,152.38	4,617,444.51	7,320,709.73	0.00	110,213,887.16	87,696,506.30	7,189,228.63	7,318,845.73	87,566,889.20	22,646,997.96	25,220,646.08

4.2 Receivables and other assets

Other assets include claims for electricity and energy tax refunds in the sum of € 304k because accrued items that do not legally arise until after the balance sheet date.

As at 31 December 2023, other assets amounting to € 2,216 k result from a contract for the forfaiting of selected receivables.

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 € 79k as at 31 December 2023.

The resulting effect in accordance with Section 253(6), HGB, is € 140k as at 31.12.2023. There is a distribution block in this amount.

The pension provision is € 10,439k as at the balance sheet date.

4.4 Other reserves

In the previous year, provisions for partial retirement obligations were offset against the corresponding value of the securities account for insolvency protection totalling € 534k).

Other provisions include the following significant items:

	€k
Personnel	4,417
Customers	1,969
Obligations from interest	1.271
Suppliers	889

4.5 Liabilities

Of the liabilities to banks, € 21,121k have a remaining term of up to one year, € 4,950k have a remaining term of 1 - 5 years.

Long term liabilities to a bank in the sum of € 9,675k (as of 31.12.2023) arise from two loan agreements and are secured by land charges in the sum of € 18,900k.

Furthermore, current account liabilities of € 16,396k 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:

	2023	PY	Change
	€k	**€k**	**€k**
Germany	95,689	83,762	11,927
Abroad	139,807	125,050	14,757
	235,496	208,812	26,684

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

Other operating income includes € 323k in income attributable to previous financial years. This includes income from the reversal of provisions in the sum of € 140k (previous year: € 2,480k).

Other operating expenses include € 202k in expenses attributable to previous financial years.

4.8 Offsetting expenses and income

Expenses and income in the sum of € 10k 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 € 1,523k, of which € 990k are due within 2024.

There were no **contingent liabilities**.

The loan agreements provide for covenants on the part of BF CDP, which were honoured as at 31 December 2023.

5.2 Number of employees

On average, the company employed

	2023	PY
Commercial employees	348	330
Salaried employees	108	104
Apprentices	10	17
	466	451

5.3 Members of the Board of Management

The following persons were appointed as managing directors:

Dr. Jens Ludmann, Dipl. Ing. / Dipl. Wirtsch.-Ing., Sales and Technology, Engelskirchen

Sebastian Ochs, MBA, Commercial Area, Nuremberg (until Nov. 16, 2023)

The managing Directors received no compensation in 2023.

5.4 Members of the Advisory Board

Members of the Advisory Board were:

Subodh Tandale

B.P. Kalyani

Sameer Pagnis

5.5 Balance sheet auditor’s fee

The total fee charged by the balance sheet auditor for the 2023 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 2023 of Bharat Forge Global Holding GmbH.

5.6 Holdings

	Equity	Share	Result 2023
	€k	%	€k
Bharat Forge Daun GmbH	4,643	100	1,948*)

*) 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, February 9, 2024

Bharat Forge CDP GmbH

Dr. Jens Ludmann

Bharat Forge Daun GmbH

Registered Office
Junius-Saxler-StarB 4, D 54550 Daun, Germany

Balance Sheet as at December 31, 2023

ASSETS	As at December 31, 2023 Rs.		As at December 31, 2023 EUR		As at December 31, 2022 EUR
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and license in such rights and assets		997,381.65		10,847.00	9,856.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	69,450,386.70		755,306.00		826,858.00
2. Technical equipment and machinery	137,744,594.10		1,498,038.00		1,175,557.00
3. Other plant, factory and office equipment	33,410,124.45		363,351.00		519,016.00
4 Prepayments and assets under construction	34,682,561.65		377,189.36		1,057,706.17
		275,287,666.90		2,993,884.36	3,579,137.17
		276,285,048.55		3,004,731.36	3,588,993.17
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	109,821,048.91		1,194,356.16		1,326,273.71
2. Work in progress	79,477,646.38		864,357.22		913,703.42
3. Finished goods and merchandise	11,633,186.66		126,516.44		189,262.87
		200,931,881.95		2,185,229.82	2,429,240.00
II. Accounts receivable and other assets					
1. Trade receivables	10,222,951.35		111,179.46		39,481.06
of which EUR 0,00 (2022: EUR 0.00) is due after one year					
2. Receivables from affiliated companies	1,706,225,779.70		18,556,017.18		17,226,481.95
- of which EUR 0.00 (2022: EUR 0.00) due after one year					
- of which EUR 0.00 (2022: EUR 0.00) to shareholders					
- of which EUR 8,758,313.24 (2022: EUR 8,677,349.68) trade receivables					
3 Other assets	10,031,306.40		109,095.23		185,707.87
- of which EUR 0.00 (2022: EUR 0.00) is due after one year					
		1,726,480,037.45		18,776,291.87	17,451,670.88
		2,203,696,967.95		23,966,253.05	23,469,904.05
III. Cash on hands, bank balances		210,333.79		2,287.48	571.49
C. Prepaid Expenses		3,114,309.72		33,869.60	31,533.58
D. Active difference resulting from asset offsetting		0.00		0.00	17,638.31
Total		**2,207,021,611.44**		**24,002,410.13**	**23,519,647.43**

Balance Sheet as at December 31, 2023

	As at December 31, 2023		As at December 31, 2023		As at December 31, 2022
EQUITY AND LIABILITIES	Rs.		EUR		EUR
A. Equity					
I. Share Capital		4,597,500.00		50,000.00	50,000.00
II. Capital reserves		137,925,000.00		1,500,000.00	1,500,000.00
III. Profit/(loss) brought forward		187,326,160.90		2,037,261.13	2,037,261.13
IV. Net income for the year		0.00		0.00	0.00
		329,848,660.90		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	101,267,477.40		1,101,332.00		1,129,959.00
2. Other accruals	75,950,940.91		826,002.62		595,523.08
		177,218,418.31		1,927,334.62	1,725,482.08
C. Liabilities					
1. Liabilities to banks					
- up to one year: EUR 0.00 (2022: EUR 0.00)	0.00		0.00		0.00
due later than one year: EUR 0.00 (2022: EUR 0.00)					
2. Trade payables	57,418,313.59		624,451.48		666,321.93
- up to one year: EUR 624,451.48 (2022: EUR 666,321.93)					
- due later than one year: EUR 0.00 (2022: EUR 0.00)					
3. Payables to affiliated companies	1,637,406,327.24		17,807,572.89		17,481,053.94
- up to one year: EUR 17,807,572.89 (2022: EUR 17,481,053.94)					
due later than one year: EUR 0.00 (2022: EUR 0.00)					
of which EUR 15,695,025.82 (2022: EUR 17,288,000.38)					
4. Other liabilities	5,129,891.42		55,790.01		59,528.35
- up to one year: EUR 55,790.01 (2022: EUR 59,528.35)					
- due later than one year: EUR 0.00 (2022: EUR 0.00)					
- of which EUR 55,338.23 (2022: EUR 59.468,39) relating to taxes					
- of which EUR 0.00 (2022: EUR 0.00) relating to social security					
		1,699,954,532.25		18,487,814.38	18,206,904.22
Total		**2,207,021,611.46**		**24,002,410.13**	**23,519,647.43**

Profit and Loss Account for the period from January 1, 2023 to December 31, 2023

	As at December 31, 2023		As at December 31, 2023		As at December 31, 2022
	Rs.		EUR		EUR
1. Sales		1,599,360,252.05		17,393,803.72	19,459,453.53
2. Increase or Decrease in finished good inventories and work-in-process		(12,175,627.29)		(112,092.63)	(108,296.84)
3. Production for own plant and equipment capitalised		2,206,470.82		23,996.42	32,098.61
		1,589,391,095.58		17,305,707.51	19,383,255.30
4. Other operating income		14,869,519.55		161,713.10	67,105.46
		1,604,260,615.13		**17,467,420.61**	**19,450,360.76**
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	352,404,560.48		3,852,890.38		5,511,803.66
b) Cost of purchased services	133,238,176.09		1,449,028.56		1,876,835.80
		(485,642,736.57)		(5,301,918.94)	(7,388,639.46)
		1,118,617,878.56		12,165,501.67	12,061,721.30
6. Personnel expenses					
a) Wages and salaries	553,987,244.30		6,024,874.87		5,668,502.05
b) Social security contributions and pension expenses	100,313,853.84		1,090,960.89		1,211,443.10
thereof EUR 99,832.74 (2021: EUR 109,632.53) for pension expenses					
		(654,301,098.14)		(7,115,835.76)	(6,879,945.15)
		464,316,780.42		5,049,665.91	5,181,776.15
7. Depreciation and amortization on intangible fixed assets and tangible assets		(94,347,363.62)		(1,026,072.47)	(1,061,743.41)
8. Other operating expenses		(189,577,053.69)		(2,061,740.66)	(2,037,906.15)
		180,392,363.11		1,961,852.78	2,082,126.59
9. Income from other investments & long term loans		11,076.30		120.46	51.48
of which EUR 0.00 (2021: EUR 0.00) relating to affiliated companies					
10. Depreciation on financial assets	-		-		117.15
11. Interest and similar expenses	1,989,522.15		21,637.00		20,571.00
of which EUR 0.00 (2021: EUR 0.00) relating to affiliated companies from discounting of provisions					
		(1,989,522.15)		(21,637.00)	(20,688.15)
		178,413,917.26		**1,940,336.24**	**2,061,489.92**
12. Taxes from Income		-		-	-
13. Income after Tax		178,413,917.27		1,940,336.24	2,061,489.92
14. Other taxes		(1,916,489.02)		(20,842.73)	(17,029.76)
		176,497,428.25		(1,919,493.51)	2,044,460.16
15. Expenses out of profit & loss transfer agreements		176,497,428.25		1,919,493.51	2,044,460.16
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 01.01.2023 to 31.12.2023.

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 2023 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:	1.83 % 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 years 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, 2023

	Historical acquisition or manucacturing costs					D e p r e c i a t i o n s				Book value	
	01/01/2023	Additions	Disposals	Reclassifications	31/12/2023	01/01/2023	Additions	Disposals	31/12/2023	31/12/2023	31/12/2022
	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	153,638.12	9,386.28	0.00	0.00	163,024.40	143,782.12	8,395.28	0.00	152,177.40	10,847.00	9,856.00
	153,638.12	9,386.28	0.00	0.00	163,024.40	143,782.12	8,395.28	0.00	152,177.40	10,847.00	9,856.00
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	1,202,302.36	71,552.00	0.00	1,273,854.36	755,306.00	826,858.00
2. Technical equipment and machinery	12,194,589.85	602,958.66	43,397.93	434,672.14	13,188,822.72	11,019,032.85	715,149.80	43,397.93	11,690,784.72	1,498,038.00	1,175,557.00
3. Other plant, factory and office equipment	4,516,780.28	65,660.14	26,428.07	9,650.25	4,565,662.60	3,997,764.28	230,975.39	26,428.07	4,202,311.60	363,351.00	519,016.00
4. Payments in Advance and construction in progress	1,057,706.17	39,689.36	275,883.78	-444,322.39	377,189.36	0.00	0.00	0.00	0.00	377,189.36	1,057,706.17
	19,798,236.66	708,308.16	345,709.78	0.00	20,160,835.04	16,219,099.49	1,017,677.19	69,826.00	17,166,950.68	2,993,884.36	3,579,137.17
	19,951,874.78	717,694.44	345,709.78	0.00	20,323,859.44	16,362,881.61	1,026,072.47	69,826.00	17,319,128.08	3,004,731.36	3,588,993.17

4.2 Receivables and other assets

Other assets include claims for electricity and energy tax refunds in the amount of € 85k 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 € 6k as at 31 December 2023. The resulting effect in accordance with Section 253(6), HGB, is € 19k as at 31.12.2023. There is a distribution block in this amount.

4.4 Other reserves

Other provisions include the following significant items:

	€k
Personnel	664
Suppliers	69

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 € 158k, of which € 69k shall fall due within 2024.

5.2 Number of employees

On average, the company employed

	2023	PY
Commercial employees	82	79
Salaried employees	19	18
Apprentices	9	10
	110	107

5.3 Members of the Managing Directors

The following persons were appointed as managing directors:

- Dr. Jens Ludmann, Dipl. Ing. / Dipl. Wirtsch.-Ing., Sales and Technology, Engelskirchen
- Sebastian Ochs, MBA, Commercial Area, Nuremberg (until Nov. 16, 2023)

The managing Directors received no compensation in 2023.

5.4 Members of the Advisory Board

Members of the Advisory Board were:

- Subodh E. Tandale
- Raju Kalyani

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, February 9, 2024

Bharat Forge Daun GmbH

Dr Jens Ludmann

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Bharat Forge International Limited

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 2024

The directors present the strategic report for the year ended 31 March 2024.

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 2024 was $412 million compared to $419 million in the same period in 2023.

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 the reported turnover which has remained on par at $412m in 2024 ($419m in 2023). In percentage terms it has decreased by 1.6%.

Section172 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 K Dixit
Director

Date: 07 May 2024

Directors' Report for the year ended 31 March 2024

The directors present their annual report and financial statements for the year ended 31 March 2024.

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 page 8.

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 K 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 K Dixit
Director

Date: 07 May 2024

Directors' Responsibilities Statement for the year ended 31 March 2024

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 2024 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 2024 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 reportby 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 (Senior Statutory Auditor)
For and on behalf of Eacotts International Limited

Date: 07 May 2024

Accountants
ICAEW Registered Auditors

Grenville Court Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Statement of Financial Position As at 31st March 2024

	Notes	2024		2024		2023	
		Rs.	Rs.	USD	USD	USD	USD
Non - current Assets							
Property, plant and equipment	11		546,851,828		6,559,029		6,255,397
Investments	12		-		-		1,719,300
Other receivables	14		1,495,144		17,933		17,595
Deferred tax asset	22		44,553,011		534,376		34,376
			592,899,983		**7,111,338**		**8,026,668**
Current assets							
Inventories	13	12,023,625,586		144,213,304		159,426,701	
Trade and other receivables	14	12,840,208,072		154,007,526		129,426,403	
Cash and cash equivalents		361,926		4,341		1,426,454	
			24,864,195,584		298,225,171		290,279,558
			25,457,095,567		**305,336,509**		**298,306,226**
Current Liabilities							
Trade and Other payables	20	19,396,711,894		232,647,290		252,746,501	
Current tax liabilities		67,556,954		810,289		255,333	
Borrowings	16	3,493,123,959		41,897,092		18,231,569	
Lease liabilities	21	11,947,563		143,301		150,330	
			22,969,340,370		275,497,972		271,383,733
Net current Assets			**1,894,855,214**		**22,727,199**		**18,895,825**
Non - current liabilities							
Borrowings			36,372,864		436,262		-
Lease Liabilities	21		-				535,575
			36,372,864		**436,262**		**535,575**
Net assets			**2,451,382,333**		**29,402,275**		**26,386,918**
Equity							
Called up share capital	24		8,735,417		104,774		104,774
Revaluation reserve	25		(57,344,819)		(687,803)		1,031,497
Retained earnings			2,499,991,736		29,985,304		25,250,647
Total Equity			**2,451,382,334**		**29,402,275**		**26,386,918**

The financial statements were approved by the board of directors and authorised for issue on 07 May 2024 and are signed on its behalf by:

Mr Kedar Dixit
Director
Company Registration Bumber 07459638 (England and Wales)

Income Statement For year ended 31st March 2024

		2024		2023
	Notes	Rs.	USD	USD
Revenue	2	34,372,899,419	412,274,098	419,296,068
Cost of sales		(33,672,107,440)	(403,868,686)	(412,282,823)
Gross profit		**700,791,979**	**8,405,412**	**7,013,245**
Other operating income		3,453,597	41,423	18,599
Administrative expenses		(258,890,550)	(3,105,175)	(834,283)
Operating profit	3	**445,355,026**	**5,341,660**	**6,197,561**
Investment revenues	6	185,237,630	2,221,770	912,979
Finance costs	7	(81,604,122)	(978,773)	(522,553)
Other gains and losses	8	-	-	-
Profit before taxation		**548,988,534**	**6,584,657**	**6,587,987**
Income tax expense	9	(154,241,715)	(1,850,000)	(1,487,734)
Profit for the year		**394,746,819**	**4,734,657**	**5,100,253**
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		(143,344,746)	(1,719,300)	-
Total comprehensive income for the year		**251,402,073**	**3,015,357**	**5,100,253**

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 2024

	Notes	Share capital		Revaluation Reserve		Retained earnings		Total	
		Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance at 1 April 2022		8,735,417	104,774	85,999,928	1,031,497	1,680,016,934	20,150,394	1,774,752,279	21,286,665
Year ended 31 March 2023:									
Profit for the year		-	-			425,227,984	5,100,253	425,227,984	5,100,253
Other comprehensive income									
Adjustments to fair value of financial assets				-				-	-
Total comprehensive income for the year		-	-	-	-	425,227,984	5,100,253	425,227,984	5,100,253
Transactions with owners in their capacity as owners:									
Dividends	10			-	-	-		-	-
Balance at 31 March 2023		**8,735,417**	**104,774**	**85,999,928**	**1,031,497**	**2,105,244,918**	**25,250,647**	**2,199,980,263**	**26,386,918**
Year ended 31 March 2024:									
Profit and total comprehensive income for the year		-	-	(143,344,746)	(1,719,300)	394,746,819	4,734,657	251,402,073	3,015,357
Balance at 31 March 2024		**8,735,417**	**104,774**	**(57,344,818)**	**(687,803)**	**2,499,991,737**	**29,985,304**	**2,451,382,336**	**29,402,275**

Statement of Cash Flows for the year ended 31st March, 2024

	Notes	2024				2023	
		Rs.	Rs.	USD	USD	USD	USD
Cash flows from operating activities							
Cash generated from operations	**27**		(2,036,761,596)		(24,429,247)		5,660,536
Interest paid			(81,604,122)		(978,773)		(522,553)
Tax paid			(149,659,819)		(1,795,044)		(1,661,659)
Net cash (outflow)/inflow from operating activities			**(2,268,025,537)**		**(27,203,064)**		**3,476,324**
Investing activities							
Purchase of property, plant and equipment		185,237,630		2,221,770		(12,387)	
Movement in investments		-				-	
Net Gain / (Loss) on Investment		-				-	
Interest received		-				912,979	
Net cash generated from/(used in) investing activities			**185,237,630**		**2,221,770**		**900,592**
Financing activities							
Repayment of bank loans		-		-		-	
Movements in lease liabilities		(8,866,147)		(106,342)		(98,507)	
Dividend Paid		-		-		-	
Net cash used in financing activities			**(8,866,147)**		**(106,342)**		**(98,507)**
Net increase/(decrease) in cash and cash equivalents			**(2,091,654,054)**		**(25,087,636)**		**4,278,409**
Cash and cash equivalents at beginning of year			(1,401,107,977)		(16,805,115)		(21,083,524)
Cash and cash equivalents at end of year			**(3,492,762,031)**		**(41,892,751)**		**(16,805,115)**
Relating to:							
Bank balance and short term deposits			361,926		4,341		1,426,454
Bank overdrafts			(3,493,123,959)		(41,897,092)		(18,231,569)

Notes to the Financial Statements for the year ended 31 March 2024

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:

Freehold buildings	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 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:

	2024	2023
	$	$
Revenue analysed by class of business		
Forged and machined components for automotive and non-automotive industry	412,274,098	419,296,068
Other significant revenue		
Interest income	2,221,770	912,979
Revenue analysed by geographical market		
United States of America	323,511,024	344,143,083
Europe	83,997,833	69,925,106
United Kingdom	4,765,241	5,227,879
	412,274,098	**419,296,068**

3 Operating profit

	2024	2023
	$	$
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/gains	601,294	(1,055,252)
Fees payable to the company's auditor for the audit of the company's financial statements	121,180	110,732
Depreciation of property, plant and equipment	426,368	428,001
Reversal of depreciation on land	(730,000)	-
Cost of inventories recognised as an expense	379,084,676	361,623,010

4 Auditor's remuneration

	2024	2023
	$	$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	121,180	110,732

5 Employees

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

	2024 Number	2023 Number
Directors	2	2
Administration	11	10
Total	13	12

Their aggregate remuneration comprised:

	2024 $	2023 $
Wages and salaries	708,050	800,932
Social security costs	48,537	64,105
Pension costs	10,020	28,733
	766,607	**893,770**

6 Directors' fees

	2024 $	2023 $
Fees for qualifying services	252,458	247,018

Fees disclosed above include the following amounts paid to the highest paid director:

Fees for qualifying services	126,229	123,509

7 Investment income

	2024 $	2023 $
Interest income		
Financial instruments measured at amortised cost:		
Other interest income on financial assets	2,221,770	912,979

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

8 Finance costs

	2024 $	2023 $
Interest on bank overdrafts and loans	963,756	505,808
Other interest expense	15,017	16,745
Total interest expense	**978,773**	**522,553**

9 Income tax expense

	2024	2023
	$	$
Current tax		
UK corporation tax on profits for the current period	2,350,000	1,300,000
Deferred tax		
Origination and reversal of temporary differences	(500,000)	187,734
Total tax charge	1,850,000	1,487,734
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit before taxation	6,584,657	6,587,987
Expected tax charge based on a corporation tax rate of 25.00% (2023: 19.00%)	1,646,164	1,251,718
Effect of expenses not deductible in determining taxable profit	308,770	66,060
Income not taxable	(102,136)	-
Permanent capital allowances in excess of depreciation	(4,418)	(6,839)
Other timing differences	(3,901)	187,734
Other differences	5,521	(10,939)
Taxation charge for the year	**1,850,000**	**1,487,734**

10 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 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
At 31 March 2024	7,366,098	101,742	564,987	106,119	1,095,290	9,234,236
Accumulated depreciation and impairment						
At 1 April 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
Charge for the year	246,028	2,477	57,731	15,221	104,911	426,368
	(730,000)	-	-	-	-	(730,000)
At 31 March 2024	1,470,133	91,646	477,695	100,814	534,919	2,675,207
Carrying amount						
At 31 March 2024	**5,895,965**	**10,096**	**87,292**	**5,305**	**560,371**	**6,559,029**
At 31 March 2023	**5,411,993**	**12,573**	**145,023**	**20,526**	**665,282**	**6,255,397**

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

Right-of-use assets	**2024**	**2023**
	$	$
Net values at the year end		
Property	560,371	665,282
Depreciation charge for the year		
Property	104,911	99,634

11 Investments

	Current		Non-current	
	2024	2023	2024	2023
	$	$	$	$
Investments held at fair value through other comprehensive income	-	-	-	1,719,300

The company holds an investment of 51,536 (1.82%) 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 19.70% of the company. The company's investment in Tevva Motors (Jersey) Limited has been included in the financial statements at the directors' valuation of $nil (2023: $1,719,300).

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.

Fair value of financial assets

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

12 Inventories

	2024	2023
	$	$
Finished goods	144,213,304	159,426,701

13 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.

14 Trade and other receivables

	Current		Non-current	
	2024	2023	2024	2023
	$	$	$	$
Trade receivables	73,929,044	89,180,449	-	-
Deposits recoverable	-	-	17,933	17,595
VAT recoverable	18,471	28,198	-	-
Amount owed by parent undertaking	2,275,038	839,629	-	-
Amounts owed by fellow group undertakings	73,563,788	36,756,851	-	-
Amounts owed by joint ventures	1,988,113	1,120,556	-	-
Amounts owed by related parties	8,367	12,845	-	-
Other receivables	262,474	200,000	-	-
Prepayments	1,962,231	1,287,875	-	-
	154,007,526	**129,426,403**	**17,933**	**17,595**

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

15 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.

16 Borrowings

	2024	2023
	$	$
Secured borrowings at amortised cost		
Bank overdrafts	**41,897,092**	**18,231,569**

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	**41,897,092**	**18,231,569**

17 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 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**
At 31 March 2024			
Bank overdraft	70,926,074	-	70,926,074
Trade payables	856,581	-	856,581
Other payables	231,790,709	-	231,790,709
	303,573,364	**-**	**303,573,364**

18 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	
	2024	2023	2024	2023
	$	$	$	$
Euro	93,722,664	41,217,896	28,188,863	42,568,863
Pound sterling	3,115,163	2,385,603	17,783,384	16,987,109
	96,837,827	**43,603,499**	**45,972,247**	**59,555,972**

Interest rate risk

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

Bankoverdrafts carried at $41.9m (2023: $18.2m)

19 Trade and other payables

	2024	2023
	$	$
Trade payables	856,581	709,723
Amount owed to parent undertaking	229,427,822	248,623,857
Amounts owed to fellow group undertakings	233,722	233,722
Amounts owed to related parties	4,010	255,946
Accruals	1,508,893	1,974,402
Social security and other taxation	85,137	145,971
Other payables	531,125	802,880
	232,647,290	**252,746,501**

20 Lease liabilities

	2024	2023
	$	$
Maturity analysis		
Within one year	141,301	150,330
In two to five years	436,262	446,730
In over five years	-	88,845
Total undiscounted liabilities	**579,563**	**685,905**

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	143,301	150,330
Non-current liabilities	436,262	535,575
	579,563	**685,905**

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

21 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 2022	-	(222,110)	(222,110)
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	257,874	(70,140)	187,734
Asset at 1 April 2023	**257,874**	**(292,250)**	**(34,376)**
Deferred tax movements in current year			
Charge/(credit) to profit or loss	-	(500,000)	(500,000)
Asset at 31 March 2024	**257,874**	**(792,250)**	**(534,376)**

22 Retirement benefit schemes

	2024	2023
	$	$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	10,020	28,733

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.

23 Share capital

	2024	2023
	$	$
Ordinary share capital		
Issued and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774
	104,774	**104,774**

24 Revaluation reserve

	2024	2023
	$	$
At the beginning of the year	1,031,497	1,031,497
Fair value adjustment - investments	(1,719,300)	-
At the end of the year	**(687,803)**	**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 10.

25 Capital risk management

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

26 Related party transactions

Fees for qualifying services

Two directors received directors fees totaling $252,458 (2023: $247,018), 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	
	2024	2023	2024	2023
	$	$	$	$
Parent company	-	-	371,628,365	350,506,620
Other related parties	-	-	1,263,322	5,719,060
	-	-	372,891,687	356,225,680

The following amounts were outstanding at the reporting end date:

	2024	2023
	$	$
Amounts due to related parties		
Parent company	229,427,822	248,623,857
Other group companies	233,722	233,722
Key management personnel	183,213	369,851
Other related parties	4,010	255,946
	229,848,767	**249,483,376**
Amounts due from related parties		
Parent company	2,275,038	839,629
Other group companies	73,563,788	36,756,851
Other related parties	8,367	12,845
	75,847,193	**37,609,325**

27 Controlling party

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

28 Cash (absorbed by)/generated from operations

	2024	2023
	$	$
Profit for the year before tax	6584657	6,587,987
Adjustments for:		
Finance costs	978,773	522,553
Investment income	(221,770)	(912,979)
Depreciation and impairment of property, plant and equipment	(303,632)	428,001
Movements in working capital:		
Decrease/(Increase) in inventories	15,213,397	(11,877,406)
(Increase)/Decrease in contract assets	(338)	1,139
Increase in trade and other receivables	(24,581,123)	(25,487,258)
(Decrease)/Increase in trade and other payables	(20,099,211)	36,398,499
Cash (absorbed by)/generated from operations	**(24,429,247)**	**5,660,536**

29 Analysis of changes in net debt

	1 April 2023	Cash flows	31 March 2024
	$	$	$
Cash at bank and in hand	1,426,454	(1,422,113)	4,341
Bank overdrafts	(18,231,569)	(23,665,523)	(41,897,092)
	(16,805,115)	(25,087,636)	(41,892,751)
Obligations under finance leases	(685,905)	106,342	(579,563)
	(17,491,020)	(24,981,294)	(42,472,314)

	1 April 2022	Cash flows	31 March 2023
Prior year:	$	$	$
Cash at bank and in hand	441,256	985,198	1,426,454
Bank overdrafts	(21,524,780)	3,293,211	(18,231,569)
	(21,083,524)	4,278,409	(16,805,115)
Obligations under finance leases	(784,412)	98,507	(685,905)
	(21,867,936)	4,376,916	(17,491,020)

Schedules to the Income Statement for the year ended 31 March 2024

	2024	2023
	$	$
Cost of sales		
Purchases and other direct costs		
Finished goods purchases	372,891,687	356,225,681
Warehousing	6,192,989	5,397,329
Other Freight & Excise Duty	11,973,001	13,245,799
Carriage inwards and import duty	12,811,009	37,414,014
Total purchases and other direct costs	403,868,686	412,282,823
Total cost of sales	403,868,686	412,282,823

	2024	2023
Administrative expenses		
Wages and salaries	455,592	553,914
Social security costs	48,537	64,105
Staff recruitment costs	-	5,510
Staff welfare	4,687	3,036
Staff pension costs defined contribution	10,020	28,733
Directors' fees	252,458	247,018
Rent re operating leases	2,867	23,034
Rates	63,392	-
Property repairs and maintenance	7,610	-
Premises insurance	17,266	28,472
Motor running expenses	53,751	55,236
Travelling expenses	216,339	62,578
Accommodation and subsistence	147,890	186,378
Postage, courier and delivery charges	24,086	20,893
Professional subscriptions	4,064	-
Legal and professional fees	55,145	23,239
Other business fees	7,966	5,301
Audit fees	121,180	110,732
Bank charges	47,992	26,199
Provision for impairment of loan	1,235,080	673
Printing and stationery	19,438	6,851
Telecommunications	12,153	9,488
Sundry expenses	-	144
Depreciation	426,368	428,001
Depreciation reversal on land	(730,000)	-
Profit or loss on foreign exchange	601,294	(1,055,252)
	3,105,175	834,283

Bharat Forge Kilsta AB

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 2023-01-01 - 2023-12-31.

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, 2023 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 2023-01-01 - 2023-12-31 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, 12th June, 2024
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

In 2023, the world economy was affected by the continued war in Ukraine, the energy crisis, high inflation and higher interest rates. However, the shortage of components that many manufacturers experience a couple of years ago was alleviated, not least in the automotive industry.

The sales tonnage during the financial year amounted to 44800 tons, which is 7.7% higher than in 2022.

Demand for the Company's products has thus remained high, despite the events in the world and despite the recession experienced by many other industries.

A third beam machining center was commissioned by the end of the year. With the new machining center, another part of the Company's machining of front axles beams will be insourced.

Electricity prices have remained high, albeit at a lower level than in 2022. The Company has continued to receive compensation for the high electricity prices. Compensation has also been received from customers for the energy surcharges charged by steel suppliers. Part of The Company's electricity consumption is hedged in advance through forward contracts.

During the first quarter of 2023, the Company switched its main financing to the Japanese bank MUFG. The change entails an increase in the Company's credit limit from 26 to 30 MEUR. The financing consists of a time-limited credit facility, which, like the previous financing, is regularly extended.

The Company received a capital cover guarantee of 20 MSEK, which was valid until 2023-10-31. As of 2023-10-31, the Company received a shareholder contribution amounting to 14.2 MSEK.

The Company's Group parent company Bharat Forge Ltd has issued a Letter of Support-document to the Company, which is valid until June 30, 2025. In the document, Bharat Forge Ltd confirms that it will continue to support the Company with liquidity and equity, in such a way that the Company can pay its debts when they fall due, and to meet equity requirements in Swedish Companies Act.

Significant events after year-end

The year 2024 has started with lower sales tonnage compared to the start of 2023.

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

The Company´s Group parent company continue to support equity, the Company received a shareholder contribution per 240131 of 5.6 MSEK, per 240331 of 6.2 MSEK and 240430 of 10 MSEK.

Expected future development, risk and uncertainties

The Company operates in a highly competitive markets and its activities are 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 most important operational risks. The financial risk consists of a credit risk, i.e. that the Company will not be paid for its accounts receivables, and the development of EUR/SEK since the Company has its financing in EUR.

Since the Company is a subcontractor to the automotive industry, the Company itself cannot influence its sales in the short run. The sales volume is therefore dependent on the overall economic development and how the sales volumes of the Company's customers develop.

How the Company's sales volumes will develop in 2024 is difficult to assess. The sales volume has thus been lower that at the beginning of 2023 at the beginning of year 2024, but whether this is a temporary impact or not is a question mark.

It is also uncertain whether the high inflation experienced in the world economy in 2022 and 2023, will subside in the way that many analysts believe. The Company purchases large amounts of steel, electricity and other consumables, and it is important that the Company can continue to pass on the cost increases to its customers.

A drop in sales may lead to a need for additional liquidity. In general, the Group strives to ensure that all its companies cover their own cash need on their own. Regarding the cost of funding, there is a risk that interest rates will not decrease as expected, which would give the Company continued, high financing 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 0,22 % (0,21%) of the total operating expenses during the financial year.

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 2023-01-01 – 2023-12-31. 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.

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.

	2023	2022	2021	2020
Net sales, TSEK	1,272,268	1,206,087	906,894	662,788
Profit/loss after financial items, TSEK	(20,949)	(21,018)	20,990	(26,667)
Balance sheet total, TSEK	659,200	641,877	573,425	508,402
Number of employees,	294	274	271	288
Equity/assets ratio, %	3.2	4.3	8.4	5.4
Return on total assets, %	8.0	2.4	6.3	neg
Return on equity, %	neg	neg	43.5	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	9,966,053
Net loss for the year	(20,949,400)
	(10,983,347)
The Board of Directors propose that the unappropriated	
loss be distributed as follows	
Retained loss carried forward	**(10,983,347)**

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.

Income statement for the period from January 1 to December 31, 2023

	Note	December 31, 2023		December 31, 2022
		Rs.'000	SEK'000	SEK'000
Operating Income	1			
Net sales	2	10,559,824	1,272,268	1,206,087
Change in inventories of work in progress and finished goods		157,327	18,955	(24,825)
Other operating income	3	681,198	82,072	52,717
Total Operating income		**11,398,349**	**1,373,295**	**1,233,979**
Operating expenses				
Raw materials and consumables		(7,370,400)	(888,000)	(796,702)
Other external costs	4,5	(1,798,486)	(216,685)	(192,986)
Personnel costs	6	(1,868,156)	(225,079)	(198,843)
Depreciation of tangible assets		(336,789)	(40,577)	(32,305)
Other operating expenses	7	(13,205)	(1,591)	-
Total Operating expenses		**(11,387,036)**	**(1,371,932)**	**(1,220,835)**
Operating profit/(loss)	8	**11,313**	**1,363**	**13,145**
Result from financial investments				
Result of disposal fixed assets		(24,709)	(2,977)	-
Other interest income and similar profit/loss items	9	415,730	50,088	2,163
Interest expenses and similar profit/loss items	10	(576,219)	(69,424)	(36,326)
Total profit/loss from financial investments		(185,198)	(22,312)	(34,163)
Profit/loss after financial items		(173,885)	(20,949)	(21,018)
Tax on profit for the year	11	-	-	-
Net profit/loss for the year		**(173,885)**	**(20,949)**	**(21,018)**

Balance Sheet as at December 31, 2023

	Note	December 31, 2023		December 31, 2022
		Rs.'000	SEK'000	SEK'000
Assets				
Tangible fixed assets				
Land and buildings	12	379,435	45,715	36,892
Plant and machinery	13	1,665,345	200,644	140,478
Equipment, tools, fixtures and fittings	14	60,158	7,248	7,061
Construction in progress	15	247,390	29,806	66,595
		2,352,328	283,413	251,027
Financial fixed assets				
Deferred tax Assets	16	-	-	-
		-	-	-
Total fixed assets		**2,352,328**	**283,413**	**251,027**
Current assets				
Inventories, etc.				
Raw materials and consumables		986,754	118,886	115,612
Products in progress		721,087	86,878	81,394
Finished goods		274,830	33,112	19,641
		1,982,671	238,876	216,647
Current receivables				
Accounts receivable - trade		658,995	79,397	83,458
Receivables from group companies		3,810	459	57
Income tax receivables		35,325	4,256	4,256
Other current receivables		2,382	287	599
Prepaid expenses and accrued income	17	46,198	5,566	33,030
		746,710	89,965	121,400
Cash and bank balances		389,652	46,946	52,803
Total current assets		3,119,033	375,787	390,850
Total assets		**5,471,361**	**659,200**	**641,877**

Balance Sheet as at December 31, 2023

	Note	December 31, 2023		December 31, 2022
		Rs.'000	SEK'000	SEK'000
Equity and liabilities				
Equity	18,19			
Restricted equity				
Share capital		166,000	20,000	20,000
Revaluation Reserve		65,313	7,869	8,787
Statutory reserve		33,200	4,000	4,000
		264,513	31,869	32,787
Non-restricted equity				
Unappropriated profit brought forward		82,718	9,966	15,950
Net loss of the year		(173,877)	(20,949)	(21,018)
		(91,159)	(10,983)	(5,068)
Total equity		**173,354**	**20,885**	**27,719**
Provisions				
Provisions for pensions	20	19,854	2,392	2,990
Guarantee reserve		11,620	1,400	1,700
Total provisions	21	31,474	3,792	4,690
Current liabilities				
Liabilities to credit institutions	22	2,761,410	332,700	288,080
Accounts payable - trade		832,681	100,323	124,093
Liabilities to group companies		26,112	3,146	3,263
Other Current liabilities		844,201	101,711	118,112
Accrued expenses and deferred income	23	802,137	96,643	75,920
Total current liabilities		**5,266,541**	**634,523**	**609,468**
Total equity and liabilities		**5,471,361**	**659,200**	**641,877**

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	**166,000**	**20,000**	**122,222**	**14,726**	**(60,726)**	**(7,316)**	**227,496**	**27,409.10**
Change revaluation	-	-	(8,462)	(1,019)	8,462	1,019	-	-
Shareholder contribution	-	-	-	-	-	-	-	-
Revaluation of defined benefit pension	-	-	-	-	(1,552)	(186)	(1,552)	(186)
Net loss for the year	-	-	-	-	174,225	20,990	174,225	20,990
Equity 31-12-2021	**166,000**	**20,000**	**113,760**	**13,706**	**120,409**	**14,507**	**400,169**	**48,213**
Change revaluation	-	-	(7,619)	(918)	7,619	918	-	-
Shareholder contribution	-	-	-	-	-	-	-	-
Revaluation of defined benefit pension	-	-	-	-	4,349	524	4,349	524
Net loss for the year	-	-	-	-	(174,449)	(21,018)	(174,449)	(21,018)
Equity 31-12-2022	**166,000**	**20,000**	**106,141**	**12,788**	**(42,072)**	**(5,069)**	**230,069**	**27,719**
Change revaluation	-	-	(7,619)	(918)	7,619	918	-	-
Shareholder contribution	-	-	-	-	117,926	14,208	117,926	14,208
Revaluation of defined benefit pension	-	-	-	-	(764)	(92)	(764)	(92)
Net loss for the year	-	-	-	-		(20,949)	(173,877)	(20,949)
Round off			(8)	(1)	8	1	-	-
Equity 31-12-2023	**166,000**	**20,000**	**98,514**	**11,869**	**(91,160)**	**(10,983)**	**173,354**	**20,886**

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

	Note	December 31, 2023		December 31, 2022
		Rs.'000	SEK'000	SEK'000
Operating activities				
Profit/loss after financial items		(173,885)	(20,949)	(21,018)
Adjustments for items not requiring an outflow of cash, etc.:				
Depreciation		336,789	40,577	32,305
Result disposal fixed assets		24,709	2,977	-
Exchange loss		(360,054)	(43,380)	21,320
Provisions		(3,320)	(400)	350
Other		-	-	524
Released debts		-	-	-
Cash flow from operating activities before changes in working capital		**(175,761)**	**(21,175)**	**33,481**
Cash flow from changes in working capital				
Increase(-) /decrease (+) in inventories		(184,501)	(22,229)	6,587
Increase(-) /decrease (+) in current receivables		260,911	31,435	(22,824)
Increase(+) /decrease (-) in current liabilities		(162,390)	(19,565)	97,297
Cash flow from operating activities		**(261,741)**	**(31,534)**	**114,541**
Investing activities				
Acquisition of tangible assets		(630,302)	(75,940)	(76,087)
Cash flow from investing activities		**(630,302)**	**(75,940)**	**(76,087)**
Financing activities				
Loans taken		2,760,231	332,558	-
Repayment of borrowings		(2,029,831)	(244,558)	(28,215)
Resolving Pension Provision		(4,897)	(590)	(1,864)
Shareholder contribution		117,918	14,207	
Cash flow from financing activities		**843,421**	**101,617**	**(30,079)**
Cash flow		(48,622)	(5,857)	8,375
Cash and cash equivalents at beginning of the year		438,265	52,803	44,428
Cash and cash equivalents at the end of the year	24	**389,643**	**46,946**	**52,803**

Notes

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

<u>Research and development</u>

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.

Note 2 : Net sales classified according to geographical market

	2023	2022
Net sales classified according to operating area as follows:		
Chassis	662,856	599,088
Engines	595,282	585,569
Other	14,130	21,430
Total	**1,272,268**	**1,206,087**
Net sales classified according to geographic market as follows:		
Nordic countries	773,534	754,712
Europe, excluding the Nordic countries	425,438	382,118
North America	38,993	26,840
Other markets	34,303	42,417
Total	**1,272,268**	**1,206 087**

Note 3 : Other operating income

	2023	2022
Included in other income, revenues from:		
Scrap	57,388	51,147
Sales of dies	2,860	407
Other	188	1,035
Contributions government	21,636	0
Realized/unrealized exchange gain	0	128
Total	**82,072**	**52,717**

Note 4 : Operating lease

Operating lease during the period, 5 730 (4 889) TSEK.

	2023	2022
Future minimum payable non cancellable leases:		
Payment due within one year	4,799	4,948
Payment due after one year but within 5 years	6,463	8,785
Payment due after 5 years	34	994
Total	**11,296**	**14,727**

Note 5 : Remuneration to auditors

	2023	2022
Ernst & Young		
Audit engagement	969	1,000
Audit in addition to audit assignment	1,240	760
Total	**2,209**	**1,760**

Note 6 : Salaries, other remuneration and social security contributions

	2023	2022
Average number of employees, with women and males as allocation basis amounts to:		
Women	21	20
Men	273	254
Total for the Company	**294**	**274**
Wages and compensations amounts to		
Board of Directors and MD	9	825
Bonus to Board of Directors and MD	0	148
Other employees	153,968	132,782
	153,977	**133,755**
Pension cost to Board of Directors and MD	0	378
Pension cost to other employees	14,649	14,243
Statutory and contractual social security contributions	52,409	45,469
	67,058	**60,090**
Total salaries, remuneration, social security contributions and pension costs	**221,035**	**193,845**

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		
Number of board of directors on the closing date		
Women	0%	0%
Men	100%	100%
Number of Managing Directors and senior executives		
Women	22%	29%
Men	78%	71%

Note 7 : Other operating expenses

	2023	2022
Realized/unrealized exchange loss	1,591	0
Total	**1,591**	**0**

Note 8 : Transactions Intercompany

	2023	2022
Purchases and sales, Intercompany		
Below are the percentage of purchases and sales, Intercompany		
Purchases	0.43%	0.23%
Sales	0.35%	0.00%

<u>Ownership structure</u>

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

	2023	2022
Interest income from group company	413	649
Other interest	1,095	0
Realized/not realized exchange profit on liquidity account	4,098	0
Realized/not realized exchange profit on loan	44,482	1,514
Total	**50,088**	**2,163**

Note 10 : Interest expenses and similar profit/loss items

	2023	2022
Interest expenses to group company	0	763
Interest expenses pensions	103	47
Realized/unrealized exchange loss loans	47,465	24,278
Realized/unrealized exchange loss liquidity account	0	1,008
Other interest expenses	21,856	10,230
Total	**69,424**	**36,326**

Note 11 : Tax on profit for the year

	2023	2022
Reconciliation of effective tax		
Profit/loss before tax	(20,949)	(21,018)
Tax calculated at applicable tax rate 20.6% (20.6%)	4,316	4,330
Tax effect of non-deductible expenses	1,971	1,360
Earned unrecognized loss carryforwards	0	0
Used unrecognized loss carryforwards	(6,287)	(5,690)
Recognized tax	**0**	**0**

Note 12 : Land and buildings

	2023-12-31	2022-12-31
Opening acquisition cost	58,329	45,136
Changes during the year		
-Redistribution from construction in progress	6,440	11,007
-Purchases	5,523	2,186
-Disposals	0	0
-Reclassification	0	0
Closing accumulated acquisition cost	**70,292**	**58,329**
Opening depreciation	(32,512)	(31,185)
-Disposals	0	0
-Depreciation	(1,983)	(1,327)
Closing accumulated depreciation	**(34,495)**	**(32,512)**
Opening revaluation	11,075	12,232
Changes during the year		
-Depreciation	(1,157)	(1,157)
Closing accumulated revaluation	**9,918**	**11,075**
Closing residual value according to plan	**45,715**	**36,892**

Note 13 : Plant and machinery

	2023-12-31	2022-12-31
Opening acquisition cost	501,182	471,892
Changes during the year		
-Redistribution from construction in progress	47,660	3,899
-Purchases	51,369	25,391
-Disposals	(5,565)	0
-Reclassification	0	0
Closing accumulated acquisition cost	**594,646**	**501,182**
Opening depreciation	(360,704)	(332,088)
Changes during the year		
-Disposals	2,588	0
-Depreciation	(35,886)	(28,616)
Closing accumulated depreciation	**(394,002)**	**(360,704)**
Closing residual value according to plan	**200,644**	**140,478**

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

	2023-12-31	2022-12-31
Opening acquisition cost	51,530	49,677
Changes during the year		
-Redistribution from construction in progress	227	915
-Purchases	1,511	938
-Disposals	0	0
-Reclassification	0	0
Closing accumulated acquisition cost	**53,268**	**51,530**
Opening depreciation	(44,469)	(43,265)
Changes during the year		
-Disposals	0	0
-Depreciation	(1,551)	(1,204)
Closing accumulated depreciation	**(46,020)**	**(44,469)**
Closing residual value according to plan	**7,248**	**7,061**

Note 15 : Constructions in progress

	2023-12-31	2022-12-31
Opening accrued expenses	66,595	34,845
Expenses accrued during the year	17,538	50,254
Fixed assets under construction completed this year	(54,327)	(15,821)
Closing expenses accrued	0	(2,683)
Closing residual value according to plan	**29,806**	**66,595**

Note 16 : Deferred tax

	2023-12-31	2022-12-31
Deferred tax assets on tax loss	2,050	2,288
Deferred tax liabilities related to revaluation of property	(2,050)	(2,288)
	0	**0**

Total tax loss amount is 266 907 TSEK (255 469 TSEK).

Note 17 : Accrued expenses and deferred income

	2023-12-31	2022-12-31
Accrued expenses	5,566	6,267
Deferred income	0	26,763
	5,566	**33,030**

Note 18 : Equity

	2023-12-31	2022-12-31
	No of shares	**Value**
Number of A-shares	200,000	100

The Company reports a revaluation fund of 7 869 (8 787) 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

	2023-12-31
To the disposal of the annual general meeting are the following losses:	
Unappropriated profit/loss brought forward	9,966
Net gain/loss for the year	(20,949)
	(10,983)
The board of Directors propose that the unappropriated loss be distributed as follows	
retained losses carried forward	**(10,983)**

Note 20 : Contingent liabilites

	2023-12-31	2022-12-31
Contingent liability to FPG	69	82
Total contingent liabilities	**69**	**82**

Not 21 : Provisions

	2023-12-31	2022-12-31
Provisions for pensions and guarantee		
Opening balance provisions	4,690	6,204
Provisions of the year	0	350
Claims of the year	(898)	(1,864)
Closing balance provisions	**3,792**	**4,690**

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 2,392 (2,990) 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 3.70 (3.60) % and expected inflation of 1.60 (2.00) %. The company has reported interest expenses attributable to the provision of 103 (47) TSEK over the financial result. Furthermore, the Company reported actuarial loss of 92 (-524) TSEK directly in equity.

Note 22 : Pledged assets

	2023-12-31	2022-12-31
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

	2023-12-31	2022-12-31
Accrued salaries	9,249	8,479
Accrued holiday pay	17,563	15,560
Accured social security costs & pensions	16,560	14,694
Accured customer provisions	118	191
Accured special employer´s contribution, tax on returns from pension funds and property tax	3,749	3,572
Accured financial expenses	15,008	8,076
Ongoing claims	384	1,120
Other items	34,012	24,228
Total	**96,643**	**75,920**

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

June 12, 2024 for adoption.

Karlskoga June 12, 2024

Jens Ludmann
Managing Director/Ordinary Board Member

Our audit report was issued on June 12, 2024.

Ernst & Young
Tomas Karlsson
Authorized public accountant

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Bharat Forge PMT Technologie, LLC

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 comprise the balance sheets as of March 31, 2024, and March 31, 2023, and the related statements of loss, members' equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and March 31, 2023, and the results of its operations, and its cash flows for the years 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 ("GAAS"). 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 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. 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

July 8, 2024

Balance Sheet as on March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	USD	USD
Assets			
Current Assets			
Cash and cash equivalents	376,361,957	4,514,146	1,842,493
Accounts receivable, net of allowances	494,320,768	5,928,963	8,800,265
Accounts receivable, related party (refer note R)	36,852,931	442,020	-
Other receivable, related parties (Refer note R)	333,495,600	4,000,000	5,250,012
Inventories, net	489,036,030	5,865,577	5,452,802
Prepaid expenses and other current assets	24,274,895	291,157	228,311
Total current assets	**1,754,342,181**	**21,041,863**	**21,573,883**
Non-current assets			
Property, plant and equipment, net	860,814,841	10,324,752	11,400,313
Capital work-in-progress	1,064,091,831	12,762,889	436,952
Intangible assets, net	3,295,687	39,529	-
Operating lease, right-of-use-assets	16,088,745	192,971	325,330
Other non-current assets	15,144,786	181,649	3,117,239
Total assets	**3,713,778,071**	**44,543,653**	**36,853,717**
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable	212,624,205	2,550,249	2,808,821
Other payable, related parties (Refer note R)	53,892,556	646,396	561,714
Loans from parent (Refer note R)	875,425,950	10,500,000	9,500,000
Current Portion of Long Term Debt	26,054,344	312,500	-
Operating lease liabilities, current portion	8,616,859	103,352	134,596
Other current liabilities	153,083,485	1,836,108	802,882
Total current liabilities	**1,329,697,399**	**15,948,605**	**13,808,013**
Non- Current Liabilities			
Long term borrowings	1,215,506,004	14,578,975	4,865,779
Operating lease liabilities, excluding current portion	7,471,969	89,620	190,872
Other non-current liabilities	-	-	-
Total liabilities	**2,552,675,372**	**30,617,200**	**18,864,664**
Commitments & contingencies (Refer note N)			
Members' Equity			
Member's capital	8,124,787	97,450	97,450
Additional paid in capital	3,318,800,473	39,806,228	39,806,228
Accumulated deficit	(2,165,822,559)	(25,977,225)	(21,914,625)
Total members' equity	**1,161,102,701**	**13,926,453**	**17,989,053**
Total liabilities and Member's equity	**3,713,778,073**	**44,543,653**	**36,853,717**

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

Statements of loss for the period ended March 31, 2024

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

	Year ended as at		
	March 31, 2024		March 31, 2023
	Rs.	USD	USD
Operating revenues	3,216,171,287	38,575,277	37,781,343
Less : Cost of revenues	(3,074,647,844)	(36,877,822)	(33,218,662)
Gross Profit	**141,523,443**	**1,697,455**	**4,562,681**
Cost and expenses			
Selling, general and administrative expenses	257,983,859	3,094,300	2,385,454
Depreciation and amortization	207,101,518	2,484,009	2,177,344
Total cost and expenses	**465,085,377**	**5,578,309**	**4,562,798**
Operating Loss	**(323,561,934)**	**(3,880,854)**	**(117)**
Interest expenses	(63,856,570)	(765,906)	(323,863)
Other (expense) income	48,703,697	584,160	7,808
Loss before income taxes	**(338,714,807)**	**(4,062,600)**	**(316,172)**
Income tax expense	-	-	-
Net loss	**(338,714,807)**	**(4,062,600)**	**(316,172)**

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

Statement of changes in members' equity

For the year ended March 31, 2024 and March 31, 2023

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

	Member's Contribution		Additional paid in capital		Accumulated deficit		Total Member's equity	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Members' equity as at April 1, 2022	**8,124,787**	**97,450**	**3,148,127,179**	**37,759,145**	**(1,800,747,261)**	**(21,598,453)**	**1,355,504,705**	**16,258,142**
Net loss for the period	-	-	-	-	(26,360,493)	(316,172)	(26,360,493)	(316,172)
Loan and interest conversion to members' equity	-	-	**170,673,293**	2,047,083	-		170,673,293	2,047,083
Members' equity as at March 31, 2023	**8,124,787**	**97,450**	**3,318,800,472**	**39,806,228**	**(1,827,107,754)**	**(21,914,625)**	**1,499,817,505**	**17,989,053**
Members' equity as at April 1, 2023	**8,124,787**	**97,450**	**3,318,800,472**	**39,806,228**	**(1,827,107,754)**	**(21,914,625)**	**1,499,817,505**	**17,989,053**
Net loss for the year	-	-	-	-	(338,714,807)	(4,062,600)	(338,714,807)	(4,062,600)
Loan and interest conversion to members' equity	-	-	-	-	-	-	-	-
Members' equity as at March 31, 2024	**8,124,787**	**97,450**	**3,318,800,472**	**39,806,228**	**(2,165,822,561)**	**(25,977,225)**	**1,161,102,698**	**13,926,453**

Statement of Cash Flow for the period ended March 31, 2024 and March 31, 2023

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

	As at Marh 31, 2024		As at Marh 31, 2023
	Rs.	**USD**	**USD**
Cash Flow from Operating Activities			
Net loss	**(338,714,807)**	**(4,062,600)**	**(316,172)**
Adjustments to reconcile net loss to net cash (used in) provided by operating activities			
Depreciation and amortization expense	207,101,518	2,484,009	2,177,344
Provision for expected credit loss	2,733,497	32,786	-
Provision on doubtful accounts receivable	-	-	287,716
Reversal of provision for doubtful accounts receivable	-	-	(349,346)
Reversal of provision on inventories	(11,082,309)	(132,923)	(630,158)
Amortization of loan processing costs	2,142,376	25,696	15,779
Property, plant and machinery written off	20,481,466	245,658	7,555
Changes in net operating assets and liabilities			
Accounts receivable	236,658,149	2,838,516	(3,758,449)
Accounts receivable, related party	(36,852,931)	(442,020)	-
Other receivables, related parties	104,218,375	1,250,012	(2,819,522)
Inventories	(23,332,353)	(279,852)	1,618,264
Prepaid expenses and other current assets	(5,239,716)	(62,846)	(69,890)
Operating lease right-of-use-assets	(11,422)	(137)	138
Accounts payable	(21,558,156)	(258,572)	837,009
Other payables, related parties	7,060,269	84,682	4,868
Other current liabilities	86,144,081	1,033,226	(127,127)
Other non-current liabilities	-	-	(117,826)
Net cash (used in) provided by operating activities	**229,748,037**	**2,755,635**	**(3,239,817)**
Cash Flows from Investing Activities			
Purchase of property, plant, and equipment and capital assets	(919,946,862)	(11,033,991)	(6,037,338)
Proceeds from sale of property, plant, and equipment	(4,167,945)	(49,991)	-
Net cash (used in) provided by investing activities	**(924,114,807)**	**(11,083,982)**	**(6,037,338)**
Cash Flows from Financing Activities			
Proceeds from a loan from parent	83,373,900	1,000,000	9,500,000
Repayment of loans to parent	-	-	(4,000,000)
Proceeds from long-term borrowings	833,739,000	10,000,000	5,000,000
Loan processing costs	-	-	(150,000)
Net cash provided by (used in) financing activities	**917,112,900**	**11,000,000**	**10,350,000**
Net increase/(decrease) in cash and cash equivalents	**222,746,130**	**2,671,653**	**1,072,845**
Cash and cash equivalents at the beginning of the year /period	153,615,827	1,842,493	769,648
Cash and cash equivalents at the end of the year /period	**376,361,957**	**4,514,146**	**1,842,493**
Supplemental cash flow information			
Interest paid	131,402,769	1,576,066	251,595
Conversion of loan to equity by parent company	-	-	2,047,083

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

Notes to Financial Statements

NOTE A : NATURE OF OPERATIONS AND LIQUIDITY PLANS

1. 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%) ("BFA" or the "Parent Company") 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.

2. Liquidity plans

For the year ended March 31, 2024, the Company incurred a net loss after taxes of $4,062,600, positive operating cash flows of $2,755,635, and has accumulated deficit of $25,977,225. The operations of the Company are primarily funded by loans from banks and related parties. The Company raised $10,000,000 through loan from bank and $1,000,000 from Parent Company during the year ended March 31, 2024.

Management evaluated the Company's liquidity position on the date these financial statements were available to be issued and determined that the Company will continue operations for the foreseeable future, in the view of the continued support from the Ultimate Parent Company. The management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the presentation of accompanying financial statements are 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 years ended March 31, 2024, and March 31, 2023.

2. Use of estimates

The preparation of financial statements are in conformity with accounting principles generally accepted in the United States of America and 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 Company's most significant estimates include but are not limited to, allowance on obsolesce of inventories, the realization of deferred tax assets, allowance for expected credit loss, determination of useful lives for tangible fixed assets, intangible assets, at the balance sheet dates 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 estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Cash

Cash consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash approximates fair value because of the short maturities of those financial instruments. 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.

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. 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 from customers are recorded at the original invoiced amounts net of an allowance for doubtful accounts. The Company make estimates of expected credit losses for allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history continually updated for new collections data, the credit quality of customers, current economic conditions, reasonable and supportable forecasts of future economic conditions and other factors that may affect ability to collect from customers. The provision for estimated credit losses is recorded in accounts receivable, net of allowance on balance sheets.

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 improvements	10 years
Machinery and equipment	1-20 years
Furniture and fixtures	5-10 years
Vehicles	3 years

The cost of property, plant, and equipment not ready for use before such date are disclosed under capital work-in-progress. 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 statements 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.

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 ("standard") using the modified retrospective method. The standard requires all leases to be reported on the balance sheet as lease right-of-use assets and lease obligations.

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. 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.

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, accounts receivable, accounts payable, and accrued liabilities. The estimated fair value of cash, accounts receivable, 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 adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets measured at amortized cost as well as certain off balance sheet commitments (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). The Company adopted ASU 2016-13 on April 01, 2023, using a modified retrospective approach. Results for reporting periods beginning April 01, 2023, are presented under

ASC 326 while prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles.

15. Recently issued accounting standards not yet adopted.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance will be effective for the annual periods beginning the year ended December 31, 2025. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company does not expect the adoption of this guidance to have a material impact 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 and trade receivables involve risk including the credit risk of non-performance by counter parties.

In management's opinion, as of March 31, 2024, there was no significant risk of loss in the event of non performance of the counter parties to these cash and accounts receivables.

As at March 31, 2024 and March 31, 2023, three customers accounted for approximately 54% and 74% of the total accounts receivable and contributed for around 67% and 70% of the Company's revenue during the year ended March 31, 2024 and March 31, 2023, respectively.

NOTE D : CASH

Cash consists of:

	As at March 31, 2024	As at March 31, 2023
Cash in hand	2,360	-
Balance with banks	4,511,786	1,842,493
Total	**4,514,146**	**1,842,493**

NOTE E : ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable are stated net of provision for expected credit loss, doubtful receivables and other allowances.

Accounts receivable consists of:

	As at March 31, 2024	As at March 31, 2023
Accounts receivable	6,122,372	8,960,888
Less: allowance for expected credit loss	(193,409)	-
Less: allowance for doubtful receivables	-	(160,623)
Accounts receivable, net of allowances	**5,928,963**	**8,800,265**

The following table provides the details of expected credit loss and doubtful accounts receivable:

	As at March 31, 2024	As at March 31, 2023
Balance at beginning of the year	160,623	222,253
Add: allowances towards expected credit loss	32,786	-
Add: allowances towards doubtful accounts receivable	-	287,716
Less: reversal of provision for doubtful receivables	-	(349,346)
Balance at the end of the year	**193,409**	**160,623**

NOTE F : INVENTORIES, NET

Inventories consists of:

	As at March 31, 2024	As at March 31, 2023
Raw material	1,218,672	520,012
Work in progress	2,790,792	2,254,083
Finished goods	1,793,281	2,244,160
Stores, spares and loose tools	72,832	577,470
Less: inventory reserve	(10,000)	(142,923)
Total	**5,865,577**	**5,452,802**

The following table provides the details of inventory provision:

	As at March 31, 2024	As at March 31, 2023
Balance at beginning of the year	142,923	773,081
Less: reversal of provision on inventory obsolescence	(132,923)	(630,158)
Balance at the end of the year	**10,000**	**142,923**

During the current year ended March 31, 2024, provision was created for obsolescence of inventory worth $10,000 (March 31, 2023 : $142,923) on account of its net realizable value being less than cost.

NOTE G : PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consists of:

	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	260,011	199,572
Advance sales tax	31,146	28,739
Total	**291,157**	**228,311**

NOTE H : PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment consists of:

	As at March 31, 2024	As at March 31, 2023
Building improvements	809,726	1,233,597
Machinery and equipment	44,339,629	42,774,830
Vehicles	63,228	67,728
Furniture and fixtures	89,214	73,314
	45,301,797	**44,149,469**
Less: accumulated depreciation	(34,977,045)	(32,749,156)
Total	**10,324,752**	**11,400,313**

Depreciation for the year ended March 31, 2024, was $2,473,547 (March 31, 2023: $2,163,042). During the years ended March 31, 2024, and March 31, 2023, the Company has written off property, plant and equipment with a net block value of $245,658 and $7,555, respectively.

NOTE I : INTANGIBLE ASSETS, NET

Intangible assets consists of:

	As at March 31, 2024	As at March 31, 2023
Software	517,930	467,939
Less: accumulated amortization	(478,401)	(467,939)
Intangible assets, net	**39,529**	**-**

Amortization for the year ended March 31, 2024, was $ 10,462 (March 31, 2023: $ 14,302).

NOTE J : OTHER NON-CURRENT ASSETS

Other non-current assets consists of:

	As at March 31, 2024	As at March 31, 2023
Advance payments to capital vendors	99,749	3,035,339
Security deposits	81,900	81,900
Total	**181,649**	**3,117,239**

NOTE K : LOANS FROM PARENT

	As at March 31, 2024	As at March 31, 2023
Loans from Parent	10,500,000	9,500,000
Total	**10,500,000**	**9,500,000**

In June 2022, the Company has received a line of credit from Parent Company to facilitate its working capital requirements. The line of credit has a maximum aggregate permissible limit of $10,500,000 (March 31, 2023: $9,500,000). The loans are repayable on demand. As of March 31, 2024, the Company has made withdrawals in the amount of $10,500,000 (March 31, 2023: $9,500,000) under this line of credit.

Line of credit of $9,500,000 is stipulated at 1% plus applicable LIBOR and on $1,000,000 at fixed rate of interest of 3.25%. As of March 31, 2024, the applicable rate of interest on the outstanding line of credit of $9,500,000 was 6.76% per annum and $1,000,000 was 3.25% (March 31, 2023: 5.45%).

The interest expense for the year ended March 31, 2024, was $680,798. (March 31, 2023(Restated): $244,138). The interest outstanding as of March 31, 2024, was $198,931 (March 31, 2023(Restated): $238,224). The effective interest rate for the year ended March 31, 2024 is 5.48% (March 31, 2023: 5.45%).

NOTE L : OTHER CURRENT LIABILTIES

Other current liabilities consists of:

	As at March 31, 2024	As at March 31, 2023
Accrued interest payable to Parent (refer note R)	198,931	238,224
Accrued expenses	289,196	177,290
Capital vendors	1,091,340	179,252
Employee related liabilities	229,052	179,953
Statutory liabilities	27,589	28,163
Total	**1,836,108**	**802,882**

NOTE M : LONG-TERM DEBT

Long-term borrowings include the following:

	As at March 31, 2024	As at March 31, 2023
Loan from bank	15,000,000	5,000,000
Less: unamortized debt issuance cost	(108,525)	(134,221)
Total debt	**14,891,475**	**4,865,779**
Less: current portion of long term debt	(312,500)	-
Long term debt - current portion	**14,578,975**	**4,865,779**

In December 2022, the Company obtained a long-term loan from a bank with available limit of $15,000,000 for funding the acquisition of capital assets. During the year ended March 31, 2024 and March 31, 2023, the Company availed $10,000,000 and $5,000,000, respectively, from this facility. Outstanding principle balance as of March 31, 2024 and March 31, 2023, is $15,000,000 and $5,000,000, respectively. The entire loan is repayable till September 30, 2029. This loan is secured by plant and machinery.

The Company has availed loan at the rate of SOFR 3M + 2.10%, the effective rate of interest for the year ended March 31, 2024, is 8.38% (March 31, 2023: 9.87%). Debt processing costs with respect to this loan amounted to $NIL and $150,000 during the year ended March 31, 2024 and March 31, 2023, respectively. Unamortized debt processing costs amounted to $108,525 and $134,221, as of March 31, 2024 and March 31, 2023, respectively. Amortization of debt processing costs amounted to $25,696 and $15,779, during the year ended March 31, 2024 and March 31, 2023, respectively.

The future maturities of the Company's borrowing arrangements are as follows:

For the year ending	Amount
March 31, 2025	312,500
March 31, 2026	2,750,000
March 31, 2027	3,750,000
March 31, 2028	3,750,000
March 31, 2029	3,437,500
March 31, 2030	1,000,000
Total	**15,000,000**

The interest expense for the year ended March 31, 2024, is $850,061 (March 31, 2023, is $107,151), out of which $764,953 (March 31, 2023 is $27,425) was capitalized during the year ended March 31, 2024. Net interest expense for the year ended March 31, 2024 amounts to $85,108 (March 31, 2023: $79,725).

NOTE N : LEASE

General description of the lease: The Company has obtained multiple vehicles under operating leases. These leases have non-cancellable terms.

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.

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 'selling, general and administrative expenses' on the statements of loss.

Operating lease expense for the year ended March 31, 2024, was $139,777 (March 31, 2023: $123,832). The Company records operating lease expense in the statements of loss within "selling, general and administrative expenses".

Balance sheets information as of March 31, 2024 and March 31, 2023 related to leases is shown below:

	As at March 31, 2024	**As at March 31, 2023**
Assets		
Operating lease right-of-use-assets	192,971	325,330
Liabilities		
Current operating lease liabilities	103,352	134,596
Non-current operating lease liabilities	89,620	190,872
Total	**192,972**	**325,468**

Supplemental cash flow information related to leases for the year ended March 31, 2024, and March 31, 2023 was as follows:

	As at March 31, 2024	**As at March 31, 2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Cash paid towards operating leases	139,777	123,832
Lease assets obtained in exchange for new operating lease liabilities	-	186,661

	As at March 31, 2024	As at March 31, 2023
Weighted average remaining lease term	1.82 years	2.61 years
Weighted average discount rate	2.77%	2.77%

Maturities of operating lease liabilities as of March 31, 2024 were as follows:

	Amount
March 31, 2025	116,878
March 31, 2026	75,229
March 31, 2027	4,399
March 31, 2028	1,733
Total future minimum rental commitments	**198,239**
Less imputed interest	(5,267)
Total operating lease liabilities	**192,972**

NOTE O : REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information:

	For the year March 31, 2024	For the year March 31, 2023
Type of goods sold		
Sale of manufactured products	37,867,253	36,416,311
Die design and preparation charges	-	947,243
Tooling sales	708,024	417,789
Total	**38,575,277**	**37,781,343**
Timing of revenue recognition		
Goods transferred at a point of time	38,575,277	37,781,343
Total	**38,575,277**	**37,781,343**

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, 2024	As at March 31, 2023
Non-current deferred tax liabilities		
Property, plant, and equipment	(355,007)	(773,744)
Total deferred tax liabilities	**(355,007)**	**(773,744)**
Non-current deferred tax assets		
Inventories	9,748	11,870
Inventory obsolescence provision	24,307	8,526
Interest disallowed u/s 163(j)	52,081	19,320
State tax credit carryforward	191,468	174,367
State tax - net operating loss carryforward	1,854,239	1,909,902
Total deferred tax assets	**2,131,843**	**2,123,985**
Net deferred taxes	1,776,836	1,350,241
Less: deferred tax assets valuation allowance	(1,776,836)	(1,350,241)
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 $1,776,836 and $1,350,241 has been created as at March 31, 2024 and March 31, 2023, respectively.

The Company has net operating loss (NOL's) carryforward in the State of Tennessee of approximately $35,398,680 as at March 31, 2024 (March 31, 2023: $32,016,447), 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, 2024 and March 31, 2023.

The tax years of 2020 through 2022 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, 2024, was $107,260 (for the year ended March 31, 2023: $47,083.).

NOTE R : RELATED PARTY TRANSACTIONS

The Company has entered into related party transactions with following entities: (Bharat Forge Limited and its subsidiaries referred to as "Group Companies")

A. Ultimate Parent Company

Bharat Forge Limited

B. Parent Company

Bharat Forge America, Inc.

C. Other related parties where common control exists

1. Bharat Forge Tennessee, Inc.
2. Bharat Forge Aluminum USA, Inc
3. Bharat Forge Infrastructure, Limited

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

Operating revenues:

The Company recognized operating revenues from sale of manufactured products to Group Company amounting to $456,340 and $541,048 for the years ended March 31, 2024, and March 31, 2023, respectively.

Cost of revenues:

The Company recognized cost of revenues related to purchases of materials from Ultimate Parent Company amounting to $16,789 and $16,301 for the years ended March 31, 2024, and March 31, 2023, respectively.

Selling, general and administrative expenses:

The Company recognized rental expenses related to leasing of property from a Group Company amounting to $360,000, each, for the years ended March 31, 2024, and March 31, 2023.

The Company recognized expenses related to reimbursement of costs from Parent Company amounting to $465,528, for the year ended March 31, 2023.

Additional loan from Parent:

During the years ended March 31, 2024, and March 31, 2023, the Company obtained loans from a Parent Company amounting to $1,000,000 and $9,500,000, respectively.

Repayment of loan from Parent:

During the year ended March 31, 2023, the Company repaid loans to the Parent Company amounting to $4,000,000.

Loan converted to equity:

During the year ended March 31, 2023, loan from a Parent Company amounting to $2,000,000 and corresponding accrued interest of $47,083 were converted into equity.

Interest expenses:

The Company recognized interest expenses on loans from Parent Company amounting to $680,798 and $244,138 for the years ended March 31, 2024, and March 31, 2023(Restated), respectively.

The summary of balances due to and from related parties:

	As at March 31, 2024	As at March 31, 2023
Due from related parties		
Accounts receivable, related party	442,020	-
Other receivables, related parties	4,000,000	5,250,012
Total	**4,442,020**	**5,250,012**
Due to related parties		
Other payable, related parties	646,396	561,714
Accrual interest expense payable	198,931	238,224
Loans from parent	10,500,000	9,500,000
Total	**11,345,327**	**10,299,938**

NOTE S : SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2024, 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.

Registered Office

2150, Schmiede St, Surgoinville, TN 37873, U.S.A.

Independent Auditor's Report

To the Board of Directors and the 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, 2024, and March 31, 2023, and the related statements of loss, changes in stockholder's equity and cash flows for the years 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, 2024, and March 31, 2023, and the result of its operations, and its cash flows for the years 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

July 8, 2024

Balance Sheet as on March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	USD	USD
Assets			
Current Assets			
Cash and Cash equivalents	9,272,679	111,218	139,739
Trade Receivables (refer note H)	53,359,296	640,000	550,000
Other Current Assets	-	-	-
Total current assets	**62,631,975**	**751,218**	**689,739**
Property and plant, net	236,774,123	2,839,907	3,001,602
Investment in non-consolidated affiliate	262,054,006	3,143,118	3,767,916
Total assets	**561,460,104**	**6,734,243**	**7,459,257**
Liabilities and Stockholder's Equity			
Current Liabilities			
Other accrued liabilities	754,952	9,055	13,445
Total current liabilities	**754,952**	**9,055**	**13,445**
Non Current - Deffered Tax Liability	46,470,694	557,377	549,430
Total liabilities	**47,225,646**	**566,432**	**562,875**
Stockholder's Equity			
Common stock ($ 0.01 par value, authorized, issued and outstanding 100 shares)	83	1	1
Additional paid - in -capital	389,947,818	4,677,097	4,677,097
Accumulated Surplus	124,286,557	1,490,713	2,219,284
Total stockholder's equity	**514,234,458**	**6,167,811**	**6,896,382**
Total liabilities and stockholder's equity	**561,460,104**	**6,734,243**	**7,459,257**

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

Statements of income/(loss) for the period ended March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	**USD**	**USD**
Operating revenues	30,014,604	360,000	360,000
Less : Cost of revenues	(13,481,143)	(161,695)	(161,696)
Gross Profit	**16,533,461**	**198,305**	**198,304**
Cost and expenses			
General and administrative expenses	24,522,849	294,131	316,708
Total cost and expenses	**24,522,849**	**294,131**	**316,708**
Loss on operations	**(7,989,388)**	**(95,826)**	**(118,404)**
Other income			
Surplus in earning of non-consolidated affiliate	(52,091,846)	(624,798)	55,030
Loss before income taxes	(60,081,234)	(720,624)	(63,374)
Current tax expense	-	-	-
Deferred tax benefit	662,572	7,947	(22,751)
Net (loss)/income	**(60,743,806)**	**(728,571)**	**(40,623)**

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

Statements of changes in stockholder's equity

For the year ended March 31, 2024, and the period ended March 31, 2023

(All amounts are stated in United States Dollars, except the number of shares)

	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 April 1,2022	10,000	8,337	100	100	83	1	389,947,818	4,677,097	188,417,260	2,259,907	578,365,161	6,937,005
Net income for the period	-	-	-	-	-	-	-	-	(3,386,898)	(40,623)	(3,386,898)	(40,623)
Balance as at March 31, 2023	10,000	8,337	100	100	83	1	389,947,818	4,677,097	185,030,362	2,219,284	574,978,263	6,896,382
Balance as at April 1, 2023	10,000	8,337	100	100	83	1	389,947,818	4,677,097	185,030,362	2,219,284	574,978,263	6,896,382
Net loss for the year	-	-	-	-	-	-	-	-	(60,743,806)	(728,570)	(60,743,806)	(728,570)
Balance March 31, 2024	**10,000**	**8,337**	**100**	**100**	**83**	**1**	**389,947,818**	**4,677,097**	**124,286,556**	**1,490,714**	**514,234,457**	**6,167,812**

Statement of Cash Flow for the period ended March 31, 2024

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

	As at March 31, 2024		As at March 31, 2023
	Rs.	**USD**	**USD**
Cash Flow from Operating Activities			
Net (loss)/income	(60,743,806)	(728,571)	(40,623)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation expenses	13,481,143	161,695	161,696
Surplus in earning of non-consolidated affiliate	52,091,846	624,798	(55,030)
Deferred tax benefit	662,572	7,947	(22,751)
Changes in net operating assets and liabilities			
Receivables from a related party	(7,503,651)	(90,000)	(10,000)
Payables, related party	-	-	(2,937)
Other current liabilities	(366,011)	(4,390)	(18,985)
Net cash provided by operating acitivties	**(2,377,907)**	**(28,521)**	**11,370**
Net Increase in Cash and Cash Equivalents	**(2,377,907)**	**(28,521)**	**11,370**
Cash and cash equivalents at the beginning of the year/ period	**11,650,586**	**139,739**	**128,369**
Cash and cash equivalents at the end of the year/ period	**9,272,679**	**111,218**	**139,739**

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

Notes to Financial Statements

NOTE A : NATURE OF OPERATIONS AND LIQUIDITY PLANS

1. Nature of operations

Bharat Forge Tennessee Inc. (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 building to Bharat Forge PMT Technologies, LLC, (“PMT’), in which the Company has a minority interest of 17.90%.

2. Liquidity plans

For the year ended March 31, 2024, the Company incurred a net loss after taxes in the amount of $728,571 and negative operating cash flows of $28,521. However, as of March 31, 2024, the Company has a positive net working capital position of $742,163.

Management evaluated the Company's liquidity position on the date these financial statements were available to be issued and determined that the Company will continue operations for the foreseeable future, in the view of the continued support from the Ultimate Parent Company. The management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statement are 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 the amounts are stated in United States Dollars except as otherwise specified.

c. The financial statements are for the years ended March 31, 2024, and March 31, 2023.

2. Use of estimates

The preparation of financial statements are in conformity with accounting principles generally accepted in the United States of America and 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 Company's most significant estimates include but are not limited to, the realization of deferred tax assets and determination of useful lives for tangible fixed assets, at the balance sheet dates 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 estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Cash

Cash consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash approximates fair value because of the short maturities of those financial instruments. 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.

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 operating revenues. Bharat Forge PMT Technologies, LLC is responsible for paying property taxes, insurance, and other property expenses pertaining to such land and forging facilities.

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 as at March 31, 2024, and March 31, 2023, as management considers all accounts receivable as collectible.

6. Property, plant and depreciation

Land, land improvements and building, are stated at cost less accumulated depreciation. The cost of items of land, land improvements and building 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 improvements	30 years
Building	10-30 years

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 statements 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.

The Company is a subsidiary 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. 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. Impairment losses due to a decline in the value of investment other than temporary are recognized when incurred.

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 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 cash, accounts receivable, accounts payable, and accrued liabilities. The estimated fair value of cash, accounts receivable, 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.

11. Recently issued accounting standards adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets measured at amortized cost as well as certain off balance sheet commitments (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). The Company adopted ASU 2016-13 on April 01, 2023, using a modified retrospective approach. Results for reporting periods beginning April 01, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles.

Further, the Company has applied scope exception as per Accounting Standard Codification ("ASC") 326-20-15-3, for the accounts receivable and loan receivables balance from entities under common control and related parties. Therefore, the Company has not recorded any allowance for credit losses on receivables balance from entities under common control. There was no impact on the Company's financial statements, on adoption of ASU 2016-as of April 01, 2023.

12. Recently issued accounting standards not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance will be effective for the annual periods beginning the year ended March 31, 2026. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company does not expect the adoption of this guidance to have a material impact on financial statements.

NOTE C : CASH

Cash consists of:	As at March 31, 2024	As at March 31, 2023
Balance with banks	111,218	139,739
Total	**111,218**	**139,739**

NOTE D : PROPERTY AND PLANT, NET

Property and plant consists of:	As at March 31, 2024	As at March 31, 2023
Land	282,889	282,889
Land improvements	260,049	260,049
Building	3,482,181	3,482,181
	4,025,119	**4,025,119**
Less: accumulated depreciation	(1,185,212)	(1,023,517)
Total	**2,839,907**	**3,001,602**

Depreciation for the year ended March 31, 2024, and March 31, 2023, were $161,695 and $161,696, respectively.

NOTE E : INVESTMENT IN NON-CONSOLIDATED AFFILIATE

Investment in non-consolidated affiliate includes the following:	As at March 31, 2024	As at March 31, 2023
Investment in Bharat Forge PMT Technologies, LLC	3,143,118	3,767,916
Total	**3,143,118**	**3,767,916**

Following is a summary of the financial position of PMT as of March 31, 2024, and March 31, 2023:

	As at March 31, 2024	As at March 31, 2023
Current assets	21,041,863	21,573,883
Property, plant and equipment, net	10,324,752	11,400,313
Capital work in progress	12,762,889	436,952
Intangible assets, net	39,529	-
Operating lease right-of-use assets	192,971	325,330
Other assets	181,649	3,117,239
Total assets	**44,543,653**	**36,853,717**
Current liabilities	(15,948,605)	(13,808,013)
Long-term borrowings	(14,578,975)	(4,865,779)
Operating lease liabilities excluding current portion	(89,620)	(190,872)
Member's equity	**13,926,453**	**17,989,053**

PMT has revenues of $38,575,277 and net loss of $4,062,600 for the year ended March 31, 2024 (for the year ended March 31, 2023, revenue $37,781,343, and net loss of $316,172). The loss is adjusted for depreciation based on fair value of fixed assets.

NOTE F : OTHER CURRENT LIABILITIES

Other current liabilities consists of:

	As at March 31, 2024	As at March 31, 2023
Provision for franchisee taxes	9,056	13,445
Total	**9,056**	**13,445**

NOTE G : INCOME TAXES

The Company files a federal tax return as a member of Bharat Forge America Inc. consolidated group.

Deferred taxes	**March 31, 2024**	**March 31, 2023**
Federal	(24,708)	(7,506)
State	32,656	(15,245)
Total deferred tax expenses (benefit)	**7,948**	**(22,751)**
Income taxes expenses (benefit)	**7,948**	**(22,751)**

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, 2024	As at March 31, 2023
Non-current deferred tax assets		
Federal & state net operating losses	326,810	264,879
Total deferred tax asset	**326,810**	**264,879**
Non-current deferred tax liabilities		
Land improvements, building	(445,922)	(480,630)
Investment in Bharat Forge PMT Technologies, LLC	(438,265)	(333,679)
Total deferred tax liabilities	**(884,187)**	**(814,309)**
Net deferred liabilities	**(557,377)**	**(549,430)**

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 $557,379 and $549,430 are recorded as at March 31, 2024 and March 31, 2023, respectively.

The Company has federal net operating loss carry forwards (NOL's) of approximately $1,367,922 and $982,885, as at March 31, 2024, and March 31, 2023, respectively, as per Tax Cuts and Jobs Act those will be carried forward indefinitely for utilization. The Company has state NOL's carry forward in Tennessee state of approximately $770,138 and $1,138,713, as at March 31, 2024 and March 31, 2023, respectively, 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, 2024 and March 31, 2023.

The tax years of 2020 through 2022 remain subject to examination by the taxing authorities.

NOTE H : RELATED PARTY TRANSACTIONS

The Company has entered into related party transactions with following entities: (Bharat Forge Limited and its subsidiaries referred to as "Group Companies")

A. Ultimate Parent Company

Bharat Forge Limited

B. Parent Company

Bharat Forge America Inc.

C. Affiliates

Bharat Forge PMT Technologies, LLC

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

Operating revenues:

The Company has entered into transactions with Group Company, for providing properties on lease. For the years ended March 31, 2024, and March 31, 2023, the Company recognized operating revenues of $360,000 each year, in connection with the services rendered.

The summary of balance due from related party:

	As at March 31, 2024	As at March 31, 2023
Due from related party		
Account receivable, related party	640,000	550,000

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, 2024, 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, 2024, 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.

Kalyani Mobility, Inc.
(erstwhile Kalyani Precision Machining, Inc)

Registered Office
160, Mine lake, Court, Suite 200, Raleigh, NC 27615, TN 37873, U.S.A.

Independent Auditor's Report

To the Board of Directors of Kalyani Mobility, Inc.

Report on audit of special purpose financial statements

Opinion

We have audited the accompanying special purpose financial statements of **Kalyani Mobility, Inc.** ("the Company") which comprise the Balance Sheet as at 31st March, 2024 and the Statement of Profit and Loss for the year ended, the Statement of Changes in Equity and the Cash Flow Statement for the year ended on that date 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 for the purpose of inclusion in the annual report of the Ultimate Holding Company (Bharat Forge Limited) under the requirements of section 129(3) of the Companies Act, 2013. 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, 2024, 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 the special purpose financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements 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 special purpose financial statements.

Management's Responsibilities for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for 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 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. As a result, the special purpose financial statements may not be suitable for another purpose.

Restriction on distribution or use

This report is intended solely for the information of the Company's board of directors for inclusion in the annual report of the Ultimate Holding Company (Bharat Forge Limited) under the requirements of section 129(3) of the Companies Act, 2013 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 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
UDIN : 24142953BKFRAL6815

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

Special purpose balance sheet for consolidation purposes as at 31st March, 2024

		Notes	(In Rs) As at 31st March, 2024	(In USD) As at 31st March, 2024
I.	**ASSETS**			
1	**Non-current assets**			
	a) Investments	4	**1,690,401,758**	**20,274,951**
	b) Other non-current assets	5	**129,898,871**	**1,558,028**
			1,820,300,629	**21,832,979**
2	**Current assets**			
	a) Financial assets			
	i) Cash and cash equivalents	6	**52,401,163**	**628,508**
			52,401,163	**628,508**
	TOTAL :		**1,872,701,792**	**22,461,487**
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	a) Equity share capital	7		**-**
	b) Other equity	8	**1,708,219,874**	**20,488,665**
			1,708,219,874	**20,488,665**
3	**Current liabilities**			
	a) Financial Liabilities			
	i) Trade payables	9	**58,356,061**	**699,932**
	ii) Other Financial liabilities	10	**104,495,845**	**1,253,340**
	b) Current tax liabilities		**1,630,012**	**19,551**
			164,481,918	**1,972,823**
	TOTAL :		**1,872,701,792**	**22,461,487**

The accompanying notes form an integral part of the 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 : 24142953BKFRAL6815

Place : Pune
Date : 06-05-2024

On behalf of the Board of Directors,

Sunil Kulkarni
Director

Krishan Kohli
Director

Place : Pune
Date : 06-05-2024

Special purpose statement of profit and loss for consolidation purposes for the period ended 31st March, 2024

		Notes	(In Rs) As at 31st March, 2024	(In USD) Period ended 31st March, 2024
I.	**Revenue From operations**		-	-
II.	**Other income**	11	**10,588,485**	**127,000**
	Total Revenue		**10,588,485**	**127,000**
III.	**Expenses**			
	Employee benefits expense	12	**47,388,641**	**568,387**
	Finance Cost	13	**46,158,959**	**553,638**
	Other expenses	14	**21,164,708**	**253,853**
	Total expenses		**114,712,308**	**1,375,878**
IV.	**Loss before tax**		**(104,123,823)**	**(1,248,878)**
V.	**Tax expenses**		**3,884,859**	**46,596**
VI.	**Loss for the year**		**(108,008,682)**	**(1,295,474)**
VII.	**Other comprehensive income**		**708,540,270**	**8,498,346**
VIII.	**Total comprehensive income for the year (VI+VII)**		**600,531,587**	**7,202,873**

The accompanying notes form an integral part of the 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 : 24142953BKFRAL6815

Place : Pune
Date : 06-05-2024

On behalf of the Board of Directors,

Sunil Kulkarni
Director

Krishan Kohli
Director

Place : Pune
Date : 06-05-2024

Special purpose statement of changes in equity for consolidation purposes for the period ended 31st March, 2024

(A) Equity share capital

	Nos.	(In USD)
Balance as at 31st March, 2023	-	-
Issue of equity share capital during the period	-	-
Balance as at 31st March, 2024	-	-

(B) Other equity

(In USD)

	Capital Contribution	Instrument of equity nature through OCI	Retained Earnings	Total
Balance as at 31st March, 2023	4,750,100	-	(4,546,207)	**203,893**
Capital Contribution duirng the period	13,081,899	-	-	**13,081,899**
OCI for the period	-	8,498,346	-	**8,498,346**
Loss for the period	-	-	(1,295,474)	**(1,295,474)**
Balance as at 31st March, 2024	**17,831,999**	**8,498,346**	**(5,841,681)**	**20,488,665**

(C) Total equity (A+B)

20,488,665

The accompanying notes form an integral part of the 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 : 24142953BKFRAL6815

Place : Pune
Date : 06-05-2024

On behalf of the Board of Directors,

Sunil Kulkarni
Director

Krishan Kohli
Director

Place : Pune
Date : 06-05-2024

Special purpose cash flow statement for consolidation purposes for the period ended 31st March, 2024

			(In Rs)	(In USD)
			Period ended 31st March, 2024	**Period ended 31st March, 2024**
(A)	**Cash flow from operating activities**			
	Loss before tax		(104,123,823)	**(1,248,878)**
	Add/ Less :			
	Interest paid on intercorporate loans from related parties		46,158,959	**553,638**
	Operating loss before working capital changes		**(57,964,864)**	**(695,240)**
	Movements in working capital :			
	Increase / (decrease) in trade payables		43,205,014	**518,208**
	Increase / (decrease) in other financial liabilities		92,561,877	**1,110,202**
	Increase / (decrease) in other current liabilities		(33,516,308)	**(402,000)**
	(Increase) / decrease in trade receivables		18,927,209	**227,016**
	(Increase) / decrease in loans		46,122,553	**553,201**
	(Increase) / decrease in other non current assets		6,004,755	**72,022**
			173,305,100	**2,078,649**
	Cash generated from operations		115,340,237	**1,383,409**
	Direct taxes paid (net of refunds)		(2,254,847)	**(27,045)**
	Net cash flows from operating activities	**(A)**	**113,085,390**	**1,356,364**
(B)	**Cash flows from investing activities**			
	Purchase of Investments		**(645,685,661)**	**(7,744,458)**
	Net cash flows used in investing activities	**(B)**	**(645,685,661)**	**(7,744,458)**
(C)	**Cash flows from financing activities**			
	Capital Contribution received		**583,617,300**	**7,000,000**
	Net cash flows from/(used in) financing activities	**(C)**	**583,617,300**	**7,000,000**
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**51,017,029**	**611,906**
(E)	**Cash and cash equivalents at the beginning of the period**		**1,384,134**	**16,602**
(F)	**Cash and cash equivalents at the end of the period**		**52,401,163**	**628,508**

Cash and cash equivalents

	As at 31st March, 2024
Balances with banks in current accounts	**628,508**
TOTAL :	**628,508**

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 24142953BKFRAL6815

Place : Pune
Date : 06-05-2024

On behalf of the Board of Directors,

Sunil Kulkarni
Director

Krishan Kohli
Director

Place : Pune
Date : 06-05-2024

Notes forming part of the special purpose financial statements for the period ended 31st March, 2024

1 General Information:

Kalyani Mobility, Inc. (hereinafter referred to as "KMI" or the "Company") was incorporated in the State of North Carolina on 27th September, 2019. Kalyani Powertrain Limited ("KTPL" or "parent company") holds 99.9979% shares of the Company, the remaining 0.0021% is held by Bharat Forge Aluminium USA Inc. Bharat Forge Limited ("Ultimate Parent Company" or "BFL") a publicly listed company in India owns 100% of the equity shares of Kalyani Powertrain Limited. These special purpose financial statements are prepared for inclusion in the annual report of the Ultimate Parent Company, Bharat Forge Limited under the requirements of section 129 (3) of the Companies Act, 2013. These special purpose financial statements have been prepared for the period from i.e. 1st April 2023 to 31st March, 2024.

The Company is set up to support product development for light-weighting and E-mobility business.

2 Basis of accounting and preparation of special purpose financial statements:

These special purpose financial statement is prepared solely for inclusion in the annual report of the Ultimate Parent Company (Bharat Forge Limited) under the requirements of section 129(3) of the Companies Act, 2013.

These special purpose financial statements comply in all material aspects 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 functional currency of the company is United States Dollar (USD) and the financial statement is also presented in USD. All amounts included in the financial statements are reported in USD except share and per share data, unless otherwise stated.

The Company's current liabilities exceed its current assets primarily due to payables within the Group companies which continue to support to the Company. Consequently, no adjustments have been made to the carrying values or classification of the assets and liabilities.

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 United States Dollar (USD). These financial statements are presented in USD.

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results of operating activities. Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs. Net gain relating to translation or settlement of borrowings denominated in foreign currency are reported within Other income. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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.

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 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.

3.5 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.

3.6 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 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 Income tax :

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 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.

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 income tax assets are recognised to the extent 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 income tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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 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.

3.12 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.

3.13 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 Investments (Non-current) :

(In USD)

		As at 31st March, 2024
Investments designated as at fair value through OCI (FVTOCI):		
Instruments of equity nature		
1,30,54,324 Preferred Stock having par value $ 0.00001 of Harbinger Motors Inc.		**18,928,770**
9,28,401 Class A Common Warrants in Harbinger Motors Inc.		**1,346,181**
	TOTAL :	**20,274,951**

5 Other non-current assets

(Unsecured, good)

(In USD)

		As at 31st March, 2024
Capital advances		**1,558,028**
	TOTAL :	**1,558,028**

6 Cash and cash equivalents

(In USD)

		As at 31st March, 2024
Balances with banks		
In current accounts		**628,508**
	TOTAL :	**628,508**

7 Equity share capital

(In USD)

		As at 31st March, 2024
Authorised		
5,00,000 shares of Common Stock having no par value		-
Issued, subscribed and fully paid-up		
4,75,010 shares of Common Stock having no par value		-
	TOTAL :	**-**

8 Other equity

(In USD)

	As at 31st March, 2024
Capital Contribution	
Balance as per last financial statement	**4,750,100**
Add: Capital contribution during the period	**13,081,899**
Closing Balance	**17,831,999**
Instrument of equity nature through OCI	
Balance as per last financial statement	**-**
Add: Arising during the period	**8,498,346**
Closing Balance	**8,498,346**
Retained earnings	
Balance as per last financial statement	**(4,546,207)**
Add: Loss for the period	**(1,295,474)**
Closing balance	**(5,841,681)**
Total Other Equity	**20,488,665**

9 Trade payables

(In USD)

	As at 31st March, 2024
Trade Payable	**699,932**
TOTAL :	**699,932**

Trade payables Ageing Schedule (In USD)

	As at 31st March, 2024
Undisputed dues towards other creditors	
Not due	**-**
Less than 1 year	**699,932**
1-2 years	**-**
2-3 years	**-**
More than 3 years	**-**
TOTAL :	**699,932**

10 Other financial liabilities (Current)

(In USD)

		As at 31st March, 2024
Payable to related parties*		**1,244,056**
Other liabilities		**9,284**
	TOTAL :	**1,253,340**

*For terms and conditions of related party payable refer note no.17

11 Other income

(In USD)

		Period ended 31st March, 2024
Other non operating income		
Liabilities waived off		**127,000**
	TOTAL :	**127,000**

12 Employee benefits expense

(In USD)

		Period ended 31st March, 2024
Salaries and bonus		**529,215**
Contributions to provident and other funds		**39,172**
	TOTAL :	**568,387**

13 Finance Cost

(In USD)

		Period ended 31st March, 2024
Interest paid on intercorporate loans from related parties*		**553,638**
	TOTAL :	**553,638**

*For terms and conditions of related party payable refer note no.17

14 Other expenses (In USD)

	Period ended 31st March, 2024
Legal and professional fees	**101,661**
Travel and conveyance	**50,355**
IT consultancy costs	**24,067**
Bad debts written off	**54,016**
Miscellaneous Expenses	**23,754**
TOTAL :	**253,853**

15 Tax expenses (In USD)

	Period ended 31st March, 2024
Current Tax	**46,596**
TOTAL :	**46,596**

16 Segment Information :

The Board of Directors of the Company evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Accordingly, the Company's operations are considered to constitute a single segment in the context of Ind AS 108 Segment Reporting.

17 Related party disclosures :

(i) Names of the related parties and related party relationship

a) Holding Company	Kalyani Powertrain Limited
b) Fellow subsidiaries	Bharat Forge Aluminium USA, Inc.
c) Key management personnel	i) Amit Kalyani (Director) ii) Ravindra Nagarkar (Director) iii) Krishan Kohli (Director) (Appointed w.e.f. 14th July, 2023) iv) Sunil Kulkarni (Director) (Appointed w.e.f. 14th July, 2023)

(ii) Related parties with whom transactions have taken place during the period

(In USD)

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Period ended 31st March, 2024
1	**Reimbursement of expenses Paid**	**Holding Company**	
		Kalyani Powertrain Limited	**1,244,057**
		Fellow subsidiaries	
		Bharat Forge Aluminium USA, Inc.	**1,034,810**
2	**Interest expense**	**Holding Company**	
		Kalyani Powertrain Limited	**553,638**
3	**Capital Contribution Received**	**Holding Company**	
		Kalyani Powertrain Limited	**7,000,000**
4	**Intercorporate loan including accrued interest converted into Capital Contribution**	**Holding Company**	**6,081,899**
		Kalyani Powertrain Limited	

(iii) Balances outstanding

(In USD)

Sr. No.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2024
1	**Other payables**	**Holding Company**	
		Kalyani Powertrain Limited	**1,244,057**
2	**Trade payables**	**Fellow subsidiaries**	
		Bharat Forge Aluminium USA, Inc.	**649,931**

Note : All the transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in in arm's length transactions.

18 Earning per share (EPS)

(In USD)

	As at 31st March, 2024
Loss for the year attributable to shareholders	**(1,295,474)**
Weighted average number of shares [Common Stock having no par value]	**475,010**
Basic earning per share	**(2.73)**
Diluted earnings per share	**(2.73)**

19 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 no. 20 and 21 for further disclosures.

b) 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.

c) 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.

20 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 USD)

	As at 31st March, 2024	
	Carrying value	**Fair value**
I) Financial assets		
Measured at amortised costs		
Cash and cash equivalents	**628,508**	**628,508**
Measured at FVTOCI		
Investments	**20,274,951**	**20,274,951**
TOTAL :	**41,806,919**	**20,903,459**
II) Financial liabilities		
Measured at amortised costs		
Trade payables	**699,932**	**699,932**
Other Financial liabilities	**1,253,340**	**1,253,340**
TOTAL :	**3,906,544**	**1,953,272**

For 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.

21 Fair value hierarchy :

(In USD)

	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
As at 31st March, 2024				
Financial assets at FVTOCI				
Investments in instruments of equity nature	-	-	**20,274,951**	**20,274,951**

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy for valuation of Investment in instrument of equity nature of Harbinger Motors Inc. using Guideline public company method is TEV/NTM Total Revenues multiple. 10% increase/(decrease) in multiple would result in increase/(decrease) in fair value per share by USD 0.15.

22 Financial risk management disclosure :

The Company's activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. 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 investment in equity instruments.

i) Foreign Currency Risk

The Company operates internationally and a major portion of its business is transacted in USD. Consequently, the Company is not exposed to foreign exchange risk.

ii) Interest Rate Risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Since, there are no short-term investments or short-term borrowing, the Company is not expose to significant interest rate risk.

iii) Equity price risk

The Company is exposed to price risk in equity investments classified on the balance sheet as fair value through Other comprehensive income. Reports on the financial infomation of these entities are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was USD 2,02,74,951.

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 not exposed to the credit risk as it does not have any trade or other receivables or any other financial instrument.

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 regularly monitors the rolling forecasts to ensure it has sufficient cash on an ongoing basis to meet operational needs.

The table below summarises the maturity profile of the Company's financial liabilities (In USD)

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2024				
Trade payables	**699,932**	-	-	**699,932**
Other financial liabilities	**1,253,340**	-	-	**1,253,340**
	1,953,272	-	-	**1,953,272**

23 Capital commitment :

(In USD)

	As at 31st March, 2024
Estimated value of contracts remaining to be executed on capital accounts and not provided for (net)	**1,960,343**

24 There are no contingent liabilities as at 31 March, 2024.

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 : 24142953BKFRAL6815

Place : Pune
Date : 06-05-2024

On behalf of the Board of Directors,

Sunil Kulkarni
Director

Krishan Kohli
Director

Place : Pune
Date : 06-05-2024

Mécanique Générale Langroise, SAS

Registered Office
Rue du Stade, 52200 Saints Geosmes, France

Statutory Auditors' report on the financial statements
For the year ended 31st december 2023

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 2023, 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 2023, 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 2023, 1st January to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 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 judgement focused on the appropriateness of the accounting principles used.

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 thefinancial 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.821-55 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 23rd February 2024
French original signed by

Samuel Brunneval
Partner

Balance Sheet as at December 31st, 2023

	2023				Previous Year
ASSETS	**Rs.**		**EUR**		**EUR**
A. Fixed Assets					
I. Other Intangible assets	123,562.58		1,343.00		-
II. Tangible assets					
1. Land	6,654,530.41		72,328.00		72,328.00
2. Buildings	54,232,656.32		589,454.00		692,913.00
3. Plant & machinery, fixtures, fitting,			206,399.00		
tools & equipments	0.00				150,677.00
4. Other tangible Assets	3,728,130.55		40,521.00		27,533.00
B. Investments			15.00		
III. Other Financial Assets	8,556.46		93.00		93.00
		64,747,436.32		910,153.00	943,544.00
C. Current assets					
I. Stocks and work in progress					
Raw materials, other supplies	63,327,064.67		688,301.00		551,720.00
Work in progress (services)	37,723,481.08		410,016.00		280,920.00
Semi-finished and finished goods	-				-
Advances and payments on account on orders	3,070,203.51		33,370.00		758.00
II. Debtors					
Trade receivables	142,821,138.37		1,552,321.00		1,164,000.00
Other debtors	1,980,037.45		21,521.00		26,424.00
III. Marketable Securities	27,601,470.00		300,000.00		
IV. Cash at bank and in hand			1,295,760.00		989,481.00
V. Prepaid expenses	0.00		13,430.00		25,995.00
		276,523,395.08		4,314,719.00	**3,039,296.00**
Total Assets		**341,270,831.40**		**5,224,872.00**	**3,982,840.00**

एमजीएल का कुछ समझ में नहीं आता। कृपया सभी टेबल के लिए साइन्ड और एक्सेल दोनों चेक करना जी।

Balance Sheet as at December 31st, 2023

	2023				Previous Year
EQUITY AND LIABILITIES	**Rs.**		**EUR**		**EUR**
A. Equity					
Share Capital (paid in: 600,000)	55,202,940.00		600,000.00		600,000.00
Legal reserves	5,520,294.00		60,000.00		60,000.00
Other Reserve	150,757,481.05		1,638,581.00		1,355,864.00
Retained Profit / Loss	119,567,083.91				0.00
Profit / Loss for the financial year	0.00		1,299,573.00		282,718.00
Grants for capital expenditures	6,809,650.67		74,014.00		87,119.00
Tax-regulated provisions	5,187,328.27		56,381.00		54,913.00
		343,044,777.90		3,728,548.00	2,440,613.00
B. Financial Debts					
Bank loans and overdrafts	46,228,966.06		502,462.00		676,233.00
Other loans & financial liabilities					
Trade payables	33,437,708.83		363,434.00		438,643.00
Tax and employee-related liabilities	58,002,373.09		630,427.00		427,351.00
Fixed assets creditors	-		-		-
Other creditors	-		-		-
		137,669,047.98		1,496,324.00	1,542,228.00
Total		**480,713,914.04**		**5,224,872.00**	**3,982,840.00**

Income statement for the period from January 1 to December 31, 2023

	Note	2023		Previous Year
		Rs.	Eur	Eur
Sales of processed goods	2	8,919,875.06	96,950.00	113,158.00
Sales of services		629,398,620.53	6,840,925.00	5,110,310.00
Change in inventory of finished goods		11,877,464.57	129,096.00	100,087.00
Operating grants		-	-	-
Reversal of depreciations, provisions and cost recharge		3,237,652.43	35,190.00	30,800.00
Other operating incomes	3	1,104.06	12.00	11.00
Total operating income		**653,434,716.65**	**7,102,174.00**	**5,354,365.00**
Operating expenses				
Purchase of raw materials and consumables		140,550,549.45	1,527,642.00	1,406,590.00
(including customs duties)				
Change in inventory of raw materials and consumables		(11,977,841.92)	(130,187.00)	(176,804.00)
Other external expenses		142,588,457.98	1,549,792.00	1,471,863.00
Taxes	4,5	11,605,406.08	126,139.00	118,423.00
Wages and salaries	6	169,085,501.16	1,837,788.00	1,458,419.00
Social contributions	7, 8, 9, 10,11	63,726,365.94	692,641.00	556,106.00
Amortization and depreciation increase on fixed assets		19,665,863.37	213,748.00	243,543.00
Provision increase on current assets		29,809.59	324.00	98.00
Other operating expenses	12	178,489.51	1,940.00	1,702.00
Total operating expenses		**535,452,601.16**	**5,819,825.00**	**5,079,940.00**
***Including**				
Equipment Leasing		**11,995,506.86**	**130,379.00**	**278,700.00**
Operating income		**117,982,115.49**	**1,282,348.00**	**274,426.00**
Other interest and assimilated income	13	478,241.00	5,198.00	-
Total financial income		**478,241.00**	**5,198.00**	**-**
Interests and other financial expenses	14	378,232.14	4,111.00	4,858.00
Total financial expenses		**378,232.14**	**4,111.00**	**4,858.00**
Financial result		**100,008.86**	**1,087.00**	**(4,858.00)**
Income Before tax and Ordinary items		**118,082,124.35**	**1,283,436.00**	**269,568.00**

	Note	2023		Previous Year
		Rs.	Eur	Eur
Non-recurring income				
Non-recurring income on operational transactions		448,616.00	4,876.00	-
Non-recurring capital gains		1,205,724.00	13,105.00	15,028.00
Reversals of provisions, depreciation and transfers of expenses		145,092.00	1,577.00	1,662.00
Total non-recurring income		**1,799,432.00**	**19,558.00**	**16,691.00**
Non-recurring expenses				
Non-recurring expense on operational transactions		448,615.89	4,876.00	
Non-recurring capital losses		-	-	
Non-recurring amortization, depreciation / impairment and provisions		280,155.24	3,045.00	3,541.00
Total non-recurring expenses		**728,771.13**	**7,921.00**	**3,541.00**
Non-recurring profit		**1,070,660.87**	**11,637.00**	**13,150.00**
Income tax		(414,022.00)	(4,500.00)	-
Total income		**655,712,389.65**	**7,126,929.00**	**5,371,058.00**
Total expenses		**536,145,582.43**	**5,827,357.00**	**5,088,339.00**
Net profit / (loss)		**119,566,895.37**	**1,299,573.00**	**282,718.00**

Accounting methods

Annex to the balance sheet and the income statement for the year ended 2021/12/31 whose total assets prior distribution is €3 422,980 and the income statement of the year, presented as a list and a result of -600 728€.

The exercise has a duration of 12 months, covering the period from 01/01/2021 to 31/12/2021. 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 € 86,754. 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: 1% (rate iboxx to 31/12/2021)
- the staff turnover rate: 10%
- wage growth rate: 1%

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 € 15,025 tax-free.

Average Headcount

Employee categories	Current year staff	Prior year staff
Executives	3	3
Supervisors and technicians	4	3
Employees	3	3
Workers Apprentice under contract	32	26
TOTAL	**42**	**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	433,266
Commitments under real estate leases	
Other commitments	502,304
Pension commitments	
TOTAL	**935,570**

Financial tables for current leases

	Lands	Buildings	Plant & machinery & equipment	Other tangible assets	TOTAL
Original value:			575,050		575,050
Depreciation:					
Cumulative totals from previous financial years					
Additions during the financial year					
TOTAL					
Theoretical net value					
Rents paid:					
Cumulative totals from previous financial years			21,015		21,015
Amounts from the financial year			115,018		115,018
TOTAL			**136,033**		**136,033**
Futural rentals:					
Within one year			140,328		140,328
Between one and five years			292,938		292,938
After more than five years					
TOTAL			**433,266**		**433,266**
Residual value:					
Within one year					
Between one and five years			5,751		5,751
After more than five years					
TOTAL			**5,751**		**5,751**
Charges booked during the financial year:			115,018		115,018

Changes in equity

Item	Amount
Shareholders' equity Y-1 after profit (loss) and before OGM	2,440,613
Distributions	
Shareholders' equity at the start of the financial year	**2,440,613**
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	**2,440,613**
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	282,718
Changes to regulated reserves	
Changes to retained earnings	
Change to investment subsidies and tax-regulated provisions	(11,637)
Appropriation of the profit (loss) for Y-1 to shareholders' equity (excluding distributions)	(282,718)
Changes during the financial year	**(11,637)**
Shareholders' equity at the end of the financial year before profit (loss)	**2,428,976**
Profit (loss) for the financial year	1,299,573
Shareholders' equity at the end of the financial year after profit (loss) but before the annual general meeting	**3,728,548**

Depreciation Statement

SCHEDULE A - Situation and changes within the period

	Depreciable assets	Opening balance	Additional allowances	Reductions dispo./Rever	Closing balance
Intangible assets					
Set-up, research and development costs					
Goodwill					
Other intangible assets		65,180	697		65,877
		65,180	**697**		**65,877**
Land					
Buildings		1,737,110	101,339		1,838,449
Buildings on other people's lands					
Building fixtures and fittings		920,427	20,058		940,485
Plant, machinery and equipment		2,269,461	78,093	20,846	2,326,708
Other fixtures and fittings		274,184	5,487	5,151	274,520
Vehicles		15,303			15,303
Office equipment, computer hardware, furniture		73,849	8,074	15,006	66,916
Returnable containers and others					
TOTAL		**5,290,333**	**213,051**	**41,003**	**5,462,381**
GRAND TOTAL		**5,355,513**	**213,748**	**41,003**	**5,528,258**

SCHEDULE B - Breakdown of depreciation allowances for the period

	Allowances				Reversals			Net depreciation mouvements closing balance
	Depreciable assets	Straight line Depreciation	Decreasing balance Depreciation	Exceptionnel Depreciation	Straight line Depreciation	Decreasing balance Depreciation	Exceptionnel Depreciation	
Intangible assets								
Set-up, R&D. costs								
Goodwill								
Others intangible assets								
TOTAL								
Tangible assets								
Land								
Buildings								
Buildings on other people's lands								
Buildings fixtures and fittings								
Plant, mach., and equipment						1,080		(1,080)
Other fixtures and fittings								
Vehicles								
Office equip. comput. hardw. Returnable contain. and others								
TOTAL						**1,080**		**(1,080)**
GRAND TOTAL						**1,080**		**(1,080)**
UNVENTILATED GRAND TOTAL						**1,080**		**(1,080)**

SCHEDULE C

	Changes in deferred charges	Opening balance	Additional allowances	Allowances for the period	Closing balance
Deferred charges					
Redemption bond premium					

Fixed assets

Schedule A

	Gross amount opening balance	Revaluations for the financial year	Increase Acq. Reclassifications Disposals
Intangible assets			
Set-up and research & development costs			
Other intangible assets	65,180		2,040
TOTAL	**65,180**		**2,040**
Tangible assets			
Land	72,328		
Buildings on owned land	2,377,824		
Buildings on leased land			
Building fixtures and fittings	972,625		17,938
Plant, machinery and equipment	2,420,138		133,815
Other fixtures and fittings	292,742		1,478
Vehicles	15,303		
Office equipment, computer hardware, furniture	82,823		19,221
Returnable containers and miscellaneous			
Tangible assets in progress			
Advance payments on fixed assets			
TOTAL	**6,233,784**		**172,452**
Financial assets			
Investments in subsidiaries assessed by the equity method			
Other investments in subsidiaries			15
Other long-term investments			
Loans and other financial assets	93		
TOTAL	**93**		**15**
GRAND TOTAL	**6,299,057**		**174,507**

Schedule B

	Reductions			Legal reval. or val. by the equity method
	Reclassification	**Disposals**	**Gross amount closing balance**	**Original value of assets at end of financial year**
Set-up and research & development costs				
Other intangible assets			67,220	
TOTAL			**67,220**	
Land			72,328	
Buildings on owned land			2,377,824	
Buildings on leased land				
Building fixtures and fittings			990,563	
Plant, machinery and equipment		20,846	2,533,107	
Other fixtures and fittings		5,151	289,069	
Vehicles			15,303	
Office equipment, computer hardware, furniture		15,006	87,038	
Returnable containers and others				
Tangible assets in progress	(5,850)		5,850	
Payment on account				
	(5,850)	**41,003**	**6,371,083**	
Invt. in subsidiaries assessed by the equity method				
Other investments in subsidiaries			15	
Other long-term investments				
Loans and other financial assets			93	
TOTAL			**108**	
GRAND TOTAL	**(5,850)**	**41,003**	**6,438,411**	

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	54,913	3,045	1,577		56,381
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	**54,913**	**3,045**	**1,577**		**56,381**
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	36,959	37,283	43,678		30,565
On trade debtors	2,311	2,311	2,311		2,311
Other provisions for loss in value					
TOTAL III	**39,270**	**39,594**	**45,989**		**32,876**
GRAND TOTAL (I+II+III)	**94,183**	**42,639**	**47,566**		**89,257**
Including operating allowances and reversals		39,594	6,719		
Including financial allowances and reversals					
Including exceptional allowances and reversals		3,045	1,577		
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	1,551,859	1,551,859	
Receivables representing borrowed securities			
Employees and related accounts			
Social contributions			
Corporation tax	4,500	4,500	
Value-added tax	17,021	17,021	
Other taxes			
Sundries			
Intercompany and current accounts (2)			
Other debtors (including claims on repurchase agreements)			
Prepaid expenses	13,140	13,140	
TOTAL	**1,589,677**	**1,589,583**	**93**

(1) Including loans granted within the period

(1) Including redemptions received within the period

(2) Loans and advances granted to partners

Payables

Payables	Gross amount	Liability's degree of payability: 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	502,462	175,091	327,371	
Other loans and financial liabilities [1] [2]				
Trade creditors and related accounts	363,434	363,434		
Employees and related accounts	150,218	150,218		
Social contributions	198,169	198,169		
Corporation tax				
Value-added tax	262,604	262,604		
Guaranteed bonds				
Other taxes	19,437	19,437		
Fixed assets creditors				
Intercompany and current accounts[2]				
Other creditors (including claims on repurchase agreements)				
Liabilities representing borrowed securities				
Deferred income				
TOTAL	**1,496,324**	**1,168,953**	**327,371**	
(1) Loans raised within the period				
(1) Loans redeemed within the period	173,716			
(2) Loans and liabilities raised from partners				

Accrued receivables

(Article R123-189 of the French Commercial Code)

Accrued receivables included in the following balance sheet items	Financial year ended 31/12/2023	Financial year ended 31/12/2022
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Other financial assets		
Trade debtors and related accounts	169,392	166,951
Other debtors		
Marketable securities		
Cash at bank and in hand	2,405	
TOTAL	**171,797**	**166,951**

Accrued receivables details

Accrued receivables included in the following balance sheet items	Financial year ended 31/12/2023	Financial year ended 31/12/2022
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Other financial assets		
Trade debtors and related accounts	**169,392**	**166,951**
41800000 CLIENTS PRDTS NON ENCORE FACTURES	169,392	166,951
Other debtors		
Marketable securities		
Cash at bank and in hand	**2405**	
51870000 INTERETS COURUS A RECEVOIR	2405	
TOTAL	**171,797**	**166,951**

Accrued payables

(Article R123-189 of the French Commercial Code)

Accrued payables included in the following balance sheet items	Financial year ended 31/12/2023	Financial year ended 31/12/2022
Convertible debenture loans		
Other debenture loans		
Bank loans and overdrafts	159	214
Other loans and financial liabilities		
Trade creditors	51,963	47,167
Tax and employee-related liabilities	226,500	154,531
Fixed assets creditors		
Other creditors		
TOTAL	**278,621**	**201,911**

Accrued payables details

	Financial year ended 31/12/2023	Financial year ended 31/12/2022
Convertible debenture loans		
Other debenture loan		
Bank loans and overdrafts	**159**	**214**
16884000 INTERETS COURUS SUR EMPRUNTS ETS CREDIT	159	214
Other loans and financial liabilities		
Trade creditors	**51,963**	**47,167**
40810000 FOURNISSEURS FACTURES NON PARVENUES	40,744	34,567
40812000 FOURNISSEUR FACTURES NON PARVENUES KPMG	11,219	12,600
Tax and employee-related liabilities	**226,500**	**154,531**
42820000 DETTES PROVISIONNEES P/CONGES A PAYER	124,808	91,058
42860000 PERSONNEL AUTRES CHARGES A PAYER	25,410	8,974
43800000 Taxe d'apprentissage liberatoire	1,453	
43820000 CHARGES SOCIALES SUR CONGES A PAYER	49,139	35,755
43860000 CHARGES A PAYER SUR ORGANISM ES SOCIAUX	12,705	4,487
44820000 CHARGES FISCALES SUR CONGES A PAYER	2.009	1,535
44860000 ETAT CHARGES A PAYER	10,976	12,722
Fixed assets creditors and related accounts		
Other creditors		
TOTAL	**278,621**	**201,911**

Prepayments and deferred income

Prepaid Expenses	Financial year ended 31/12/2023	Financial year ended 31/12/2022
Operating expenses	13,430	25,995
Financial expenses		
Non-recurring expenses		
TOTAL	**13,430**	**25,995**

Transfers of expenses

Type of transfers of Expenses	Amount
Transfer of expenses to employees	11,217
Transfer of expenses to employees - in-kind benefits	17,254
TOTAL	**28,471**

BF Elbit Advanced Systems Private Limited

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, 2024, 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, 2024, 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 are 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 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 with reference to financials statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

   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) The Company has received written representations from Three out of its four directors as on 31st March, 2024 which have been taken on records by the Board of Directors. *However, no representation was received from Mr. Yehuda Vered (DIN 06965809).* On the basis of written representations received from the directors as on 31st March, 2024 we report that three out of the four directors of the Company were not disqualified from being appointed as a director under sub-section (2) of section 164. *However, we are unable to comment on these aspects about one of the four directors of the Company.*

   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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility for the part of the financial year. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24160187BKABYY8556

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

"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, 2024

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, 2024 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, 2024 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) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the group. The group has Two CIC's as a part of the Groups.

(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	**18,288.04**	16,564.03

(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. 28 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
UDIN : 24160187BKABYY8556

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

"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, 2024

We have audited the internal financial controls over financial reporting of **BF Elbit Advanced Systems Private Limited** ("the Company") as of 31st March, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24160187BKABYY8556

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

Balance sheet as at 31st March, 2024

(In ₹ Thousands)

			Notes	As at 31st March, 2024	As at 31st March, 2023
I.	**ASSETS**				
1	**Non-current assets**				
	a)	Property, plant and equipment	3	**15,936.02**	17,955.61
	b)	Right of use assets	4	**-**	-
	c)	Intangible assets	5	**-**	-
	d)	Financial assets			
		i) Other financial assets	6	**20.00**	20.00
	e)	Other current assets	7	**8,838.05**	8,451.15
				24,794.07	26,426.76
2	**Current assets**				
	a)	Financial assets			
		i) Cash and cash equivalents	8	**28.41**	28.41
				28.41	28.41
		TOTAL :		**24,822.48**	26,455.17
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
	a)	Equity share capital	9	**19,804.08**	19,804.08
	b)	Other equity	10	**(188,225.57)**	(167,917.95)
				(168,421.49)	(148,113.87)
2	**Non Current liabilities**			**-**	-
3	**Current liabilities**				
	a)	Financial Liabilities			
		i) Borrowings	11	**192,941.42**	173,873.32
		ii) Lease liabilities	19	**-**	-
		iii) Trade payables	12		
	Total outstanding dues of micro enterprises and small enterprises			**35.64**	10.62
	Total outstanding dues of creditors other than micro enterprises and small enterprises			**91.18**	513.15
	a)	Other current liabilities	13	**175.73**	171.95
				193,243.97	174,569.04
		TOTAL :		**24,822.48**	26,455.17
	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

Hrushikesh S Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYY8556

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 6th May, 2024

Statement of profit and loss for the year ended 31st March, 2024

(In ₹ Thousands)

	Notes	Year ended 31st March, 2024	Year ended 31st March, 2023
I. Income			
a) Revenue from operations		**-**	-
b) Other income		**-**	-
Total Revenue		**-**	-
II. Expenses			
a) Finance costs	14	**18,118.36**	16,290.68
b) Depreciation and amortization expenses	15	**2,019.59**	2,564.93
c) Other expenses	16	**169.67**	273.35
Total expenses		**20,307.62**	19,128.96
III. Loss before tax		**(20,307.62)**	(19,128.96)
IV. Tax expenses		**-**	-
V. Loss for the year		**(20,307.62)**	(19,128.96)
VI. Other comprehensive income		**-**	-
VII. Total comprehensive income for the year (V+VI)		**(20,307.62)**	(19,128.96)
VIII. Earnings per equity share [nominal value of share ₹ 10/-]			
a) Basic (In ₹)	20	**(10.25)**	(9.66)
b) Diluted (In ₹)	20	**(10.25)**	(9.66)
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

Hrushikesh S Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYY8556

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 6th May, 2024

Statement of changes in equity for the year ended 31st March, 2024

a Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	(In ₹ Thousands)	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, 2022.	(148,788.99)	(148,788.99)
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the previous 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)
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	(167,917.95)	(167,917.95)
Add :		
Loss for the year	**(20,307.62)**	**(20,307.62)**
Balance as at 31st March, 2024.	**(188,225.57)**	**(188,225.57)**
	(168,421.49)	**(168,421.49)**

c Total equity (In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Equity share capital	**19,804.08**	19,804.08
Other equity	**(188,225.57)**	(167,917.95)
TOTAL :	**(168,421.49)**	(148,113.87)

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

Hrushikesh S Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYY8556

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 6th May, 2024

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

(In ₹ Thousands)

		Year ended 31st March, 2024	Year ended 31st March, 2023
(A)	**Cash flow from operating activities**		
	Loss before tax	**(20,307.62)**	(19,128.96)
	Add :		
	Depreciation and amortization expenses	**2,019.59**	2,564.93
	Interest paid on borrowings	**18,118.36**	16,270.24
	Interest paid on lease liabilties	**-**	20.44
	Operating loss before working capital changes	**(169.67)**	(273.35)
	Movements in working capital :		
	(Increase) / decrease in other current assets	**(386.89)**	(248.62)
	(Increase) / decrease in other financial assets	**-**	4.00
	(Increase) / decrease in trade receivables	**-**	-
	Increase / (decrease) in trade payables	**(396.95)**	(1,264.93)
	Increase / (decrease) in other current financial liabilities	**-**	-
	Increase / (decrease) in other current liabilities	**3.77**	28.36
		(780.07)	(1,481.19)
	Cash generated from operations	**(949.74)**	(1,754.54)
	Direct taxes paid (net of refunds)	**-**	-
	Net cash flows from operating activities (A)	**(949.74)**	(1,754.54)
(B)	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	**-**	-
	Net cash flows used in investing activities (B)	**-**	-
(C)	**Cash flows from financing activities**		
	Proceeds from short term borrowings (net of repayment)	**19,068.10**	17,281.16
	Interest Paid	**(18,118.36)**	(16,270.24)
	Payment of principal portion of lease liabilities	**-**	(379.56)
	Payment of interest on lease liabilities	**-**	(20.44)
	Net cash flows from/(used in) financing activities (C)	**949.74**	610.92
(D)	**Net increase in cash and cash equivalents (A+B+C)**	**-**	(1,143.62)

(In ₹ Thousands)

		Year ended 31st March, 2024	Year ended 31st March, 2023
(E)	**Cash and cash equivalents at the beginning of the year**	**28.41**	1,172.03
(F)	**Cash and cash equivalents at the end of the year**	**28.41**	28.41

Components of cash and cash equivalents as at (In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Balances with banks in current accounts	**28.41**	28.41
TOTAL :	**28.41**	28.41

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

Hrushikesh S Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYY8556

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 6th May, 2024

Notes forming part of the financial statements for the year ended 31st March, 2024

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. Corporate Identity Number of the Company is U29270PN2012PTC144268.

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.

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 6th May, 2024

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest 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.

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:

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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 21)

b) Quantitative disclosures of fair value measurement hierarchy (note 23)

c) Financial instruments (including those carried at amortized cost) (note 22)

2.5 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 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 judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 21.

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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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. 2.13.

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. Interest income is included in "other income" in the statement of profit and loss.

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) Dividends :

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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 cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

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 estimated useful lives of items of property, plant and equipment are 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 derecognition 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 derecognised.

Company amortises intangible assets on a straight line basis over the useful life of the asset as mentioned below:

Type of Asset	Estimated useful life (years)
i) Software	3

2.9 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.

2.10 Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependant on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

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 lives estimated by the management

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.

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.11 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 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 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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 recognizes 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 recognizing 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.

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 analyzed.

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:

i Financial assets measured as at amortized 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 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.

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 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.

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, 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
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
As at 31st March, 2024	**667.81**	**179.84**	**444.59**	**20,140.74**	**21,432.98**
Depreciation and amortization :					
As at 1st April, 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
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
For the year	-	-	-	**2,019.59**	**2,019.59**
Upto 31st March, 2024	**667.81**	**179.84**	**444.59**	**4,204.72**	**5,496.96**
Net Block :					
As at 31st March, 2023	-	-	-	17,955.61	17,955.61
As at 31st March, 2024	**-**	**-**	**-**	**15,936.02**	**15,936.02**

4 Right of use assets :

(In ₹ Thousands)

	Right of use assets	Total
Gross block, at cost :		
As at 1st April, 2022	1,513.16	1,513.16
Additions	-	-
Disposals	(1,513.16)	(1,513.16)
Adjustments	-	-
As at 31st March, 2023	-	-
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2024	**-**	**-**
Depreciation and amortization :		
As at 1st April, 2022	1,184.21	1,184.21
Disposals	(1,513.16)	(1,513.16)
Adjustments	-	-
For the year	328.95	328.95
Upto 31st March, 2023	-	-
Disposals	-	-
Adjustments	-	-
For the year	-	-
Upto 31st March, 2024	**-**	**-**
Net Block :		
As at 31st March, 2023	-	-
As at 31st March, 2024	**-**	**-**

5 Intangible assets :

(In ₹ Thousands)

	Software	Total
Gross block, at cost :		
As at 1st April, 2022	795.00	795.00
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2023	795.00	795.00
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2024	**795.00**	795.00
Depreciation and amortization :		
As at 1st April, 2022	661.41	661.41
Disposals	-	-
Adjustments	-	-
For the year	133.59	133.59
Upto 31st March, 2023	795.00	795.00
Disposals	-	-
Adjustments	-	-
For the year	-	-
Upto 31st March, 2024	**795.00**	**795.00**
Net Block :		
As at 31st March, 2023	-	-
As at 31st March, 2024	**-**	**-**

6 Other financial assets (Non-current)

(Unsecured, Good) (In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Security Deposits		**20.00**	20.00
	TOTAL :	**20.00**	20.00

7 Other Non current assets

(Unsecured, Good) (In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities		**8,838.05**	8,451.15
	TOTAL :	**8,838.05**	8,451.15

8 Cash and cash equivalents

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Balances with banks			
In current accounts		**28.41**	28.41
	TOTAL :	**28.41**	28.41

9 Equity share capital

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Authorised			
15,000,000	Equity shares of ₹ 10/- each	**150,000.00**	150,000.00
Issued, Subscribed and fully paid-up			
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, 2024		As at 31st March, 2023	
	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, 2024		As at 31st March, 2023	
	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, 2024		As at 31st March, 2023	
	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, 2024**		As at 31st March, 2023		**% 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, 2024	As at 31st March, 2023
Retained earnings		
As per last account	**(167,917.95)**	(148,788.99)
Add :		
Loss for the year	**(20,307.62)**	(19,128.96)
Closing balance	**(188,225.57)**	(167,917.95)

11 Borrowings (Current)

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Demand loans from companies[(a)(b)]	**192,941.42**	173,873.32
TOTAL :	**192,941.42**	173,873.32
(a) Includes Loan from Bharat Forge Ltd, the Holding Company which carries interest @ 10% p.a.	**174,171.28**	156,670.97
(b) Includes Loan from other related party which carries interest @ 9.70% p.a.	**18,770.14**	17,202.35

12 Trade payables :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Total outstanding dues of micro enterprises and small enterprises	**35.64**	10.62
Total outstanding dues of creditors other than micro enterprises and small enterprises (including related party payables)	**91.18**	513.15
TOTAL :	**126.82**	523.77

For terms and conditions relating to related party payables, refer note no. 18

Trade payables ageing schedule

(In ₹ Thousands)

	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, 2024						
Undisputed dues to MSME	**35.64**	**-**	**-**	**-**	**-**	**35.64**
Undisputed dues to other than MSME	**81.00**	**10.18**	**-**	**-**	**-**	**91.18**
Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	116.64	**10.18**	**-**	**-**	**-**	**126.82**
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

13 Other current liabilities:

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2022
Statutory liabilities	**175.73**	171.95
TOTAL :	**175.73**	171.95

14 Finance costs :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest on borrowings	**18,118.36**	16,270.24
Interest on lease liabilities	**-**	20.44
TOTAL :	**18,118.36**	16,290.68

15 Depreciation and amortization expenses

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
On property, plant and equipment	**2,019.59**	2,102.39
On intangible assets	**-**	133.59
On right of use assets	**-**	328.95
TOTAL :	**2,019.59**	2,564.93

16 Other expenses

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Legal and professional fees	**37.70**	122.40
Payment to Auditors (Refer details below)	**90.00**	125.00
Rates & taxes	**11.95**	9.93
Miscellaneous expenses#	**30.02**	16.02
TOTAL :	**169.67**	273.35

Miscellaneous Expenses include general office expenses, printing and stationery, amounts written off etc.

Payment to auditors

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
As auditor:		
- Audit fee	**75.00**	110.00
- Transfer Pricing Audit fees	**-**	-
- Income Tax matters	**15.00**	15.00
TOTAL :	**90.00**	125.00

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 : (Fellow Subsidiary of enterprises having significant influence in the Company)	Elbit Systems Land Limited.

(ii) Related parties with whom transactions have taken place during the year

(In ₹ Thousands)

SN	Nature of transaction	Name of the related parties and nature of relationships	Note Ref.	Year ended 31st March, 2024	Year ended 31st March, 2023
1	**Reimbursement of expenses paid**	**Holding Company**			
		Bharat Forge Limited	(a)	**2,495.27**	918.65
2	**Rent paid**	**Holding Company**			
		Bharat Forge Limited	(b)	**-**	400.00
3	**Interest Paid**	**Holding Company**			
		Bharat Forge Limited	(c)	**16,376.37**	14,677.91
		Fellow Subsidiary Company			
		Kalyani Strategic Systems Limited	(d)	**1,741.99**	1,592.33
4	**ICD taken**	**Holding Company**			
		Bharat Forge Limited	(e)	**-**	2,637.94

(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)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
1	Demand Loans (including interest payable on these loans)	**Holding Company**		
		Bharat Forge Limited	**174,171.28**	156,670.97
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**18,770.14**	17,202.35
2	Trade payable	**Holding Company**		
		Bharat Forge Limited	**2,761.57**	2,762.00

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, 2024	Year ended 31st March, 2023
Balance at the beginning of the year	**-**	328.95
Additions	**-**	-
Depreciation	**-**	(328.95)
Balance at the end of the year	**-**	-

Below are the carrying amounts of lease liabilities and the movements during the year : (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Balance at the beginning of the year	**-**	379.56
Additions	**-**	-
Accretion of interest	**-**	20.44
Payments	**-**	(400.00)
Balance at the end of the year	**-**	-
Current	**-**	-
Non - Current	**-**	-

The following are the amounts recognised in profit or loss: (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Depreciation expense of right-of-use assets	**-**	328.95
Interest expense on lease liabilities	**-**	20.44
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

The Company had total cash outflows for leases of NIL (31st March, 2023: ₹ 400.00/- thousands). The non-cash additions to right-of-use assets and lease liabilities is NIL (31st March, 2023: NIL).

20 Earnings per share (EPS) :

	Year ended 31st March, 2024	Year ended 31st March, 2023
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders (In ₹ Thousands)	**(20,307.62)**	(19,128.96)
Weighted average number of equity shares in calculating basic EPS	**1,980,408**	1,980,408
EPS - Basic (in ₹)	**(10.25)**	(9.66)
EPS - Diluted - (in ₹)	**(10.25)**	(9.66)

21 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) Judgements

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.

1) 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 a few 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.

2) 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) 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

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) 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 22 and 23 for further disclosures.

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.

4) 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.

5) 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.

22 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, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
I)	**Financial assets**				
	Measured at amortised costs				
	Security Deposits	**20.00**	20.00	**20.00**	20.00
	Cash and cash equivalents	**28.41**	28.41	**28.41**	28.41
	Total	**48.41**	48.41	**48.41**	48.41
II)	**Financial liabilities**				
	Measured at amortised costs				
	Lease liabilities	**-**	-	**-**	-
	Borrowings	**192,941.42**	173,873.32	**192,941.42**	173,873.32
	Trade payables	**126.82**	523.77	**126.82**	523.77
	Total	**193,068.24**	174,397.09	**193,068.24**	174,397.09

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and 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.

23 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.

24 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, 2024 and 31st March, 2023.

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, 2024 and 31st March, 2023 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, 2024				
Lease liabilities	**-**	**-**	**-**	**-**
Borrowings	**192,941.42**	**-**	**-**	**192,941.42**
Trade payables	**126.82**	**-**	**-**	**126.82**
	193,068.24	**-**	**-**	**193,068.24**
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

25 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, 2024 and 31st March, 2023, other than those meeting the exclusion criteria mentioned above.

26 Going concern :

The Company has incurred losses of ₹ 20,307.63/- in Thousand (31st March, 2023 : 19,128.96/- in Thousand) during the year. As at 31st March, 2024, the Company's accumulated losses are ₹ 188,225.58/- in Thousand (31st March, 2023 : ₹ 167,917.95/-in Thousand) which have completely eroded the net worth of the Company. The Company also has net current liabilities of ₹ 193,215.56/- in Thousand as at 31st March, 2024 (31st March, 2023 : ₹ 174,540.63/- 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.

27 Income tax :

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

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Accounting loss before tax	**(20,307.62)**	(19,128.96)
At India's enacted tax rate of 26.00% (31st March, 2024: 26%)	**-**	-
Deferred tax savings on current year accounting loss	**(18,472.84)**	(7,437.79)
Tax effect of non-deductible expenses	**-**	-
Deferred tax not recognised on prudence basis	**18,472.84**	7,437.79
At the effective income tax rate of 26% (31st March, 2023: 26%)	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

b) The Company has carried foraward business loss ₹ 57,071.82/- in thousand (31st March, 2023 : ₹ 38,719.29/- in thousand) and unabsorbed depreciation of ₹ 10,940.18 in thousand/- (31st March, 2023 : ₹ 7,554.25/- 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 ₹ 18,472.84/- (31st March, 2023 ₹ 13,200.66/-).

28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	As at 31st March, 2024 ₹	As at 31st March, 2023 ₹
Principal amount due to suppliers under MSMED Act, 2006	**35.64**	10.62
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
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	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-
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 and relied upon by the Auditors.

29 Ratio analysis :

		Numerator	**Denominator**	**31st March, 2024**	31st March, 2023	**Variance %**
(a)	Current ratio (Refer note no. (i) below)	Current Assets	Current Liabilities	0.00	0.00	(9.66)
(b)	Trade payables turnover ratio (Refer note no. (ii) below)	Purchases + Other expenses	Average trade payables	0.52	0.24	120.61

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

inventory Turnover Ratio

Debt Equity ratio

Debt service Coverage ratio

Trade Receivable ratio

Return on investment ratio

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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(c) During the year ended 31st March, 2024, 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.

(d) 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.

(e) 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.

(f) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(g) 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

Hrushikesh S Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYY8556

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 6th May, 2024

BF Industrial Solutions Limited

(formerly Nouveau Power and India Infrastructure Private Limited)

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 2024, 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 material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, 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 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 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 2024 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2024 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 2024 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 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 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.

vi. In our opinion and based on our examination, which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

(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
UDIN: 24107739BKDVFE7623

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 2 May 2024

(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 2024)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(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 Company has not revalued its Property, Plant and Equipment during the year. The company does not have any Right of Use assets or intangible assets.

(d) 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 Income Tax, Goods and Services Tax, Provident Fund and other material statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employee State Insurance, Sales Tax, Service Tax, Duty of Custom, Duty of Excise and Value Added Tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Income Tax and other material statutory dues were in arrears as at 31 March 2024, 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, Goods and Services Tax, Provident Fund 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 (x) (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 has complied with provisions of Section 42 and 62 for making the private placement of shares and funds have been used for the purpose for which funds were raised. The Company has not made any preferential allotment of shares or 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 Group (as per the provisions of Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has two CICs as 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. 3.18 million and Rs. 27.79 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) According to the information and explanations given to us and on the basis of the financial ratios (also refer Note 31 to the financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date will get discharged by the Company as and when they fall due.

(xx) 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
UDIN: 24107739BKDVFE7623

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 2 May 2024

(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 2024)

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 2024 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 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN: 24107739BKDVFE7623

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 2 May 2024

Standalone Balance Sheet as at 31 March 2024

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
Assets			
Non-current assets			
Property, plant and equipment	3	0.05	-
Financial assets			
(i) Investments in subsidiaries	4	4,983.98	4,361.48
(ii) Other non-current financial assets	5	108.79	100.00
Income tax assets	14	2.55	0.09
		5,095.37	4,461.57
Current assets			
Financial assets			
(i) Trade receivables	6	-	1.36
(ii) Cash and bank balances	7	10.10	8.94
Other current assets	8	-	0.02
		10.10	10.32
		5,105.47	4,471.89
Equity and liabilities			
Equity			
Share capital	9	3,332.29	2,917.29
Instruments entirely equity in nature	9	1,500.00	1,500.00
Other equity	10	168.92	(35.39)
		5,001.21	4,381.90
Non-current liabilities			
Financial liabilities			
(i) Other non-current financial liabilities	11	102.89	89.62
		102.89	89.62
Current liabilities			
Financial liabilities			
Trade payables	12		
- due to micro enterprises and small enterprises		-	-
- due to others		0.28	0.34
Other current liabilities	13	1.09	0.03
		1.37	0.37
		5,105.47	4,471.89
Material accounting policies	1-2		
Notes to the standalone financial statements	3-33		

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
FRN : W-100001

Rahul Khasnis
Partner
Membership No. 107739
UDIN : 24107739BKDVFE7623

Place : Pune
Date : 2 May, 2024

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Vikram Munje
Director
DIN: 02772991

Kedar Dixit
Director
DIN: 07055747

Sunil Kulkarni
Chief Financial Officer

Namrata Sanghavi
Company Secretary

Place : Pune
Date : 2 May, 2024

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

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
Income			
Revenue from operations	**15**	**14.77**	0.86
Other income	**16**	**9.78**	-
Total income		**24.55**	0.86
Expenses			
Employee benefit expenses	**17**	**9.38**	0.78
Finance costs	**18**	**14.25**	3.57
Depreciation and amortisation	**19**	**0.01**	-
Other expenses	**20**	**4.10**	24.30
Total expenses		**27.74**	28.65
Loss before tax		**(3.19)**	(27.79)
Tax expenses	**21**		
Current tax		**-**	-
Deferred tax		-	-
Earlier year taxes		-	0.42
Loss for the year		**(3.19)**	(28.21)
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 profit for the year		**(3.19)**	(28.21)
Basic and diluted loss per equity share of face value Rupees 10/- each	**22**	**(0.01)**	(0.13)
Material accounting policies	**1-2**		
Notes to the standalone financial statements	**3-33**		

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
FRN : W-100001

Rahul Khasnis
Partner
Membership No. 107739
UDIN : 24107739BKDVFE7623

Place : Pune
Date : 2 May, 2024

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Vikram Munje
Director
DIN: 02772991

Kedar Dixit
Director
DIN: 07055747

Sunil Kulkarni
Chief Financial Officer

Namrata Sanghavi
Company Secretary

Place : Pune
Date : 2 May, 2024

Standalone Statement of Changes in Equity for the year ended 31 March 2024

(A) Equity share capital

Equity shares of face value of Rs. 10 each issued, subscribed and paid up

Notes	Amount
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
As at 01 April 2023	**2,917.29**
Issue of fully paid equity shares of Rs. 10 each	**415.00**
As at 31 March 2024	**3,332.29**

(B) Instruments entirely equity in nature

Notes	Amount
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
As at 01 April 2023	**1,500.00**
Issue of fully paid compulsorily convertible preference shares of Rs. 10 each	**-**
As at 31 March 2024	**1,500.00**

(C) Other equity

	Share application money pending allotment	Securties Premium	Retained earnings	Total
As at 01 April 2022	10.00	-	7.18	2.82
Proceeds from issue of equity shares	(10.00)	-	-	(10.00)
Loss for the year	-	-	(28.21)	(28.21)
As at 31 March 2023	-	-	(21.03)	(35.39)
As at 01 April 2023	**-**	**-**	**(21.03)**	**(35.39)**
Proceeds from issue of equity shares	**-**	**207.50**	**-**	**207.50**
Loss for the year	**-**	**-**	**(3.19)**	**(3.19)**
As at 31 March 2024	**-**	**207.50**	**(24.22)**	**168.92**

Material accounting policies	**1-2**
Notes to the standalone financial statements	**3-33**

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Chief Financial Officer

Namrata Sanghavi
Company Secretary

Place : Pune
Date : 2 May, 2024

Standalone Cash Flow Statement for the year ended 31 March 2024

(All amounts are in Indian Rupees millions, unless otherwise stated)

			31 March 2024	31 March 2023
A)	**Cash flow from operating activities**			
	Loss before tax		**(3.19)**	(27.79)
	Adjustment to reconcile loss before tax to net cash flows :			
	Finance costs		**14.25**	3.57
	Depreciation		**0.01**	-
	Operating profit/(loss) before working capital changes		**11.07**	(24.22)
	Movements in working capital:			
	Decrease in trade receivables		**1.36**	0.14
	Increase in other non-current financial assets		**(8.79)**	(100.00)
	Decrease/(increase) in other current assets		**0.02**	(0.02)
	Decrease in trade payables		**(0.06)**	(8.36)
	Increase in other current liabilities		**1.06**	0.03
	Working capital adjustments		**(6.41)**	(108.21)
	Cash generated from operations		**4.66**	(132.43)
	Direct taxes paid		**(2.46)**	(0.51)
	Net cash generated from / (used in) operating activities		**2.20**	(132.94)
B)	**Cash flows from investing activities**			
	Investment in subsidiary		**(623.48)**	(3,374.60)
	Purchase of property,plant and equipment		**(0.06)**	-
	Net cash used in investing activities		**(623.54)**	(3,374.60)
C)	**Cash flows from financing activities**			
	Proceeds from issue of equity shares		**622.50**	1,997.29
	Proceeds from issue of preference shares		-	1,500.00
	Proceeds from inter-corporate deposits accepted		**-**	100.00
	Repayment of inter-corporate deposits		**-**	(100.00)
	Interest on inter-corporate deposits and other financial liabilities		**-**	(0.33)
	Net cash generated from financing activities		**622.50**	3,496.96
	Net increase/(decrease) in cash and cash equivalents		**1.16**	(10.58)
	Cash and cash equivalents at beginning of the year		**8.94**	19.52
	Cash and cash equivalents at end of the year		**10.10**	8.94
D)	**Components of cash and cash equivalents**			
	Cash in hand		-	-
	Balances with banks:			
	In current accounts		**10.10**	8.94
	Bank deposits due to mature after 12 months from the reporting date		**-**	
	Total cash and cash equivalents (also refer note 7)		**10.10**	8.94
	Material accounting policies	**1-2**		
	Notes to the standalone financial statements	**3-33**		

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

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FRN : W-100001

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For and on behalf of the board of directors of
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Company Secretary

Place : Pune
Date : 2 May, 2024

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

1. Corporate Information

BF Industrial Solutions Limited (formerly known as BF Industrial Solutions 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 U74909PN2011PLC138621. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 2 May 2024.

2. Material 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 material 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) Functional currencies

The Company's financial statements are presented in Indian Rupees, which is also its functional currency.

c) Investment in subsidiaries

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.

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.

Impairment of non-financial assets

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.

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) 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)
Laptop	3	3

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.

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) 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.

(m) 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.

(o) 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 ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2024, MCA did not issue any accounting standards that were effective on 1 April 2024.

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)

3 Property, plant and equipment

Particulars	Computers	Total
Gross block		
Balance as at 01 April 2022	-	-
Additions	-	-
Disposals	-	-
Balance as at 31 March 2023	-	-
Balance as at 01 April 2023	**-**	**-**
Additions	**0.06**	**0.06**
Disposals	**-**	**-**
Balance as at 31 March 2024	**0.06**	**0.06**
Accumulated Depreciation		
Balance as at 01 April 2022	-	-
Depreciation for the year	-	-
Accumulated depreciation on disposals	-	-
Balance as at 31 March 2023	-	-
Balance as at 01 April 2023	**-**	**-**
Depreciation for the year	**0.01**	**0.01**
Accumulated depreciation on disposals	**-**	**-**
Balance as at 31 March 2024	**0.01**	**0.01**
Net block		
Balance as at 31 March 2024	**0.05**	**0.05**
Balance as at 31 March 2023	-	-

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
4	**Investment in subsidiaries**		
	(at cost, unless other wise stated)		
	Unquoted		
	9,00,50,000* (2023 : 9,00,50,000) equity shares of face value of Rs. 10 each of BF Industrial Technology & Solutions Limited	**900.50**	900.50
	44,54,652* (2023 : 39,68,330) equity shares of face value of Rs. 10 each of J S Auto Cast Foundry India Private Limited	**4,083.48**	3,460.98
		4,983.98	4,361.48

*calculated considering shares held by nominees of the Company.

		31 March 2024	31 March 2023
5	**Other non-current financial assets**		
	(at amortised cost)		
	Balance in escrow account (refer note 5.1)	**100.00**	100.00
	Interest accrued but not received	**8.79**	-
		108.79	100.00

Note 5.1 : Balance in escrow account

During the previous financial year, Bharat Forge Limited through the Company had 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 was payable to the erstwhile shareholders of JSA after a period of 3 years from the date of purchase and the amount so payable was 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.

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
6	**Trade receivables**		
	Unsecured (undisputed)		
	Considered good	-	1.36
	Significant increase in credit risk	-	-
	Credit impaired	-	-
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)	-	-
		-	1.36
		-	1.36

Trade receivables ageing schedule (net of impairment allowances and provision for bad debts and expected credit loss)

Particulars as at 31 March 2024	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**	-	-	-	-	-	-	-
- **which have significant increase in credit risk**	-	-	-	-	-	-	-
- **credit impaired**	-	-	-	-	-	-	-
- **loss allowances**	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Particulars as at 31 March 2023	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	-	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

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
7	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash in hand	**-**	-
	Balances with banks		
	- in current accounts	**10.10**	8.94
		10.10	8.94
	Details of bank balances/deposits		
	Bank balances available on demand	**10.10**	8.94
	Other bank balances (including Escrow accounts)	**100.00**	100.00
		110.10	108.94
8	**Other current assets**		
	Balance with government authorities :		
	Goods and services tax	**-**	0.02
		-	0.02
9	**Share capital**		
	Authorised capital:		
	35,50,00,000 equity shares of Rs.10 each (31 March 2023: 35,50,00,000)	**3,550.00**	3,550.00
	15,00,00,000 8% compulsorily convertible preference shares of Rs. 10 each (31 March 2023: 15,00,00,000)	**1,500.00**	1,500.00
		5,050.00	5,050.00
	Issued, subscribed & paid up capital:		
	(A) Equity share capital		
	33,32,29,111 equity shares of Rs.10 each fully paid up (31 March 2023: 29,17,29,112)	**3,332.29**	2,917.29
	(B) Instruments entirely equity in nature		
	15,00,00,000 8% compulsorily convertible preference shares of Rs. 10 each fully paid up	**1,500.00**	1,500.00
	(31 March 2023 : 15,00,00,000) (also refer note 9.5)		
		4,832.29	4,417.29

(All amounts are in Indian Rupees millions, unless otherwise stated)

9.1 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.

9.2 Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	**31 March 2024**		31 March 2023	
	Number of shares	**Amount (Rs. million)**	Number of shares	Amount (Rs. million)
Equity share capital				
At the beginning of the year	**291,729,112**	**2,917.29**	91,000,000	910.00
Issued during the year *	**41,499,999**	**415.00**	200,729,112	2,007.29
Outstanding at the end of the year	**333,229,111**	**3,332.29**	291,729,112	2,917.29
Instruments entirely equity in nature Preference share capital				
At the beginning of the year	**150,000,000**	**1,500.00**	-	-
Issued during the year (also refer note 9.5)	**-**	**-**	150,000,000	1,500.00
Outstanding at the end of the year	**150,000,000**	**1,500.00**	150,000,000	1,500.00

During the year, the Company offered 41,499,999 equity shares to the shareholders via a right issue. Accordingly, the Company allotted equity shares of face value of Rs. 10.00 each at an issue price of Rs. 15.00 per equity share, i.e. at a premium of Rs. 5.00 per equity share.

9.3 Details of shareholders holding more than 5% shares are set out below

Particulars	**31 March 2024**		31 March 2023	
	Number of shares	**Holding %**	Number of shares	Holding %
Equity share capital				
Bharat Forge Limited*	**333,229,105**	**100%**	291,729,106	100%
	333,229,105	**100%**	291,729,106	100%
Preference share capital				
Bharat Forge Limited*	**150,000,000**	**100%**	150,000,000	100%
	150,000,000	**100%**	150,000,000	100%

*Holding % is calculated considering shares held as nominees of the Holding Company.

(All amounts are in Indian Rupees millions, unless otherwise stated)

9.4 Details of shares held by the holding Company

Particulars	**31 March 2024**		31 March 2023	
	Number of shares	**Holding %**	Number of shares	Holding %
Equity share capital				
Bharat Forge Limited*	**333,229,105**	**100%**	291,729,106	100%
	333,229,105	**100%**	291,729,106	100%
Preference share capital				
Bharat Forge Limited*	**150,000,000**	**100%**	150,000,000	100%
	150,000,000	**100%**	150,000,000	100%

*Holding % is calculated considering shares held as nominees of the Holding Company.

9.5 Details of terms of securities convertible into equity shares

During the previous financial year, the Company had 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.

9.6 Details of Shareholdings of Promoters

Name of Promoter	**Number of shares held as on 31 March 2024**	**% of total shares**	**% change during the year ended 31 March 2024**
Equity shares			
Bharat Forge Limited*	**333,229,105**	**100.00%**	**-**
Preference shares			
Bharat Forge Limited	**150,000,000**	**100.00%**	**-**

Name of Promoter	Number of shares held as on 31 March 2023	% of total shares	% change during the year ended 31 March 2023
Equity shares			
Bharat Forge Limited*	291,729,106	100.00%	-
Preference shares			
Bharat Forge Limited	150,000,000	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 2024	31 March 2023
10	**Other equity**		
	Securities Premium	**207.50**	-
	Retained earnings		
	As per last Balance Sheet	**(35.39)**	(7.18)
	Loss for the year	**(3.19)**	(28.21)
		(38.58)	(35.39)
		168.92	(35.39)
11	**Other non-current financial liabilities**		
	Purchase consideration payable* (refer note 5.1)	**94.10**	89.62
	Interest accrued but not due on purchase consideration**	**8.79**	-
		102.89	89.62

Note :

*Amortised cost of consideration payable net of interest.

**Interest accrued but not due on purchase consideration represents the amount of interest received on the balance in escrow account that is transferable to the erstwhile shareholders of J S Auto Cast Foundry India Private Limited (refer note 7).

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
12	**Trade payables**		
	Due to micro enterprises and small enterprises ("MSME") (refer note 26)	**-**	-
	Due to others	**0.28**	0.34
		0.28	0.34

Trade Payable ageing schedule

As on 31 March 2024

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	**0.01**	**-**	**-**	**-**	**0.01**
Disputed					
- MSME	**-**	**-**	**-**	**-**	**-**
-Others	**-**	**-**	**-**	**-**	**-**
Unbilled dues*	**-**	**-**	**-**	**-**	**0.27**
	0.01	**-**	**-**	**-**	**0.28**

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

* Unbilled dues represents provisions for expenses accounted for.

		31 March 2024	31 March 2023
13	**Other current liabilities**		
	Statutory dues		
	Withholding tax payable	**0.98**	0.03
	Goods and services tax	**0.11**	-
		1.09	0.03

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
14	**Income taxes**		
	Income tax assets	**2.55**	-
		2.55	-
15	**Revenue from operations**		
	Sale of services	**14.77**	0.86
		14.77	0.86
	Note :		
	Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**-**	-
	Revenue from within India	**14.77**	0.86
		14.77	0.86
16	**Other income**		
	Interest income on deposits	**9.77**	**-**
	Interest income on Income tax refund	**0.01**	**-**
		9.78	**-**
17	**Employee benefit expenses**		
	Salaries and bonus	**9.38**	0.78
		9.38	0.78
18	**Finance cost**		
	Interest on inter corporate deposit	**-**	0.33
	Interest on unwinding of other non-current financial liabilities*	**4.48**	3.24
	Interest on escrow account (refer note 11)	**9.77**	-
		14.25	3.57
	*refer note 5.1		
19	**Depreciation and amortization**		
	Depreciation on property, plant and equipment	**0.01**	-
		0.01	-

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
20	**Other expenses**		
	Legal and professional fees	**3.67**	0.10
	Rates and taxes	**0.10**	23.73
	Payment to auditors (refer note below)	**0.30**	0.47
	Miscellaneous expenses	**0.03**	0.00*
		4.10	24.30

* Amount less than Rs. 0.01 million.

	Auditors' remuneration (on accrual basis, net of taxes)		
	Statutory audit fees	**0.30**	0.34
	Limited review	**-**	0.09
	Other services	**-**	0.04
		0.30	0.47

(All amounts are in Indian Rupees millions, unless otherwise stated)

	31 March 2024	31 March 2023
21 Income tax		
(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	0.09	-
Current income tax expense	-	-
Income tax on other comprehensive income	-	-
Changes in estimates related to prior years	-	-
Income tax paid (net of refunds)	2.46	0.09
Net non current income tax asset at the end	2.55	0.09
(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for respective year		
Loss before tax	(3.19)	(28.21)
Income tax rate	25.17%	25.17%
Expected income tax expense	(0.80)	(7.10)
Tax losses on which deferred tax was not recognised	0.80	7.10
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)

22 Earnings per share (EPS)

Earnings per share has been computed as under :

Particulars		31 March 2024	31 March 2023
A Loss after tax	Rs. million	**(3.19)**	(28.21)
B Weighted average number of equity shares outstanding during the year	Nos.	**329,986,189**	210,055,681
C Nominal value of each share	in Rs.	**10**	10
D Basic and diluted loss per share (A/B)	in Rs.	**(0.01)**	(0.13)

23 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 2024	31 March 2023
Geographical information		
(i) Segment revenue from customers		
- within India	**14.77**	0.86
- outside India	**-**	-
	14.77	0.86
(ii) Segment assets		
- within India	**10.10**	10.32
- outside India	**-**	-
	10.10	10.32

24 Contingent liabilities

Contingent liabilities *(to the extent not provided for)*	**Nil**	Nil

25 Capital and other commitments

Capital and other commitments	**Nil**	Nil

26 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 2024, 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 2023 : Nil)

27 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 (Upto 30 June 2023)
Vikram Munje	Director
Kedar Dixit	Director
Sunil Kulkarni	Chief Financial Officer
Namarata Sanghavi	Company Secretary
Sumeet Banga	Additional Director (from 1 December 2023)

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 2024		31 March 2023	
	Transactions during the year (Rs.)	**Balance receivable/ (payable) (Rs.)**	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
Bharat Forge Limited				
Issue of equity shares (including securities premium)	**622.50**	-	2,007.29	-
Issue of preference shares	-	-	1,500.00	-
Inter corporate deposits accepted	-	-	100.00	-
Inter corporate deposits repaid	-	-	100.00	-
Interest on inter corporate deposits accepted	-	-	0.33	-
Reimbursement of expenses	**0.05**	-	0.38	-
Trade payables	-	-	-	-
BF Industrial Technology & Solutions Limited				
Sale of services	**2.75**	-	0.16	-
Reimbursement of expenses	**1.73**	-	0.14	-
Trade receivables	-	-	-	1.37
J S Auto Cast Foundry India Private Limited				
Sale of services	**12.02**	-	0.70	-
Reimbursement of expenses	**7.59**	-	0.64	-
Trade receivables	-	-	-	0.01

28 Financial Risk Management

The Company's principal financial liabilities comprises of trade payables and other financial liabilities. 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 trade receivables, trade payables, other financial assets and other financial liabilities.

(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.

(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 denominated in foreign currency.

(iii) 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 financial losses. 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, other receivables and deposits 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 2024, the Company has no receivable from any customer (31 March 2023 : two 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 different jurisdictions and industries and operate in largely independent markets.

(ii) Other receivables, deposits with banks and other financial instruments

Credit risk from balances with banks is managed in accordance with the Company’s approved investment policy. Investments of surplus funds are made only with reputed banks where the counterparty risk is minimum.

The Company’s maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2024 and 31 March 2023 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 2024 and 31 March 2023. 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.

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 2024				
Trade payables	**0.28**	**-**	-	**0.28**
Other financial liabilities	**-**	**102.89**	-	**102.89**
Total	**0.28**	**102.89**	**-**	**103.17**
31 March 2023				
Trade payables	0.34	-	-	0.34
Other financial liabilities	-	89.62	-	89.62
Total	0.34	89.62	-	89.96

(All amounts are in Indian Rupees millions, unless otherwise stated)

29 Fair value measurement

A Financial instruments by category

The financial instruments are measured at Amortised cost or Fair Value through Profit and Loss ("FVTPL")

SN	Particulars	31 March 2024		31 March 2023	
		FVTPL	Amortised cost	FVTPL	Amortised cost
	Financial assets				
(a)	Trade receivables	-	-	-	1.36
(b)	Cash and bank balances	-	10.10	-	8.94
(c)	Other financial assets	-	108.79	-	100.00
	Total financial assets	-	118.89	-	110.30
	Financial liabilities				
(a)	Trade payables	-	0.28	-	0.34
(b)	Other non-current financial liabilities	-	102.89	-	89.62
	Total financial liabilities	-	103.17	-	89.96

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 as under:

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.

30 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 (if any). 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 2024.

31 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,intangible assets and investment property

The Company has not revalued any property, plant and equipment during the current year. The Company does not hold any intangible asset or 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.

(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) Financial ratios:

SN	Ratio	31 March 2024	31 March 2023	% Change in ratio	Reasons
(a)	Current ratio	**7.37**	27.89	-73.57%	Refer Note (i)
(b)	Debt-equity ratio	**-**	-	0.00%	NA**
(c)	Debt service coverage ratio	**-**	-	0.00%	NA**
(d)	Return on equity ratio	**(0.00)**	(0.01)	-93.62%	Refer Note (ii)
(e)	Inventory turnover ratio	**-**	-	0.00%	NA**
(f)	Trade receivables turnover ratio	**21.72**	0.60	3511.68%	Refer Note (iii)
(g)	Trade payables turnover ratio	**-**	-	0.00%	NA*
(h)	Net capital turnover ratio	**1.58**	0.08	1947.51%	Refer Note (iii)
(i)	Net profit ratio	**(0.22)**	(32.80)	-99.34%	Refer Note (iv)
(j)	Return on capital employed ratio	**0.00**	(0.01)	-139.33%	Refer Note (ii)
(k)	Return on investment ratio	**(0.00)**	(0.01)	-90.09%	Refer Note (ii)

NA* - variance in ratios is not more than 25%, accordingly no explaination for variance is detailed out.

NA** - the Company neither holds any inventories nor has any debts, accordingly the ratios are not aplicable.

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 + Other expenses) / 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 were increased on account of provisions of various expenses accounted for during the current financial year. Accordingly, the current ratio has increased significantly.

(ii) The return on equity ratio, the return on capital employed ratio and the return on investment ratio of the Company have changed significantly on account of additional capital infusions made by the shareholders during the year.

(iii) The trade receivable turnover ratio and net capital turnover ratio has changed significantly on account of reduction in average net current assets as at 31 March 2024.

(iv) Net profit ratio has decreased on account of increase in overall turnover of the Company.

(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

Funds advanced or loaned or invested by the Company:

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.

Funds received by the Company:

31 March 2024

During the year, the Company has received funds (via issue of equity shares) from Bharat Forge Limited ('BFL'), with the understanding that the Company shall invest the funds in its subsidiary J S Auto Cast Foudry India Private Limited ('JSA') for purchasing the SEZ unit belonging to Indo Shell Mould Limited ('ISML') on going concern basis. The details of funds received and funds invested are mentioned below:

- Rs. 533.08 million received towards issue of equity shares of the Company of Rs. 10 each at valuation of Rs. 15 per share;

- Rs. 533.08 million invested in JSA for purchasing the SEZ unit belongong to ISML in accordance with the terms of the Business Transfer Agreement.

31 March 2023

During the previous financial year, the Company had 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.

32 Acquisition of J S Auto Cast Foundry India Private Limited in the previous financial year

During the previous financial year, Bharat Forge Limited through the Company had 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. The details of funds received and amount paid to the erstwhile shareholders of JSA are included in note 31 (l) and note 5.1

33 Prior period comparatives

Prior year comparatives have been regrouped/ reclassified where necessary, to confirm with current year's presentation.

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
FRN : W-100001

Rahul Khasnis
Partner
Membership No. 107739
UDIN : 24107739BKDVFE7623

Place : Pune
Date : 2 May, 2024

For and on behalf of the board of directors of
BF Industrial Solutions Limited

Vikram Munje
Director
DIN: 02772991

Kedar Dixit
Director
DIN: 07055747

Sunil Kulkarni
Chief Financial Officer

Namrata Sanghavi
Company Secretary

Place : Pune
Date : 2 May, 2024

BF Industrial Technology and Solutions Limited
(formerly Sanghvi Forging and Engineering Limited)

Registered Office
244/6 & 7 GIDC Estate, 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 2024, 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 material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2024, 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 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 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 except for the matters stated in the paragraph 2B(vi) below on reporting under Rule 11(g).

(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 2024 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2024 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) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph 2B(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

(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 33 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.

vi. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting software for maintaining its books of account, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software:

(a) The feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining the books of account.

(b) The feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software used for maintaining the books of account relating to property, plant and equipment, financial reporting process, purchase to payables, revenue to receivables and production to inventory throughout the year.

(c) The Payroll accounting software does not have the feature of recording audit trail (edit log) facility. Consequently, we are unable to comment on audit trail feature of the said software.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

(C) In our opinion, the managerial remuneration for the year ended 31 March 2024 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
UDIN: 24107739BKDVFD9982

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 2 May 2024

(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 2024)

(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. 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.

(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, Employee's State

Insurance, Income Tax, Duty of Customs and other material statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales Tax, Service Tax, Duty of Excise and Value Added Tax.

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 2024, 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. We have not included the disputed statutory dues related to Income tax, Service tax, and Sales Tax that have been waived off and extinguished as per the Resolution Plan approved by the the National Company Law Tribunal for reporting under this clause (refer note 43).

(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. Accordingly, paragraph 3(x)(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 has not made any preferential allotment of shares or private placement of shares or optionally convertible debentures during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(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 financial year and 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) According to the information and explanations given to us and on the basis of the financial ratios (also refer Note 42 to the financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, the Company is not required to spend any amount towards Corporate Social Responsibility in accordance with the provisions of section 135 of the Act.

(xxi) The paragraph 3 (xxi) of the Order is not applicable to the standalone Ind AS financial statements of the Company.

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001
UDIN: 24107739BKDVFD9982

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 2 May 2024

(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 2024)

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 2024 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 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN: 24107739BKDVFD9982

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 2 May 2024

Balance Sheet as at 31 March 2024

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
Assets			
Non-current assets			
Property, plant and equipment	3	438.75	441.45
Intangible assets	4	4.58	5.12
Right of use assets	5	23.03	23.31
Financial assets			
(i) Investments in subsidiary	6	-	-
(ii) Other non-current financial assets	7	21.75	19.09
Income tax assets	27	10.04	9.07
		498.15	498.04
Current assets			
Inventories	8	410.39	160.67
Financial assets			
(i) Trade receivables	9	242.89	306.47
(ii) Current investment	10	0.88	0.82
(iii) Cash and bank balances	11	103.50	99.03
(iv) Other current financial assets	12	0.58	1.27
Other current assets	13	10.43	7.76
		768.67	576.02
		1,266.82	1,074.06
Equity and liabilities			
Equity			
Share capital	14	900.50	900.50
Other equity	15	11.84	(106.24)
		912.34	794.26
Non-current liabilities			
Long term provisions	16	11.00	10.48
		11.00	10.48
Current liabilities			
Financial liabilities			
(i) Trade payables	17		
- due to micro enterprises and small enterprises		12.56	1.78
- due to others		293.97	217.67
Other current liabilities	18	28.21	41.22
Short term provisions	19	8.74	8.65
		343.48	269.32
		1,266.82	1,074.06
Material accounting policies	1-2		
Notes to the financial statements	3-44		

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: 24107739BKDVFD9982
Place: Pune
Date : 2 May 2024

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited
(formerly known as Sanghvi Forging & Engineering Limited)

Sandeep Goel
Director and Chief Executive Officer
DIN: 09235353

Place: Pune
Date : 2 May 2024

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 2 May 2024

Sanjeevkumar Jain
Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2024

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2024

Statement of Profit and Loss for the year ended 31 March 2024

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
Income			
Revenue from operations	**20**	**1,118.90**	996.73
Other income	**21**	**14.19**	84.88
Total income		**1,133.09**	1,081.61
Expenses			
Cost of material consumed	**22**	**760.91**	453.61
(Increase)/decrease in inventories of finished goods and work-in-progress	**23**	**(177.38)**	6.32
Employee benefits expense	**24**	**64.09**	70.54
Depreciation and amortisation	**25**	**33.24**	33.89
Other expenses	**26**	**332.20**	353.81
Total expenses		**1,013.06**	918.17
Profit before tax		**120.03**	163.44
Tax expenses	**27**		
Current tax		**-**	-
Earlier year taxes		**-**	0.15
Deferred tax		**-**	-
Total tax expenses		**-**	0.15
Profit for the year		**120.03**	163.29
Other comprehensive income			
Items that will not be reclassified to Statement of Profit and Loss in subsequent periods			
- Re-measurement (losses)/gains on defined benefit plans		**(1.95)**	1.47
- 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		**(1.95)**	1.47
Total comprehensive income for the year		**118.08**	164.76
Basic and diluted earnings per equity share of face value Rs. 10/- each	**29**	**1.33**	1.81
Material accounting policies	**1-2**		
Notes to the financial statements	**3-44**		

The notes referred to above form an integral part of the Ind AS financial statements
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Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2024

Statement of Changes in Equity for the year ended 31 March 2024

(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 1 April 2022	900.50
Changes in equity share capital	-
As at 31 March 2023	900.50
As at 1 April 2023	**900.50**
Changes in equity share capital	-
As at 31 March 2024	**900.50**

(B) Other equity

Particulars	Securities premium	General reserve	Capital reduction reserve	Retained earnings	Total
As of 1 April 2022	404.97	3.99	148.92	(828.88)	(271.00)
Profit for the year	-	-	-	163.29	163.29
Re-measurement gain on defined benefit plan	-	-	-	1.47	1.47
As at 31 March 2023	404.97	3.99	148.92	(664.12)	(106.24)
As at 01 April 2023	**404.97**	**3.99**	**148.92**	**(664.12)**	**(106.24)**
Profit for the year	-	-	-	120.03	120.03
Re-measurement loss on defined benefit plan	-	-	-	(1.95)	(1.95)
As at 31 March 2024	**404.97**	**3.99**	**148.92**	**(546.04)**	**11.84**

Material accounting policies	**1-2**
Notes to the financial statements	**3-44**

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: 24107739BKDVFD9982
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Date : 2 May 2024

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Date : 2 May 2024

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Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2024

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2024

Cash Flow Statement for the year ended 31 March 2024

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
A)	**Cash flows from operating activities**		
	Net profit before tax	**120.03**	163.44
	Adjustment to reconcile profit before tax to net cash flows:		
	Re-measurement (losses)/gains on defined benefit plans	**(1.95)**	1.47
	Depreciation and amortisation	**33.24**	33.89
	Bad debts	**-**	64.59
	Interest income	**(5.58)**	(1.50)
	Net gain on fair value of financial instruments	**(0.06)**	-
	Profit on sale of property, plant and equipments	**-**	(3.11)
	Net gain on sale of mutual funds	**-**	(0.07)
	Liabilities no longer payable	**(6.91)**	(0.32)
	Unrealised foreign exchange gain	**(4.12)**	(6.06)
	Reversal of provision for onerous contracts (net)	**-**	(12.24)
	Reversal of provision for doubtful debts	**(1.05)**	(64.59)
	Debit balances no longer recoverable	**2.26**	-
	Provision for doubtful debts	**-**	1.13
	Operating profit before working capital changes	**135.86**	176.63
	Movements in working capital:		
	(Increase)/decrease in inventories	**(249.72)**	4.58
	Decrease/(increase) in trade receivables	**68.75**	(107.85)
	(Increase)/decrease in other financial assets	**(2.43)**	4.09
	Decrease/(increase) in other assets	**(4.93)**	(8.68)
	Increase /(decrease) in trade payables	**93.99**	(2.30)
	Increase in provisions	**0.61**	3.42
	(Decrease)/increase in other current liabilities	**(13.01)**	2.56
		(106.74)	(104.18)
	Cash generated from operations	**29.12**	72.45
	Direct taxes paid	**(0.97)**	(4.06)
	Net cash flows from operating activities	**28.15**	68.39
B)	**Cash flows from investing activities**		
	Purchase of property, plant and equipments	**(29.93)**	(14.41)
	Proceeds from sale of property, plant and equipments	**0.21**	4.56
	(Addtions)/proceeds from maturity of fixed deposits	**1.08**	2.52
	(Additons)/proceeds from sale of mutual funds	**-**	10.01
	Interest income	**6.04**	1.44
	Net cash flows used in investing activities	**(22.60)**	4.12
C)	**Cash flows from financing activities**	**-**	-
	Net increase in cash and cash equivalents	**5.55**	72.51
	Cash and cash equivalents at beginning of the year	**90.24**	17.73
	Cash and cash equivalents at the end of the year (also refer note 11)	**95.79**	90.24

(All amounts are in Indian Rupees millions, unless otherwise stated)

	31 March 2024	31 March 2023
D) Components of cash and cash equivalents		
Cash in hand	**-**	-
Balances with banks:		
In current accounts	**0.75**	12.12
In debit balances in cash credit account	**10.04**	28.12
Margin money deposits with original maturity less than three months	**85.00**	50.00
Total cash and cash equivalents (also refer note 11)	**95.79**	90.24

Material accounting policies	1-2
Notes to the financial statements	3-44

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: 24107739BKDVFD9982
Place: Pune
Date : 2 May 2024

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited
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Director and Chief Executive Officer
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Place: Pune
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Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2024

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2024

Notes to the financial statements for the year ended 31 March 2024

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 02 May 2024.

2. Material 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 material 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

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 41)
- Quantitative disclosures of fair value measurement hierarchy (note 41)
- Investment in unquoted equity shares (note 6)
- Financial instruments (including those carried at amortised cost) (note 41)

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.

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) 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.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

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.

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.

p) 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.

q) 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.

r) 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.

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.

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 38.

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 ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2024, MCA did not issue any accounting standards that were effective on 1 April 2024.

3 Property, plant and equipment

Particulars	Freehold Land	Building	Plant and equipment	Electrical installations	Furniture and fixtures	Computers	Office equipments	Vehicles	Total
Gross block									
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
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
Balance as at 1 April 2023	**1.77**	**249.62**	**1,251.09**	**64.63**	**3.22**	**3.02**	**2.97**	**2.90**	**1,579.22**
Additions	**-**	**1.94**	**27.99**	**-**	**-**	**-**	**-**	**-**	**29.93**
Disposals	**-**	**-**	**4.28**	**-**	**-**	**-**	**-**	**-**	**4.28**
Balance as at 31 March 2024	**1.77**	**251.56**	**1,274.80**	**64.63**	**3.22**	**3.02**	**2.97**	**2.90**	**1,604.87**
Accumulated depreciation and impairment									
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 1 April 2023	**-**	**73.79**	**991.32**	**64.62**	**1.91**	**1.80**	**1.76**	**2.57**	**1,137.77**
Depreciation for the year	**-**	**8.45**	**23.49**	**-**	**0.20**	**-**	**0.27**	**0.01**	**32.42**
Accumulated depreciation on disposals	**-**	**-**	**4.07**	**-**	**-**	**-**	**-**	**-**	**4.07**
Balance as at 31 March 2024	**-**	**82.24**	**1,010.74**	**64.62**	**2.11**	**1.80**	**2.03**	**2.58**	**1,166.12**
Balance as at 31 March 2024	**1.77**	**169.32**	**264.06**	**0.01**	**1.11**	**1.22**	**0.94**	**0.32**	**438.75**
Balance as at 31 March 2023	1.77	175.83	259.77	0.01	1.31	1.22	1.21	0.33	441.45

(All amounts are in Indian Rupees millions, unless otherwise stated)

4 Intangible assets

Particulars	Softwares	Total
Gross block		
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
Balance as at 1 April 2023	**8.47**	**8.47**
Additions	**-**	**-**
Balance as at 31 March 2024	**8.47**	**8.47**
Accumulated depreciation		
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 1 April 2023	**3.35**	**3.35**
Depreciation for the year	**0.54**	**0.54**
Balance as at 31 March 2024	**3.89**	**3.89**
Balance as at 31 March 2024	**4.58**	**4.58**
Balance as at 31 March 2023	5.12	5.12

5 Right of use assets

Particulars	Leasehold Land	Total
Gross block		
Balance as at 1 April 2022	24.04	24.04
Additions	-	-
Balance as at 31 March 2023	24.04	24.04
Balance as at 1 April 2023	**24.04**	**24.04**
Additions	**-**	**-**
Balance as at 31 March 2024	**24.04**	**24.04**
Accumulated depreciation		
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 1 April 2023	**0.73**	**0.73**
Depreciation for the year	**0.28**	**0.28**
Balance as at 31 March 2024	**1.01**	**1.01**
Balance as at 31 March 2024	**23.03**	**23.03**
Balance as at 31 March 2023	23.31	23.31

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
6	**Investment in subsidiary**		
	(at cost, unless other wise stated)		
	Unquoted		
	100 (2023 : 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)
		-	-
7	**Other non-current financial assets**		
	(at amortised cost)		
	Security deposits	**19.56**	19.09
	Bank deposits with remaining maturity of more than 12 months	**2.19**	-
		21.75	19.09
8	**Inventories**		
	(valued at lower of cost or net realisable value)		
	Raw material	**127.46**	84.75
	Finished goods	**64.70**	1.56
	Work in progress	**149.21**	47.10
	Stores and spares	**47.52**	18.22
	Packing material	**0.69**	0.36
	Scrap	**20.81**	8.68
		410.39	160.67

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
9	**Trade receivables**		
	Unsecured (undisputed)		
	Considered good	**246.76**	307.72
	Doubtful	**-**	-
	Credit impaired	**15.08**	17.73
		261.84	325.45
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)		
	Credit impaired	**(15.08)**	(17.73)
	Doubtful	**-**	-
	Unsecured (considered good)	**(3.87)**	(1.25)
		(18.95)	(18.98)
		242.89	306.47

Trade receivables ageing schedule (net of impairment allowances and provision for bad debts and expected credit loss)

As of 31 March 2024

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	**202.84**	**43.87**	**0.05**	**-**	**-**	**-**	**246.76**
- which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- credit impaired	**-**	**-**	**-**	**-**	**2.27**	**12.81**	**15.08**
	202.84	**43.87**	**0.05**	**-**	**2.27**	**12.81**	**261.84**
(ii) Disputed trade receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	202.84	**43.87**	**0.05**	**-**	**2.27**	**12.81**	**261.84**

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	175.35	122.91	7.41	2.05	-	-	307.72
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	3.36	3.20	11.17	17.73
	175.35	122.91	7.41	5.41	3.20	11.17	325.45
(ii) Disputed trade receivables	-	-	-	-	-	-	-
	175.35	122.91	7.41	5.41	3.20	11.17	325.45

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
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 (2023 : 331.411 units)	**0.88**	0.82
		0.88	0.82
	Aggregate amount of unquoted investments	**0.88**	0.82
11	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash in hand	**-**	-
	Balances with banks		
	- in current accounts	**0.75**	12.12
	- debit balance in cash credit account	**10.04**	28.12
	- Margin money deposits with original maturity less than three months	**85.00**	50.00
	Other bank balances		
	Margin money deposits with original maturity more than three months and remaining maturity less than 12 months	**7.71**	8.79
		103.50	99.03
	Details of bank balances/deposits		
	Bank balances available on demand	**10.79**	40.24
	Margin money deposits with original maturity less than three months	**85.00**	50.00
	Margin money deposits with original maturity more than three months and remaining maturity less than 12 months	**7.71**	8.79
	Bank deposits due to mature after 12 months from the reporting date included in ‘Non-current assets’	**2.19**	-
		105.69	99.03
12	**Other current financial assets**		
	(at amortised cost)		
	Interest accrued on deposits	**-**	0.46
	Loan to employees	**0.58**	0.81
		0.58	1.27

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
13	**Other current assets**		
	Unbilled revenue	**-**	-
	Advance to suppliers	**6.95**	6.48
	Balance with revenue authorities	**0.01**	0.01
	Export incentive receivable	**0.04**	0.02
	Prepaid expenses	**3.43**	1.25
		10.43	7.76
14	**Share capital**		
	Authorised capital:		
	9,10,00,000 equity shares of Rs.10 each (31 March 2023: 9,10,00,000)	**910.00**	910.00
		910.00	910.00
	Issued, subscribed and paid up capital:		
	9,00,50,000 equity shares of Rs.10 each fully paid up (31 March 2023: 9,00,50,000)	**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 2024		31 March 2023	
	Number of shares	**Amount (INR)**	Number of shares	Amount (INR)
Equity share capital				
At the beginning of the year	**90,050,000**	**900.50**	90,050,000	900.50
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**90,050,000**	**900.50**	90,050,000	900.50

14.3 Details of equity shareholders holding more than 5% shares are set out below

Particulars	31 March 2024		31 March 2023	
	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 Holding Company.

14.4 Details of shares held by holding Company

Particulars	31 March 2024		31 March 2023	
	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 Holding Company.

14.5 Details of shareholdings of promoters

Name of Promoter	**Number of Shares held as on 31 March 2024**	**% of total Shares**	**% change during the year ended 31 March 2024**
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	**-**
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 Holding Company.

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
15	**Other equity**		
	Securities premium	**404.97**	404.97
	General reserve	**3.99**	3.99
	Capital reduction reserve	**148.92**	148.92
		148.92	148.92
	Retained earnings		
	As per last Balance Sheet	**(664.12)**	(828.88)
	Profit for the year	**120.03**	163.29
	Other Comprehensive Income for the year	**(1.95)**	1.47
		(546.04)	(664.12)
		11.84	(106.24)

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
16	**Long term provisions**		
	Provision for gratuity (refer note 38)	**7.85**	7.41
	Provision for compensated absences	**3.15**	3.07
		11.00	10.48
17	**Trade payables**		
	Due to micro enterprises and small enterprises ("MSME") (refer note 32)	**12.56**	1.78
	Due to others	**293.97**	217.67
		306.53	219.45

Trade Payable ageing schedule

As on 31 March 2024

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	8.68	3.59	0.29	-	-	12.56
- Others	143.64	36.67	0.11	2.88	4.80	188.10
	152.32	40.26	0.40	2.88	4.80	200.66
(ii) Disputed						
- MSME	-	-	-	-	-	-
- Others	-	-	-	13.37	19.09	32.46
	-	-	-	13.37	19.09	32.46
(iii) Unbilled dues*	-	-	-	-	-	73.41
	152.32	40.26	0.40	16.25	23.89	306.53

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

* Unbilled dues represents provisions for expenses accounted for.

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
18	**Other current liabilities**		
	Contract liabilities (advance from customers)*	**17.02**	20.43
	Statutory dues	**6.72**	16.55
	Employee related liabilities	**4.47**	4.24
		28.21	41.22

* 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.

		31 March 2024	31 March 2023
19	**Short term provisions**		
	Provision for compensated absences	**0.35**	0.26
	Provisions for onerous contracts (refer note 36)	**8.39**	8.39
		8.74	8.65
20	**Revenue from operations**		
	Sale of goods	**788.41**	672.57
	Sale of services	**209.00**	233.45
	Other operating revenue :		
	Sale of scrap	**121.16**	88.49
	Export incentives	**0.02**	0.84
	Others	**0.31**	1.38
		1,118.90	996.73
	(a) Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**3.36**	50.82
	Revenue from within India	**1,115.54**	945.91
		1,118.90	996.73
	(b) Revenue recognised from contract liabilities outstanding at the beginning of the year :	**16.59**	7.11
	(c) Reconciliation of the revenue as per contracted price with revenue recognised in the Statement of Profit and Loss :		
	Revenue from operations	**1,118.90**	996.73
	Less : Export incentives from government	**(0.02)**	(0.84)
	Revenue from contract with customers	**1,118.88**	995.89
	Add : Discounts allowed to customers	**-**	-
	Add : Sales rejections/returns	**12.65**	29.14
	Revenue as per contracted price	**1,131.53**	1,025.03

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
21	**Other income**		
	Interest income	**5.58**	1.50
	Profit on sale of property, plant and equipment	**-**	3.11
	Gain on sale of mutual funds	**-**	0.07
	Liabilities no longer payable	**6.91**	0.32
	Foreign exchange gain (net)	**0.58**	2.57
	Reversal of provisions for onerous contracts (net)	**-**	12.24
	Reversal of provisions for doubtful debts	**1.05**	64.59
	Net gain on fair valuation of financial instruments ("FVTPL")	**0.06**	-
	Miscellaneous income	**0.01**	0.48
		14.19	84.88
22	**Cost of material consumed**		
	Inventory of raw materials at the beginning of the year	**84.75**	79.25
	Add: Purchases	**804.31**	459.11
	Less: Inventory of raw materials at the end of the year	**(128.15)**	(84.75)
		760.91	453.61
23	**(Increase)/decrease in finished goods and work-in-progress**		
	Inventory at the beginning 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
	Inventory at the end of the year :		
	Finished goods	**64.70**	1.56
	Work in progress	**149.21**	47.10
	Scrap	**20.81**	8.68
		234.72	57.34
		(177.38)	6.32
24	**Employee benefit expenses**		
	Salaries, wages and bonus	**56.71**	62.34
	Contribution to provident and other funds	**4.01**	3.96
	Gratuity expenses	**1.95**	1.90
	Staff welfare	**1.42**	2.34
		64.09	70.54

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
25	**Depreciation and amortisation**		
	Depreciation on property, plant and equipment	**32.42**	33.24
	Depreciation of right-of-use assets	**0.28**	0.36
	Amortisation of intangible assets	**0.54**	0.29
		33.24	33.89
26	**Other expenses**		
	Power and fuel	**192.89**	160.23
	Consumption of stores and spares	**38.46**	31.01
	Subcontracting charges	**41.07**	29.95
	Repairs and maintenance		
	- building	**1.03**	0.81
	- plant and machinery	**11.76**	14.73
	- other	**1.48**	3.14
	Selling and distribution expenses	**11.08**	26.53
	Legal and professional fees	**8.12**	3.72
	Travelling and conveyance	**6.40**	5.26
	Office and administration expenses	**5.74**	5.32
	Rates and taxes	**2.15**	1.24
	Bad debts	**-**	64.59
	Provision for doubtful debts (including expected credit loss)	**-**	1.13
	Debit Balances no longer recoverable	**2.26**	-
	Payment to auditors (refer note 28)	**1.71**	1.68
	Miscellaneous expenses	**8.05**	4.47
		332.20	353.81

(All amounts are in Indian Rupees millions, unless otherwise stated)

		March 31, 2024	31 March 2023
27	**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
		-	0.15
	(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	9.07	5.16
	Changes in estimates related to prior years	-	(0.15)
	Income tax paid (net of refunds)	0.97	4.06
	Net non current income tax asset at the end	10.04	9.07
	(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for respective year		
	Accounting profit before tax	120.03	163.44
	Income tax rate	25.17%	25.17%
	Expected income tax expense	30.21	41.13
	Tax effects of amounts which are not deductible/(taxable) :		
	(i) Effects of tax on exempt income	(0.02)	(0.87)
	(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	(0.27)	(19.65)
	- Property, plant and equipments	(6.60)	(7.86)
	(iii) Expenditure allowed on payment basis	1.06	1.24
	(iv) Non deductible expenses	-	0.01
	(v) Tax losses for which no deferred tax was recognised	(24.38)	(13.99)
	(vi) Changes in estimates related to prior years	-	0.15
	Income tax expense reported in the Statement of Profit and Loss	-	0.15

(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 2024	31 March 2023
28	**Auditors' remuneration (on accrual basis, net of taxes)**		
	Statutory audit fees	**0.95**	0.72
	Limited review	**0.60**	0.60
	Other services	**-**	0.15
	Out of pocket expenses	**0.16**	0.21
		1.71	1.68

29 Earnings per share (EPS)

Earnings per share has been computed as under :

Particulars			31 March 2024	31 March 2023
A	Profit after tax	Rs. million	**120.03**	163.29
B	Weighted average number of equity shares outstanding during the year	Nos.	**90,050,000**	90,050,000
C	Nominal value of each share	in Rs.	**10.00**	10.00
D	Basic and diluted earning per share (A/B)	in Rs.	**1.33**	1.81

30 Leases

Company as lessee

During the previous year, the Company had certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Company applied '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") during the previous year was as under :

Particulars	31 March 2024	31 March 2023
Expense relating to short-term leases	**-**	0.01
	-	0.01

(All amounts are in Indian Rupees millions, unless otherwise stated)

31 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.

Geographical information	31 March 2024	31 March 2023
(i) Segment revenue from customers		
- within India	**1,115.54**	945.91
- outside India		
Europe	**-**	50.82
USA	**3.36**	-
	1,118.90	996.73
(ii) Segment assets		
- within India	**1,243.84**	1,053.90
- outside India (trade receivables)	**22.98**	20.16
	1,266.82	1,074.06

32 Disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSME')

Particulars	31 March 2024	31 March 2023
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as below		
- Principal amount due to micro and small enterprises	**12.56**	1.78
- Interest due on above balance	**0.15**	0.01
(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.	**0.26**	0.23
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	**1.38**	0.97
(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 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 2024	31 March 2023
33	**Contingent liabilities**		
	Contingent liabilities (to the extent not provided for):		
	(i) Bank guarantees	**39.59**	35.73
	(ii) Claims against Company not acknowleged as debts*	**1.06**	0.36

* The disputed claims including those related to various statutory dues that have been waived off and extinguished as per the Resolution Plan approved by the the National Company Law Tribunal are not considered above (refer note 43).

34	**Capital and other commitments**	**-**	10.44

35 Corporate Social Responsibility ('CSR')

As per provisions of section 135 of the Act, the Company is not required to spend any amount towards CSR (31 March 2023 : Nil).

36 Provisions

Particulars	31 March 2024	31 March 2023
Onerous contracts		
Balance at the beginning of the year	**8.39**	20.63
Add: Provision made during the year	**-**	1.17
Less: Provision reversed during the year	**-**	(13.41)
Balance at the end of the year	**8.39**	8.39

The contracts entered into with certains customers have been classified as onerous on account of cost overruns and delays in 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.

(All amounts are in Indian Rupees millions, unless otherwise stated)

37 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 (upto 30 June 2023)
Vikram Munje	Director
Kedar Dixit	Director
Sandeep Goel	Director
Sanjeev Maruti Nimkar	Director (upto 10 January 2024)
Sanjeev Kumar Jain	Chief Financial Officer and Director (from 27 April 2022)
Deepika Agrawal	Company Secretary (upto 20 April 2022)
Namrata Sanghavi	Company Secretary
Sumeet Banga	Additional Director (from 1 January 2024)
Hemrajsinh Solanki	Director (from 23 June 2023)

C. Enterprises over which the Company or the key managerial personnel ('KMP') of the Holding Company exercises control or significant influence :

Sanghvi Europe B V	Subsidiary of the Company
Saarloha Advanced Material Private Limited	Company where KMPs of Ultimate Holding Company exercise control
Kalyani Technoforge Limited	Company where KMPs of Ultimate Holding Company exercise control
J S Auto Cast Foundry India Private Limited	Subsidiary of Holding Company

D. Transactions with the above related parties and balances as at and for the year :

SN	Name of the related party	31 March 2024		31 March 2023	
		Transactions during the year (Rs.)	**Balance receivable/ (payable) (Rs.)**	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
1	**BF Industrial Solutions Limited**				
	Selling and distribution expenses	**2.75**	**-**	0.16	-
	Reimbursement of expenses	**1.73**	**-**	0.14	-
	Trade payable	**-**	**-**	-	(1.37)
2	**Bharat Forge Limited**				
	Job work income	**69.74**	**-**	140.80	-
	Purchase of Goods	**29.18**	**-**	37.18	-
	Reimbursement of expenses	**4.77**	**-**	1.86	-
	Trade payable	**-**	**(14.58)**	-	(0.01)
	Trade receivable	**-**	**2.19**	-	98.86
3	**Saarloha Advanced Materials Private Limited**				
	Purchases	**113.26**	**-**	202.47	-
	Sale of scrap	**8.13**	**-**	-	-
	Trade Receivable	**-**	**0.18**	-	-
	Trade payable	**-**	**(7.11)**	-	(54.16)
4	**Kalyani Technoforge Limited**				
	Purchase of Goods	**-**	**-**	0.19	-
	Trade payable	**-**	**-**	-	-
5	**Sanghvi Europe B.V.**				
	Trade receivable	**-**	**7.42**	-	6.75
6	**J S Auto Cast Foundry India Private Limited**				
	Sale of Property, Plant and Equipments	**-**	**-**	3.93	-
7	**Sanjeev Kumar Jain**				
	Remuneration paid	**2.59**	**(0.22)**	2.53	(0.22)
8	**Hemrajsinh Solanki**				
	Remuneration paid	**3.43**	**(0.31)**	-	-
9	**Deepika Agrawal**				
	Remuneration paid	**-**	**-**	0.14	-

(All amounts are in Indian Rupees millions, unless otherwise stated)

38 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. 3.60 million (31 March 2023 : Rs. 3.96 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 2024**	31 March 2023
Non-current	**3.15**	3.07
Current	**0.35**	0.26
Compensated absences	**3.50**	3.33
Non-current	**7.85**	7.41
Current	**-**	-
Gratuity	**7.85**	7.41

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 2024	31 March 2023
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	**8.32**	7.98
Current service cost	**1.37**	1.37
Interest cost	**0.60**	0.60
Benefits paid	**(3.63)**	(0.09)
Monetary rates and taxes	**0.04**	-
Actuarial losses/(gains)	**1.98**	(1.54)
Present value of defined benefit obligation as on Balance Sheet date.	**8.68**	8.32

(All amounts are in Indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
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**	0.91
	Interest income	**0.06**	0.07
	Contributions by employer	**3.42**	-
	Benefits paid	**(3.63)**	-
	Monetary rates and taxes	**0.04**	-
	Actuarial losses/(gains)	**0.03**	(0.07)
	Return on plan assets, excluding amount recognised in interest income (losses)	**-**	-
	Fair value of plan assets at the end of the period	**0.83**	0.91
c)	**Analysis of defined benefit obligation :**		
	Present value of defined benefit obligation	**8.68**	8.32
	Fair value of plan assets	**(0.83)**	(0.91)
	Net liability recognized in the Balance Sheet	**7.85**	7.41
d)	**The major categories of plan assets of the fair value of the total plan assets are as follows:**		
	Investments with insurer	**0.83**	0.91
		0.83	0.91
e)	**Expenses recognized in the Statement of Profit and Loss**		
	Current service cost	**1.37**	1.37
	Interest cost (net of interest income from plan assets)	**0.54**	0.53
	Monetary rates and taxes	**0.04**	-
	Gratuity expense recognized in the Other Comprehensive Income	**1.95**	1.90
f)	**Expenses recognized in Other Comprehensive Income**		
	Actuarial losses/(gains)	**1.95**	(1.54)
	Gratuity expense recognized in the Other Comprehensive Income	**1.95**	(1.54)

(All amounts are in Indian Rupees millions, unless otherwise stated)

	31 March 2024	31 March 2023
g) Actuarial assumptions		
i) Discount Rate (%)	**7.25%**	7.50%
ii) Salary Escalation (%)	**8.00%**	8.00%
iii) Withdrawal Rate (%)	**5% to 1%**	5% to 1%
iv) Expected return on plan assets (%)	**6.59%**	7.50%
v) Retirement age (In years)	**58**	58
vi) Mortality rate	**Indian Assured Lives Mortality (2012-14) Ult.**	Indian Assured Lives Mortality (2012-14) Ult.

h) Sensitivity analysis of present value of defined benefit obligation to 1% change in key assumptions

Particulars	31 March 2024		31 March 2023	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	**7.56**	**9.83**	7.30	9.55
Salary escalation rate	**9.81**	**7.56**	9.53	7.30
Withdrawal rate	**8.52**	**8.67**	8.27	8.37

i) Expected cash flows

Particulars	31 March 2024	31 March 2023
Year 1	**0.63**	0.51
Year 2	**0.25**	0.25
Year 3	**0.44**	0.24
Year 4	**0.36**	0.46
Year 5	**0.29**	0.32
Year 6 - 10	**1.37**	1.50

39 Financial Risk Management

The Company's principal financial liabilities comprises of 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 receivables, current investments in mutual funds, deposits with bank and 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 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 2024		31 March 2023	
		Amount in foreign currency	Amount in INR	Amount in foreign currency	Amount in INR
Financial assets					
Trade receivables	EUR	**0.11**	**9.59**	0.11	9.51
	USD	**0.16**	**13.38**	0.26	21.47
Financial liabilities					
Trade payables	EUR	**0.04**	**3.16**	-	-
Net exposure to foreign currency risks	EUR	**0.07**	**6.43**	0.11	9.51
	USD	**0.16**	**13.38**	0.26	21.47

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 2024		31 March 2023	
		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**	(0.48)	0.48
	USD	**(0.67)**	**0.67**	(1.07)	1.07

(All amounts are in Indian Rupees millions, unless otherwise stated)

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 2024, receivable from Company's top 5 customers accounted for approximately 70.31 % (31 March 2023 : 68.71 %) 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 and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with reputed banks were the counterparty risk is minimum.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2024 and 31 March 2023 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 2024 and 31 March 2023. 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.

(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 year	1 - 5 Years	More than 5 years	Total
31 March 2024				
Trade payables	**306.53**	**-**	**-**	**306.53**
Total	**306.53**	**-**	**-**	**306.53**
31 March 2023				
Trade payables	219.45	-	-	219.45
Total	219.45	-	-	219.45

40 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 2024.

41 Fair value measurement

A Financial instruments by category

The financial instruments are measured at Amortised cost of Fair Value through Profit and Loss ("FVTPL")

SN	Particulars	**31 March 2024**		31 March 2023	
		FVTPL	**Amortised cost**	FVTPL	Amortised cost
	Financial assets				
(a)	Trade receivables	**-**	**242.89**	-	306.47
(b)	Current investment	**0.88**	**-**	0.82	-
(c)	Cash and bank balances	**-**	**103.50**	-	99.03
(d)	Other current financial assets	**-**	**0.58**	-	1.27
(e)	Security deposits	**-**	**19.56**	-	19.09
(f)	Bank deposits with maturity of more than 12 months		**2.19**	-	-
	Total financial assets	**0.88**	**368.72**	0.82	425.86
	Financial liabilities				
(a)	Trade payables	-	**306.53**	-	219.45
	Total financial liabilities	-	**306.53**	-	219.45

(All amounts are in Indian Rupees millions, unless otherwise stated)

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 2024	**0.88**	**-**	**-**	**0.88**
31 March 2023	0.82	-	-	0.82

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 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.

42 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, Intangible Asset and Investment Property

The Company has not revalued its Property, Plant and Equipment and intangible assets 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.

(All amounts are in Indian Rupees millions, unless otherwise stated)

(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 Company has no transactions with companies struck off under section 248 of the 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 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

SN	Ratio	31 March 2024	31 March 2023	% Change in ratio	Reasons
(a)	Current ratio	**2.24**	2.14	5%	NA*
(b)	Debt-equity ratio	**-**	-	-	NA**
(c)	Debt service coverage ratio	**-**	-	-	NA**
(d)	Return on equity ratio	**0.14**	0.23	-39%	Refer Note (ii)
(e)	Inventory turnover ratio	**2.04**	2.82	-28%	Refer Note (iii)
(f)	Trade receivables turnover ratio	**4.07**	4.17	-2%	NA*
(g)	Trade payables turnover ratio	**3.06**	2.08	47%	Refer Note (iii)
(h)	Net capital turnover ratio	**3.06**	4.71	-35%	Refer Note (iii)
(i)	Net profit ratio	**0.11**	0.16	-33%	Refer Note (i)
(j)	Return on capital employed ratio	**0.13**	0.21	-37%	Refer Note (ii)
(k)	Return on investment ratio	**0.13**	0.21	-37%	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 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

(All amounts are in Indian Rupees millions, unless otherwise stated)

(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) In the current financial year, the net profit of the Company in absolute decreased on account of increase in raw material prices and other direct expenses. Accordingly, the net profit ratio has decreased in comparision to previous years.

(ii) The increase in average equity/average capital employed together with the reasons explained in point (i) above has resulted in decrease in return on equity ratio, return on capital employed ratio and return on investment ratio as compared to previous year.

(iii) The Company's overall operating activities and financial performance has improved after undergoing the Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 during the financial year 2021-2022. Also, the Company's cash flows have improved thus resulting in efficient working capital management. Accordingly, the net capital turnover ratio, trade payable turnover ratio and inventory turnover ratio have improved compared to previous year.

(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.

(All amounts are in Indian Rupees millions, unless otherwise stated)

43 Corporate Insolvency Resolution Process

The Company was acquired by Bharat Forge Limited through an intermediary investment company 'BF Industrial Solutions Limited' under Corporate Insolvency Resolution Process initiated and completed in accordance with the Insolvency and Bankruptcy Code, 2016. The resolution plan for the aforementioned acquisition was approved by the National Company Law Tribunal on 26 April 2021 which resulted in the following events/transactions:

- issue of 50,000 equity shares of Rs.10 each to BF Industrial Solutions Limited and subsequent reduction in share capital by cancelling and extinguishing 1,48,92,267 equity shares of Rs.10 each issued to erstwhile shareholders of the Company;
- one time settlement of all term loans, working capital facilities and interest accured there on, to the banks in full settlement of their claims;
- Complete waiver of unsecured loans and inter corporate deposits accepted from the erstwhile related parties;
- full settlement of outstanding dues towards employees of the Company;
- full waiver of stautory dues including disputed statutory dues pending at various forums against the Company;
- proportionate settlement of consolidated claims of operational creditors;

44 Prior period comparatives

Prior year comparatives have been regrouped/ reclassified where necessary, to confirm with current year's presentation.

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: 24107739BKDVFD9982
Place: Pune
Date : 2 May 2024

For and on behalf of the board of directors of
BF Industrial Technology & Solutions Limited
(formerly known as Sanghvi Forging & Engineering Limited)

Sandeep Goel
Director and Chief Executive Officer
DIN: 09235353

Place: Pune
Date : 2 May 2024

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 2 May 2024

Sanjeevkumar Jain
Director and Chief Financial Officer
DIN: 01983624

Place: Vadodara
Date : 2 May 2024

Namrata Sanghavi
Company Secretary

Place: Pune
Date : 2 May 2024

BF Infrastructure Limited

Registered Office
Pune Cantonment, Mundhwa, Pune 411 036

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, 2024, 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, 2024, 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 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.

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.

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 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 other accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act. 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

    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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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, 2024 has been paid / provided by the Company to its managerial personnel is 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, 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 34 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility for the part of the financial year. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24142953BKFRAG7928

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 7th May, 2024

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2024

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.

(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 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 the records of the Company examined by us, the Company does not own any immovable properties. Therefore, the provisions of clause 3(i)(c) of the said order are not applicable to the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

(e) According to the information and explanation given to us, no proceedings have been initiated during the year or are pending against the Company 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

(a) During the year, the company has provided loans or provided advances in nature of loans or stood guarantee to the following companies:

(In ₹ Thousands)

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Aggregate amount granted/provided during the year:				
Subsidiary	NIL	NIL	1,801.91	NIL
Balance outstanding as at 31st March, 2024:				
Subsidiary	NIL	NIL	62,049.49	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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act")

(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	62,049.49	NIL	62,049.49
Total:	**62,049.49**	**NIL**	**62,049.49**
Percentage of loans/ advances in the nature of loans to the total loans	100%	-	100%

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the said order is not applicable to the Company.

(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, Duty of Custom, Cess and 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, 2024 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	Value Added Tax	46.62	F.Y.2012-13	The West Bengal Taxation Tribunal
Income Tax Act, 1961	Penalty	1,08,305.17*	F.Y.2018-19	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Demand 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 * Net of payment made under protest of ₹ 27,100.00 thousands.

(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, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and 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) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the group. The group has Two CIC's as a part of the Groups.

(xvii) The Company has incurred the following amounts of cash losses during the financial year covered by this report and in the preceding financial year.

(In ₹ Thousands)

	Current Financial Year	Preceding Financial Year
Cash losses incurred	**1,03,823.78**	51,412.73

(xviii) There has been no resignation by the statutory auditors of the Company during the year. Accordingly, Clause 3(xviii) of the Order is not applicable.

(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
UDIN : 24142953BKFRAG7928

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 7th May, 2024

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2024

We have audited the internal financial controls over financial reporting of **BF Infrastructure Limited** ("the Company") as of 31st March, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24142953BKFRAG7928

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 7th May, 2024

Balance Sheet as at 31st March, 2024

(In ₹ Thousands)

			Note No.	As at 31st March, 2024	As at 31st March, 2023
I.	**ASSETS**				
1	**Non-current assets**				
	a)	Property, plant and equipment	3	**108.54**	620.04
	b)	Goodwill	4	**-**	51,897.03
	c)	Other intangible assets	4	**-**	36.59
	d)	Financial assets			
		i) Investment in subsidiaries and associates	5	**-**	4,117.65
		ii) Other financial assets	6	**-**	1,233.96
	e)	Income tax assets (net)	7	**32,365.64**	5,025.98
	f)	Other assets	8	**2,365.88**	7,605.18
				34,840.06	70,536.43
2	**Current assets**				
	a)	Inventories	9	**-**	34,553.44
	b)	Financial assets			
		i) Trade receivable	10	**-**	10,091.82
		ii) Cash and cash equivalents	11	**51,507.11**	3,979.78
		iii) Other bank balances	11	**69,021.28**	45,885.15
		iv) Loans	12	**-**	124,042.78
		v) Other financial assets	13	**15,696.04**	715.50
	c)	Other assets	14	**384.26**	1,702.19
				136,608.69	220,970.66
		TOTAL		**171,448.75**	291,507.09
II	**EQUITY AND LIABILITIES**				
1	**Equity**				
	a)	Equity share capital	15	**2,239,668.00**	2,239,668.00
	b)	Other equity	16	**(2,087,541.15)**	(1,974,718.96)
				152,126.85	264,949.04
2	**Non current liabilities**				
	a)	Provisions	17	**300.30**	563.94
				300.30	563.94
3	**Current Liabilities**				
	a)	Financial liabilities			
		i) Trade payables	18		
		Dues to micro enterprises and small enterprises		**-**	-
		Dues to other than micro enterprises and small enterprises		**7,889.19**	8,908.64
		ii) Other financial liabilities	19	**-**	6,200.00
	b)	Provisions	20	**454.57**	3,425.90
	c)	Other current liabilities	21	**10,677.84**	7,459.57
				19,021.60	25,994.11
		TOTAL		**171,448.75**	291,507.09
		Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-45**		

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 : 24142953BKFRAG7928

Place : Pune
Date : 07-05-2024

On behalf of the Board of Directors,

Venkata Krishna Mogalapalli
Director
DIN : 06822431

Sunil Kulkarni
Director
DIN : 07228952

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 07-05-2024

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

(In ₹ Thousands)

		Note No.	For the year ended 31st March, 2024	For the year ended 31st March, 2023
I	**Revenue from operations**	22	**780.00**	790.00
II	**Other income**	23	**1,654.73**	3,123.08
	Total income		**2,434.73**	3,913.08
III	**Expenses**			
	Cost of raw materials and components consumed	24	**-**	-
	Changes in inventories of work in progress and finished goods	25	**-**	-
	Employee benefit expenses	26	**3,579.23**	3,944.35
	Finance costs	27	**-**	-
	Depreciation & amortisation expense	28	**86.40**	229.45
	Other expenses	29	**47,842.97**	12,958.45
	Total expenses		**51,508.60**	17,132.25
IV	**Loss before exceptional items and Tax**		**(49,073.87)**	(13,219.17)
V	**Exceptional items (gain)/loss**	30	**4,117.65**	(1,968.65)
VI	**Loss before Tax from continuing operations**		**(53,191.52)**	(11,250.52)
VII	**Tax Expenses**			
	Current tax		**-**	**-**
	Deferred tax		**-**	**-**
			-	-
VIII	**Loss for the year after tax from continuing operations**		**(53,191.52)**	(11,250.52)
IX	**Discontinued operations:**			
	Loss from discontinuing operations		**(59,418.01)**	(33,097.16)
	Exceptional Items from discontinuing operations		**-**	6,200.00
	Deferred Tax Expenses /(Savings) from discontinuing operations		**-**	-
	Loss for the year after tax from discontinuing operations		**(59,418.01)**	(39,297.16)
X	**Loss for the year after tax**		**(112,609.53)**	(50,547.68)
	Other Comprehensive Income			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		**(212.66)**	302.40
XI	**Total other comprehensive income, net of tax**		**(212.66)**	302.40
XII	**Total Comprehensive Income for the year**		**(112,822.19)**	(50,245.28)
XIII	**Earnings per share [Face value of ₹ 10/- each]**			
	Earnings per share for continuing operations in ₹		**(0.24)**	(0.05)
	Earnings per share for discontinuing operations in ₹		**(0.26)**	(0.18)
	Basic and Diluted earning per share from total operations in ₹		**(0.50)**	(0.23)
	Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	**1-45**		

As per our attached report of even date,

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
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Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 07-05-2024

Statement for changes in equity for the year ended 31st March, 2024

a. Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	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 In ₹ Thousands	Total Other Equity In ₹ Thousands
Balance as at 1st April, 2022	(1,924,473.68)	(1,924,473.68)
Changes in accounting policies or prior period errors	-	-
Restated balance at the beginning of the previous reporting period	(1,924,473.68)	(1,924,473.68)
Profit/ (Loss) from continuing operations	(11,250.52)	(11,250.52)
Profit/ (Loss) from discontinuing operations	(39,297.16)	(39,297.16)
Other Comprehensive Income	302.40	302.40
Balance as at 31st March, 2023	(1,974,718.96)	(1,974,718.96)
Changes in accounting policies or prior period errors	-	-
Restated balance at the beginning of the current reporting period	(1,974,718.96)	(1,974,718.96)
Profit/ (Loss) from continuing operations	**(53,191.52)**	**(53,191.52)**
Profit/ (Loss) from discontinuing operations	**(59,418.01)**	**(59,418.01)**
Other Comprehensive Income	**(212.66)**	**(212.66)**
Balance as at 31st March, 2024	**(2,087,541.15)**	**(2,087,541.15)**

Significant accounting policies and notes forming an integral part of the standalone financial statements **1-45**

As per our attached report of even date,

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
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Membership No. 142953
UDIN : 24142953BKFRAG7928

Place : Pune
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Chief Financial Officer

Place : Pune
Date : 07-05-2024

Cash flow statement for the year ended 31st March, 2024

(In ₹ Thousands)

		Note No.	Year ended 31st March, 2024	Year ended 31st March, 2023
(A)	**Cash flow from operating activities :**			
	Profit/(Loss) after exceptional items and before tax			
	Loss before tax from continuing operations		**(53,191.56)**	(11,250.52)
	Loss before tax from Discontinuing operations		**(59,418.01)**	(39,297.15)
			(112,609.57)	(50,547.67)
	Adjustments for Continuing Operations :			
	Depreciation		**86.42**	229.45
	Interest Income from deposits		**(1,641.49)**	(3,123.08)
	Interest on Income tax refund		**(16.55)**	-
	Allowances for credit losses		**36,349.49**	-
	Non cash exceptional items		**4,117.65**	(1,968.65)
	Profit/Loss on Sale of Property, Plant and Equipment		**3.31**	-
	Other Comprehensive Income			
	- Remeasurement of the net defined benefit liability/asset		**(212.66)**	302.40
			38,686.17	(4,559.88)
	Operating Profit Before Working Capital Changes for Continuing Operations		**(73,923.40)**	(55,107.55)
	Effect of Adjustments on Profit Before Working Capital Changes for Discontinuing Operations		**9,601.39**	4,148.68
	Operating profit/(loss) before working capital changes		**(64,322.01)**	(50,958.87)
	Movements in working capital :			
	(Increase)/decrease in other non current assets		**(575.79)**	-
	(Increase)/decrease in loans and advances		**87,693.29**	-
	(Increase)/decrease in other current assets		**(384.26)**	-
	Increase/(decrease) in non-current Provisions		**(263.63)**	-
	Increase/(decrease) in trade payables		**2,198.03**	-
	Increase/(decrease) in current provisions		**6.18**	-
	Increase/(decrease) in other current liabilities		**7,988.05**	-
	Cash generated/(Used in) from Continuing Operations		**16,644.00**	**-**
	Movements in Working Capital in Discontinuing Operations:		**35,713.26**	1,619.32
	Cash generted from/(used in) Operating Activities		**52,357.08**	1,619.32
	Direct taxes (paid)/refund received (net)		**(27,323.12)**	(413.85)
	Net Cash (used in)/from operating activities :	**(A)**	**25,033.96**	1,205.47
(B)	**Cash flow from investing activities :**			
	Purchase of Property, Plant and Equipment and intangible assets		**-**	(155.08)
	Proceeds from Sale of Property, Plant and Equipment and intangible assets		**1.58**	-
	(Investments In)/Liquidation of fixed deposits		**(21,902.17)**	30,513.34
	Interest income		**1,641.50**	3,089.17
	Investment in unquoted equity shares		**-**	(2,100.00)
	Cash generated/ (Used in) from Continuing Operations		**(20,259.09)**	31,347.43
	Movements in Working Capital in Discontinuing Operations:		**49,542.06**	(422.49)
	Cash generted from/(used in) Investing Activities:	**(B)**	**29,282.97**	30,924.94
(C)	**Cash flow from financing activities :**			
	Proceeds/(Repayment) of Borrowings		**-**	(40,000.00)
	Cash generated/ (Used in) from Continuing Operations		**-**	(40,000.00)
	Movements in Working Capital in Discontinuing Operations:		**(6,789.60)**	(3,274.52)
	Net cash from/(used in) financing activities	**(C)**	**(6,789.60)**	(43,274.52)
	Net changes in cash and cash equivalents (A+B+C) :		**47,527.33**	(62,102.98)

(In ₹ Thousands)

	Note No.	Year ended 31st March, 2024	Year ended 31st March, 2023
Cash and Cash Equivalents, at the beginning :		**3,979.78**	66,082.76
Add : Net changes in cash and cash equivalents, as above		**47,527.33**	(62,102.98)
Cash and Cash Equivalents, at the close :		**51,507.11**	3,979.78
Cash and Cash Equivalents :			
Cash and Bank Balances:		**51,507.11**	3,979.78
		51,507.11	3,979.78
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-45**		

As per our attached report of even date,

For P V Deo & Associates LLP
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Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 07-05-2024

Notes forming part of the financial statements for the year ended 31st March, 2024

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. Corporate Identity Number of the Company is U45203PN2010PLC136755.

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 2024, 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 7th May, 2024.

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

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 2.17).

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.

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:

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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 40)

b) Quantitative disclosures of fair value measurement hierarchy (note 42)

c) Financial instruments (including those carried at amortized cost) (note 41)

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 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 judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 40.

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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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. 2.17.

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.

h) Dividends :

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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 cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

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 estimated useful lives of items of property, plant and equipment are 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 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 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.

Company amortises intangible assets on a straight line basis over the useful life of the asset as mentioned below:

Type of Asset	Estimated useful life
i) Software	3 years
ii) Customer Contracts	18 months approx.
iii) Technical Knowhow	34 months approx.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized 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 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.

2.11 Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependant on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

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.

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.14 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 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 :

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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A ‘Financial asset’ 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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 recognizes 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 recognizing 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.

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 analyzed.

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:

i Financial assets measured as at amortized 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 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.

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 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

3 Property, plant and equipment :

(In ₹ Thousands)

	Plant & Machinery	Office Equipment	Computers	Total
GROSS BLOCK, AT COST :				
As at 1st April, 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
Additions	**-**	**-**	**2,896.31**	**2,896.31**
Disposals/Transferred	**(132.42)**	**(43.19)**	**(3,421.90)**	**(3,597.51)**
As at 31st March, 2024	**-**	**118.46**	**270.09**	**388.55**
DEPRECIATION AND AMORTIZATION :				
Upto 1st April, 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
Disposals/Transferred	**(28.50)**	**(22.77)**	**(1,225.88)**	**(1,277.15)**
For the year	**8.99**	**11.45**	**1,067.01**	**1,087.45**
Upto 31st March, 2024	**-**	**108.44**	**171.57**	**280.01**
NET BLOCK :				
As at 31st March, 2023.	112.91	41.89	465.24	620.04
As at 31st March, 2024	**-**	**10.02**	**98.52**	**108.54**

a) Refer note 43 for disposal/transfer of property, plant and equipment related to discontinued operations.

b) The Company has not revalued any property, plant and equipment during the year.

4 Intangible assets and Goodwill :

(In ₹ Thousands)

	Goodwill	Software	Customer Contracts	Technical Know-How	Total
GROSS BLOCK, AT COST :					
As at 1st April, 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
Additions	-	14,567.46	-	-	14,567.46
Disposals	(51,897.03)	(17,159.20)	(7,835.00)	(8,646.00)	(85,537.23)
As at 31st March, 2024	**-**	**-**	**-**	**-**	**-**
DEPRECIATION AND AMORTIZATION :					
Upto 1st April, 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
Disposals	-	(6,135.80)	(7,835.00)	(8,646.00)	**(22,616.80)**
For the year	-	3,580.65	-	-	**3,580.65**
Upto 31st March, 2024	**-**	**-**	**-**	**-**	**-**
NET BLOCK :					
As at 31st March, 2023	51,897.03	36.59	-	-	51,933.62
As at 31st March, 2024	**-**	**-**	**-**	**-**	**-**

a) Refer note 43 for disposal/transfer of Intangible assets and Goodwill related to discontinued operations.

b) The Company has not revalued any intangible assets during the year.

c) 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 31st March, 2024 is ₹ NIL/- (31st March 31, 2023 : ₹ 51,897.03/- Thousands) 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, 2024	31st March, 2023
Weighted Average Cost of Capital % (WACC) before tax (discount rate)	**NA**	21.55%
Terminal growth rate	**NA**	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, during the previous year, there has been no impairment of goodwill.

5 Investment in subsidiaries and associates :

(In ₹ Thousands)

No of shares held As at 31st March, 2024	No of shares held As at 31st March, 2023		As at 31st March, 2024	As at 31st March, 2023
(At Cost)				
Equity Instruments, Unquoted :				
Investments in wholly owned subsidiary :				
10,000	10,000	Equity shares having Face value of ₹ 10/- each, fully paid up, of Ferrovia Transrail Solutions Private Limited[(a)]	**4,117.65**	4,117.65
		Less : Provision for impairment in the value of investment[(b)]	**(4,117.65)**	-
		TOTAL :	**-**	4,117.65

(a) During the previous 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.

(b) Further in the current year, the Company has impaired ₹ 4,117.65 thousands in investment in equity instrument of Ferrovia Transrail Solutions Private Limited. The impairment is recognised as an exceptional item in the statement of profit and loss.

6 Other financial assets (non-current) :

(Unsecured, considered good) (In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Deposits with banks with more than twelve months maturity[(a)]	**-**	1,233.96
TOTAL :	**-**	1,233.96
(a) Includes deposits held as security for various government authorities	**-**	1,233.96

7 Income tax assets (net) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Tax paid in advance (net)	**32,365.64**	5,025.98
TOTAL :	**32,365.64**	5,025.98

8 Other assets (non-current) :

(Unsecured) (In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities		
Good	**2,365.88**	7,605.18
Doubtful	**1,790.10**	5,974.50
Less : Allowances for credit losses	**(1,790.10)**	(5,974.50)
	-	-
TOTAL :	**2,365.88**	7,605.18

9 Inventories :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Raw materials and components	**-**	17,082.66
Work-in-progress	**-**	17,470.78
Finished goods	**-**	-
TOTAL :	**-**	34,553.44

Net of provision/(reversal of provision) for write down as at 31st March, 2024: ₹ (6,758.31) thousands [31st March, 2023: ₹ 6,758.31 thousands]

10 Trade receivables :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Considered Good - Unsecured	-	10,091.82
Credit Impaired	-	-
Less : Allowances for credit losses	-	-
	-	-
TOTAL :	-	10,091.82

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, 2024 and 31st March, 2023

(In ₹ Thousands)

	Outsanding for following periods from due date of payment							
	Unbilled	Not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
31st March, 2024								
i) Undisputed – considered good	-	-	-	-	-	-	-	-
ii) Undisputed – credit impaired	-	-	-	-	-	-	-	-
iii) Disputed – considered good	-	-	-	-	-	-	-	-
iv) Disputed – credit impaired	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
31st March, 2023								
i) Undisputed – considered good	-	-	9,271.64	-	820.18	-	-	10,091.82
ii) Undisputed – credit impaired	-	-	-	-	-	-	-	-
iii) Disputed – considered good	-	-	-	-	-	-	-	-
iv) Disputed – credit impaired	-	-	-	-	-	-	-	-
	-	-	9,271.64	-	820.18	-	-	10,091.82

11 Cash and bank balances

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents			
Balances with banks			
In current accounts		**51,460.86**	3,942.14
Cash on hand		**46.25**	37.64
	SUB TOTAL :	**51,507.11**	3,979.78
Other bank balances			
Deposits with original maturity of more than three months but less than twelve months[(a)]		**69,021.28**	45,885.15
	SUB TOTAL :	**69,021.28**	45,885.15
	TOTAL :	**120,528.39**	49,864.93
(a) Includes deposits held as security for various government authorities		**1,355.29**	56.90
(b) Includes deposits held as margin against letter of credit		**6,576.49**	-

12 Loans (Current) :

(Unsecured)

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Loans to related parties			
Good		**-**	124,042.78
Doubtful		**62,049.49**	25,700.00
Less : Allowances for credit losses		**(62,049.49)**	(25,700.00)
		-	-
	TOTAL :	**-**	124,042.78

For terms and conditions relating to related party receivable refer Note No. 33.

13 Other financial assets (Current) :

(Unsecured, considered good)

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Security deposits		**-**	715.50
Amount receivable on sale of business		**15,696.04**	-
	TOTAL :	**15,696.04**	715.50

For terms and conditions relating to related party receivable refer Note No. 33.

14 Other assets (Current) :

(Unsecured, considered good) (In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Advances to suppliers		
Unsecured, considered good	**80.29**	1,023.62
Doubtful	**-**	821.74
	80.29	1,845.36
Less: Provision for doubtful advances	**-**	(821.74)
	80.29	1,023.62
Prepaid Expenses	**303.97**	678.57
TOTAL :	**384.26**	1,702.19

15 Equity share capital :

(In ₹ Thousands)

			As at 31st March, 2024	As at 31st March, 2023
Authorised :				
237,600,000	(237,600,000)	Equity Shares of ₹ 10/-, each	**2,376,000.00**	2,376,000.00
		TOTAL :	**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
		TOTAL :	**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, 2024		As at 31st March, 2023	
	No. of Shares	**In ₹ Thousands**	No. of Shares	In ₹ Thousands
Balance at the beginning of the year	**223,966,800**	**2,239,668**	223,966,800	2,239,668
Add: Shares issued during the year	**-**	**-**	-	-
Balance at the close of the year	**223,966,800**	**2,239,668**	223,966,800	2,239,668

(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, 2024		As at 31st March, 2023	
	No. of Shares	**In ₹ Thousands**	No. of Shares	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
TOTAL :	**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, 2024		As at 31st March, 2023	
	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
TOTAL :	**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, 2024		% change during the year
	No. of shares	**% of total shares**	
Bharat Forge Limited, the Holding Company#	**223,966,800**	**100.00**	**0.00%**

including the shares held through nominees

Promoter Name	As at 31st March, 2024		% change during the year
	No. of shares	% of total shares	
Bharat Forge Limited, the Holding Company#	223,966,800	100.00	0.00%

including the shares held through nominees

16 Other equity :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Deficit in the Statement of Profit and Loss[(a)]		
As per last account	**(1,974,718.96)**	(1,924,473.68)
Add :		
Profit/ (Loss) from continuing operations	**(53,191.52)**	(11,250.52)
Profit/ (Loss) from discontinuing operations	**(59,418.01)**	(39,297.16)
Other comprehensive income for the year	**(212.66)**	302.40
	(2,087,541.15)	(1,974,718.96)
Closing balance	**(2,087,541.15)**	(1,974,718.96)

(a) Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

17 Provisions (non-current) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Provision for employee benefits :		
Gratuity	**-**	-
Compensated absences	**300.30**	563.94
TOTAL :	**300.30**	563.94

18 Trade payables :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Dues to micro enterprises and small enterprises	-	-
Dues to other than micro enterprises and small enterprises	**7,889.19**	8,908.64
TOTAL :	**7,889.19**	8,908.64

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, 2024 and 31st March, 2023

(In ₹ Thousands)

	Outsanding for following periods from due date of payment				
	Not Due	**Less than 1 year**	**1-2 years**	**More than 2 years**	**Total**
31st March, 2024					
i) MSME	-	-	-	-	-
ii) Other than MSME	**7,615.48**	**273.71**	-	-	**7,889.19**
iii) Disputed - MSME	-	-	-	-	-
iv) Disputed - Other than MSME	-	-	-	-	-
	7,615.48	**273.71**	-	-	**7,889.19**
31st March, 2023					
i) MSME	-	-	-	-	-
ii) Other than MSME	5,359.11	3,549.53	-	-	8,908.64
iii) Disputed - MSME	-	-	-	-	-
iv) Disputed - Other than MSME	-	-	-	-	-
	5,359.11	3,549.53	-	-	8,908.64

19 Other financial liabilities (Current) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Amount payable for purchase of business	-	6,200.00
TOTAL :	-	6,200.00

20 Provisions (Current) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Provision for employee benefits :		
Gratuity	**436.22**	406.96
Compensated absences	**18.35**	41.43
Other provisions :		
Liquidated damages[(a)(b)]	-	2,977.51
TOTAL :	**454.57**	3,425.90

(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	**2,977.51**	2,836.85
Arising during the year	**3,620.70**	1,337.14
Utilised during the year	-	(998.48)
Provision Written Back	**(641.88)**	(198.00)
Transferred on sale of business (Refer note 43)	**(5,956.32)**	-
Closing balance	-	2,977.51

(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.

21 Other liabilities (Current) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Contract liabilities		
Advances from customers (a)(b)	**-**	3,721.95
Statutory liabilities	**10,677.84**	3,737.62
TOTAL :	**10,677.84**	7,459.57

(a) The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are to be performed, therefore, revenue is be recognized when the goods are passed on to the customers.

(b) Changes in Contract Liabilities are as under :

(In ₹ Thousands)

	As at 31st March 2024	As at 31st March 2023
Balance at the beginning of the year	**3,721.95**	6,012.45
Revenue recognised from unearned revenue and advance from customers at the beginning of the year	**-**	(90.50)
Increased due to invoicing during the year excluding the amounts recognised as revenue during the year and advance from customers	**-**	-
Decreased due to refund of advance received	**-**	(2,200.00)
Transferred on sale of business (Refer note 43)	**(3,721.95)**	-
Balance at the end of the year	**-**	3,721.95

22 Revenue from operations :

(In ₹ Thousands)

		For the year ended 31st March, 2024	For the year ended 31st March, 2023
Sale of products		**38,681.82**	9,271.64
Sale of services		**780.00**	1,580.50
	TOTAL :	**39,461.82**	10,852.14

Of the above,

a) Revenue from Continuing Operations		**780.00**	790.00
b) Revenue from Discontinuing Operations		**38,681.82**	10,062.14
	TOTAL :	**39,461.82**	10,852.14

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers by geographical segments.

Revenue by geographical segments :

Within India		**39,461.82**	10,852.14
Outside India		**-**	-
	TOTAL :	**39,461.82**	10,852.14

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 2024	Year ended 31st March, 2023
Revenue recognised as per Statement of Profit & loss		
Sale of products	**38,681.82**	9,271.64
Sale of services	**780.00**	1,580.50
	39,461.82	10,852.14
Add : Adjustments		
Deferment of revenue	**-**	-
Contract Price	**39,461.82**	10,852.14

23 Other income :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest Income		
On bank deposits	**1,641.49**	3,089.17
On income tax refund	**16.55**	33.91
Gain on sale of assets	**1,766.61**	-
Liabilities / provisions no longer required written back	**-**	198.00
Miscellaneous income	**-**	14.65
TOTAL :	**3,424.65**	3,335.73
Of the above,		
a) Income from Continuing Operations	**1,654.73**	3,123.08
b) Income from Discontinuing Operations	**1,769.92**	212.65
TOTAL :	**3,424.65**	3,335.73

24 Cost of raw material and components consumed :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Inventory at the beginning of the year	**17,082.66**	18,116.14
Add: Purchases	**15,417.39**	1,826.82
	32,500.05	19,942.96
Less: Inventory at the end of the year	**-**	(17,082.66)
Cost of raw material and components consumed	**32,500.05**	2,860.30
Of the above,		
a) Relating to Continuing Operations	**-**	**-**
b) Relating to Discontinuing Operations	**32,500.05**	2,860.30
TOTAL :	**32,500.05**	2,860.30

25 Changes in inventories of work in progress and finished goods :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Inventories at the beginning of the year		
Work-in-progress	**17,470.78**	21,188.35
Finished goods	**-**	-
	17,470.78	21,188.35
Inventories at the close of the year		
Work-in-progress	**-**	17,470.78
Finished goods	**-**	-
	-	17,470.78
TOTAL :	**17,470.78**	3,717.57
Of the above,		
a) Relating to Continuing Operations	**-**	-
b) Relating to Discontinuing Operations	**17,470.78**	3,717.57
TOTAL :	**17,470.78**	3,717.57

26 Employee benefit expenses :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Salaries and wages	**14,225.82**	25,588.17
Contributions to		
- Provident fund	**637.37**	959.98
- Gratuity expenses/(reversal)	**(183.40)**	367.30
Staff welfare expenses	**90.73**	38.43
TOTAL :	**14,770.52**	26,953.88
Of the above,		
a) Relating to Continuing Operations	**3,579.23**	3,944.35
b) Relating to Discontinuing Operations	**11,191.30**	23,009.53
TOTAL :	**14,770.53**	26,953.88

27 Finance costs :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest on intercorporate loan	**6,789.60**	3,274.52
Other interest*	**1,270.00**	-
TOTAL :	**8,059.60**	3,274.52

* Other interest includes interest on customer advances, statutory liabilities, etc.

Of the above,		
a) Relating to Continuing Operations	**-**	**-**
b) Relating to Discontinuing Operations	**8,059.60**	3,274.52
TOTAL :	**8,059.60**	3,274.52

28 Depreciation & amortisation expense :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Property, plant and equipment	**1,087.45**	229.45
Intangible assets	**3,580.65**	874.15
TOTAL :	**4,668.10**	1,103.60

Of the above,		
a) Relating to Continuing Operations	**86.40**	229.45
b) Relating to Discontinuing Operations	**4,581.70**	874.15
TOTAL :	**4,668.10**	1,103.60

29 Other expenses :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Labour and processing charges	**10,274.35**	209.69
Repairs and maintenance - others	**168.59**	91.01
Rent expenses	**1,840.06**	1,431.00
Rates and taxes	**215.19**	1,617.90
Insurance	**825.32**	776.77
Legal and professional fees	**12,203.16**	4,295.85
Technical Consultancy	**172.14**	852.69
Liquidated damages (Refer note no. 21)	**2,978.81**	1,337.14
Travelling and conveyance	**2,266.99**	1,789.59
Business promotion expenses	**-**	1,074.21
Foreign exchange fluctuation (loss)	**116.21**	-
Payment to auditors (Refer note below)	**325.00**	395.00
Provision for oil block activity	**4,036.90**	4,083.17
Allowances for credit losses	**38,139.58**	4,278.82
Amounts written off	**5.90**	5.90
Miscellaneous expenses#	**341.09**	355.57
TOTAL :	**73,909.29**	22,594.31

Miscellaneous expenses includes Telephone & Internet expenses, BG commission, Bank charges,etc.

Of the above,

a) Relating to Continuing Operations	**47,842.97**	12,958.45
b) Relating to Discontinuing Operations	**26,066.32**	9,635.86
TOTAL :	**73,909.29**	22,594.31

Payments to auditors (Exclusive of GST, wherever applicable) :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
As auditor:		
- Audit fee	**325.00**	325.00
- Other (including certification fees)	**-**	70.00
TOTAL :	**325.00**	395.00

30 Exceptional items :

(In ₹ Thousands)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Fair value (gain)/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)
Provision for impairment of investment in subsidiary[(c)]	**4,117.65**	-
TOTAL :	**4,117.65**	4,231.35

(a) Contingent consideration payable for acquisition of business crystallized during the previous year and fair value loss on contingent consideration has been recorded as 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, during the previous year, 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.

(c) In the current year, the Company has impaired ₹ 4,117.65 thousands in investment in equity instrument of Ferrovia Transrail Solutions Private Limited.

Of the above,		
a) Relating to Continuing Operations	**4,117.65**	(1,968.65)
b) Relating to Discontinuing Operations	**-**	6,200.00
TOTAL :	**4,117.65**	4,231.35

31 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 ₹ 637.37 thousands (Previous Year: ₹ 959.98 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 Company has a defined benefit gratuity plan for its employees. 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.

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.

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, 2024	Year ended 31st March, 2023
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.20%**	7.50%
Expected rate of return on plan assets	**7.50%**	7.30%
Salary Growth Rate	**6.00%**	6.00%
Expected average remaining working lives (in years)	**17.24**	19.62
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, 2024	Year ended 31st March, 2023
Present value of obligation as at the beginning of the year	**1,673.79**	2,427.56
Transfer In/(Out)[(a)]	**(418.66)**	-
Interest expense	**109.83**	142.79
Current service cost	**219.97**	341.88
Benefits (paid)	**-**	(943.02)
Remeasurements on obligation [Actuarial (Gain) / Loss]	**195.43**	(295.42)
Present value of obligation as at the end of the year	**1,780.36**	1,673.79

(a)During the year, 13 employees have been transferred to the group company

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Fair value of plan assets at the beginning of the year	**1,266.83**	2,085.50
Adjustment to fund	**-**	-
Interest Income	**95.01**	117.82
Contributions	**-**	-
Mortality Charges and Taxes	**(0.48)**	(0.45)
Benefits paid	**-**	(943.02)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**(17.24)**	6.98
Fair value of plan assets at the end of the year	**1,344.12**	1,266.83
Actual return on plan assets	**77.77**	124.80

Net Interest (Income/Expense) (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest (Income) / Expense – Obligation	**109.83**	142.79
Interest (Income) / Expense – Plan assets	**(95.01)**	(117.82)
Net Interest (Income) / Expense for the period	**14.82**	24.97

Remeasurement for the period [Actuarial (Gain)/loss] (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Experience (Gain) / Loss on plan liabilities	**178.88**	(270.71)
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**16.55**	(24.71)
Experience (Gain) / Loss on plan assets	**19.77**	(2.14)
Financial (Gain) / Loss on plan assets	**(2.53)**	(4.84)

Amount recognised in Statement of Other comprehensive Income (OCI)

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Opening amount recognised in OCI outside profit and loss account	**(784.93)**	(482.53)
Remeasurement for the period-Obligation (Gain)/Loss	**195.43**	(295.42)
Remeasurement for the period-Plan assets (Gain)/Loss	**17.24**	(6.98)
Total Remeasurement cost/(credit) for the period recognised in OCI	**212.67**	(302.40)
Closing amount recognised in OCI outside profit and loss account	**(572.26)**	(784.93)

The amounts to be recognised in the Balance Sheet (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the end of the period	**1,780.36**	1,673.79
Fair value of plan assets as at the end of the period	**1,344.12**	1,266.83
Surplus/(Deficit)	**(436.22)**	(406.96)
Current Liability	**436.22**	406.96
Non Current Liability	**1,344.13**	1,266.83
Net Asset / (liability) to be recognised in balance sheet	**(436.24)**	(406.96)

Expense recognised in the statement of profit and loss (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Current service cost	**219.97**	341.88
Net Interest (Income) / Expense	**14.82**	24.97
Transfer In /(Out)	**(418.66)**	-
Net periodic benefit cost recognised in the statement of profit and loss	**(183.87)**	366.85

Reconciliation of Net Asset/(Liability) recognised: (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Net asset / (liability) recognised at the beginning of the period	**(406.96)**	(342.06)
Company contributions	**-**	-
Expense recognised at the end of period	**183.87**	(366.85)
Amount recognised outside profit & loss for the period	**(212.67)**	302.40
Mortality Charges and Taxes	**(0.48)**	(0.45)
Adjustment to Fund	**-**	-
Net asset / (liability) recognised at the end of the period	**(436.24)**	(406.96)

The Company expects to contribute ₹ 450 thousands to the gratuity fund in the next year (31st March, 2023 : 410 thousands)

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

	Year ended 31st March, 2024	Year ended 31st March, 2023
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, 2024	Year ended 31st March, 2023
Increase in discount rate by 100 basis points	**1,727.61**	1,559.43
Decrease in discount rate by 100 basis points	**1,840.52**	1,804.34

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, 2024	Year ended 31st March, 2023
Increase in salary increment rate by 100 basis points	**1,834.81**	1,788.13
Decrease in salary increment rate by 100 basis points	**1,731.42**	1,571.71

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, 2024	Year ended 31st March, 2023
Increase in withdrawal rate by 100 basis points	**1,784.56**	1,685.57
Decrease in withdrawal rate by 100 basis points	**1,775.72**	1,660.51

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 following are the expected benefit payments to the defined benefit plan in future years:

(In ₹ Thousands)

Year Ending	31st March, 2024	31st March, 2023
Within one year	**1,226.00**	29.00
After one year but not more than five years	**56.00**	1,549.00
After five years but not more than ten years	**1,522.00**	239.00

(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, 2024	As at 31st March, 2023
1	Present Value of Obligation	**318.65**	605.37
2	Fair Value of Plan Assets	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**318.65**	605.37

32 Segment Reporting :

The Company's business is divided into two reporting segments which comprises of "Advance Defense Business" (embedded systems 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 Business (embedded systems business) 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.

The Company has transferred its "Advance Defense Business" (embedded systems business) to Kalyani Strategic Systems Limited, the fellow subsidiary. The effective date for the transfer of the said business was 31st March, 2024.

(In ₹ Thousands)

SN			**As at 31st March, 2024**	As at 31st March, 2023
1	**Segment Revenue**			
	a)	Advance Defense (Discontinuing operation)	**38,681.82**	10,062.14
	b)	Others	**780.00**	790.00
		Total	**39,461.82**	10,852.14
	c)	Add: Unallocable Income	**-**	-
		Revenue from Operations	**39,461.82**	10,852.14
2	**Segment Results**			
	a)	Advance Defense (Discontinuing operation)	**(59,417.99)**	(33,097.15)
	b)	Others	**(49,073.90)**	(8,525.49)
		Total Segement Profit /(Loss) (Before interest and tax from each reportable segment)	**(108,491.88)**	(41,622.64)
	d)	Less: Other unallocable expenditure net off unallocable income	**-**	(1,419.17)
	e)	Add: Finance Cost	**-**	(3,274.52)
		Less: Exceptional Items	**(4,117.65)**	(4,231.35)
		Profit /(Loss) before tax	**(112,609.53)**	(50,547.68)
3	**Segment income/(expense)**			
3.1	**Segment Depreciation, amortisation and impaiment expense**			
	a)	Advance Defense (Discontinuing operation)	**4,581.69**	874.16
	b)	Others	**86.41**	-
		Total	**4,668.10**	874.16
	c)	Add: Unallocable expense	**-**	229.44
		Depreciation, amortisation and impairment expense	**4,668.10**	1,103.60
3.2	**Segment income tax expense**			
	a)	Advance Defense (Discontinuing operation)	**-**	-
	b)	Others	**-**	-
		Total	**-**	-
	c)	Add : Unallocable expense	**-**	-
		Income Tax Expense	**-**	-
4	**Segment Assets**			
	a)	Advance Defense (Discontinuing operation)	**-**	104,775.07
	b)	Others	**171,448.75**	131,241.39
		Total	**171,448.75**	236,016.46
	c)	Add : Unallocable assets including unutilised fund	**-**	55,490.63
		Total assets	**171,448.75**	291,507.09
5		**Segment Liabilities**		
	a)	Advance Defense (Discontinuing operation)	**-**	17,164.78
	b)	Others	**19,321.90**	4,526.63
		Total	**19,321.90**	21,691.41
	c)	Add : Unallocable liabilities	**-**	4,866.64
		Total liabilities	**19,321.90**	26,558.05
		Capital employed	**152,126.85**	264,949.04

33 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
ii) Eternus Performance Materials Private Limited

d) Associate Companies : i) Ferrovia Transrail Solutions Private Limited (till 2nd March, 2023)

e) Other related parties : i) BF NTPC Energy Systems Limited

f) Key Managerial Personnel :
i) Mr. Sandeep Kapoor - Director (Resigned w.e.f. 31st August,2023)
ii) Mr. Sunil Kulkarni - Additional Director (Appointed w.e.f. 31st August,2023)[(a)]
iii) Mr. Rohit Gogia - Manager
iv) Ms. Sneha Modi - Company Secretary
v) Mr. Vineet - Chief Financial Officer

(a) On deputation from Bharat Forge Limited, the Holding Company

B. Related party transaction :

(In ₹ Thousands)

SN	Nature of Transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
1	**Managerial remuneration**	**Key Managerial Personnel**		
		Mr. Rohit Gogia	**2,216.65**	2,202.54
		Ms. Sneha Modi	**739.61**	771.21
		Mr. Vineet	**722.88**	717.58
2	**Expenses incurred/payments made by the Company on behalf of the related partie**	**Subsidiary Company**		
		Ferrovia Transrail Solution Pvt. Ltd	**780.00**	-
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**-**	29.66
3	**Expenses incurred/payments made by related parties on behalf of the Company**	**Holding Company**		
		Bharat Forge Limited	**-**	1,246.08
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**8,917.31**	

(In ₹ Thousands)

SN	Nature of Transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
3	Expenses incurred/payments made by related parties on behalf of the Company	**Key Managerial Personnel**		
		Mr. Sandeep Kapoor	**-**	92.57
		Mr. Rohit Gogia	**65.99**	73.43
		Ms. Sneha Modi	**-**	10.60
		Mr. Vineet	**11.22**	9.22
4	Loans Given	**Subsidiary Company**		
		Ferrovia Transrail Solution Pvt. Ltd	**1,612.63**	906.94
		BFIL-CEC JV	**189.28**	5.05
		Other related parties		
		BF NTPC Energy Systems Limited	**-**	253.07
5	Receipt of Loan given	**Subsidiary Company**		
		Ferrovia Transrail Solution Pvt. Ltd	**90,400.00**	-
		Other related parties		
		BF NTPC Energy Systems Limited	**-**	793.07
6	Repayment of advance	**Holding Company**		
		Bharat Forge Limited	**-**	2,200.00
7	Purchase of Goods	**Fellow Subsidiary Company**		
		Kalyani Strategic Systems Limited	**225.25**	-
8	Sale of Fixed Assets	**Fellow Subsidiary Company**		
		Kalyani Strategic Systems Limited	**67,005.81**	-
9	Sale of goods	**Fellow Subsidiary Company**		
		Kalyani Strategic Systems Limited	**37,968.62**	-
10	Sale of other current assets	**Fellow Subsidiary Company**		
		Kalyani Strategic Systems Limited	**45,369.75**	-
11	Sale of other current liabilities	**Fellow Subsidiary Company**		
		Kalyani Strategic Systems Limited	**48,298.66**	-
12	Rent paid	**Holding Company**		
		Bharat Forge Limited	**1,124.56**	-

(In ₹ Thousands)

SN	Nature of Transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
13	**Services Rendered**	**Fellow Subsidiary Company**		
		Kalyani Strategic Systems Limited	**-**	700.00
14	**Intercorporate Loan taken**	**Holding Company**		
		Bharat Forge Limited	**25,800.00**	-
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**120,000.00**	-
15	**Intercorporate Loan repaid**	**Holding Company**		
		Bharat Forge Limited	**25,800.00**	40,000.00
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**120,000.00**	-
16	**Interest on intercorporate loan**	**Holding Company**		
		Bharat Forge Limited	**1,793.98**	3,274.52
		Fellow Subsidiary Company		
		Kalyani Strategic Systems Limited	**4,995.62**	-
17	**Investment made**	**Subsidiary Company**		
		Ferrovia Transrail Solution Pvt. Ltd	**-**	2,100.00
18	**Provision for impairment of investment**	**Subsidiary Company**		
		Ferrovia Transrail Solution Pvt. Ltd	**4,117.65**	-
19	**Advance for purchase of Goods**	**Fellow Subsidiary Company**		
		Eternus Performance Materials Private Limited	**4,960.33**	-

C. Balance outstanding as at the year end :

(In ₹ Thousands)

SN	Nature of Transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
1	**Loan given**	**Subsidiary Companies**		
		Ferrovia Transrail Solution Pvt. Ltd	**53,864.24**	141,746.82
		BFIL-CEC JV	**8,185.24**	7,995.96
2	**Non-current Investment**	**Subsidiary Companies**		
		Ferrovia Transrail Solution Pvt. Ltd	**4,117.65**	4,117.65
3	**Amount receivable on sale of business**	**Fellow Subsidiaries**		
		Kalyani Strategic Systems Limited	**15,696.04**	-

Terms and Conditions :

(a) Remuneration paid to the key managerial personnel as per terms of appointment.

(b) All other transactions are in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

34 Contingent Liabilities not provided for in respect of :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
a) Claims against the Company not acknowledged as debts		
Sales Tax Demand - matter under dispute(i)	**46.62**	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**	4,769.03
TOTAL :	**910,220.82**	910,775.27

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 appellate 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.

Note : In cases where the amounts have been accrued, it has not been included above.

35 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, 2024	Year ended 31st March, 2023
Expenses relating to short-term leases (included in other expenses)	**1,840.06**	1,431.00
TOTAL :	**1,840.06**	1,431.00

36 Earning per Share (Face Value of ₹ 10 Each) :

	Year ended 31st March, 2024	Year ended 31st March, 2023
Profit/(Loss) for the year (In ₹ Thousands)		
From continuing operations	**(53,191.52)**	(11,250.52)
From discontinuing operations	**(59,418.01)**	(39,297.16)
Total	**(112,609.53)**	(50,547.68)
Weighted Average Number of Equity Shares, outstanding during the year [Face value of ₹ 10/- each]	**223,966,800**	223,966,800
Earning per share from continuing operations in ₹	**(0.24)**	(0.05)
Earning per share from discontinued operations in ₹	**(0.26)**	(0.18)
Basic and Diluted earning per share from total operations in ₹	**(0.50)**	(0.23)

37 Income and deferred taxes :

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2024 and 31st March 2023:

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Accounting profit before tax	**(112,609.53)**	(50,547.68)
Income tax @ applicable rate of 25.17% (31st March, 2023: 25.17%)	**-**	-
Deferred tax assets @ applicable rate of 25.17% (31st March, 2023: 25.17%)	**(28,343.83)**	(12,722.85)
Tax effects on non-deductible expenses	**(51.21)**	1,638.10
Deferred tax assets on tax disallowances not recognised	**9,296.04**	446.10
Deferred tax assets on business losses and unabsorbed depreciation of current year not recognised	**19,099.00**	10,638.65
At the effective income tax rate	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

b) The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to ₹ 3,11,123 thousands (Previous Year: ₹ 292,181 thousands) and on account of other disallowances including unabsorbed depreciation aggregating to ₹ 32,770 thousands (Previous Year: ₹ 18,937 thousands) under the Income Tax Act, 1961.

38 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

The Company does not owe any moneys to suppliers which are Micro or Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006.

39 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.

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

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 no. 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.

h) 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.

40 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, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
I) Financial assets				
Measured at amortised costs				
Trade receivables	**-**	10,091.82	**-**	10,091.82
Loans	**-**	124,042.78	**-**	124,042.78
Other financial assets	**15,696.04**	1,949.46	**15,696.04**	1,949.46
	15,696.04	136,084.06	**15,696.04**	136,084.06
II) Financial liabilities				
Measured at amortised costs				
Trade payables	**7,889.19**	8,908.64	**7,889.19**	8,908.64
Other financial liabilities	**-**	6,200.00	**-**	6,200.00
	7,889.19	15,108.64	**7,889.19**	15,108.64

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.

41 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.

42 Financial risk management disclosure :

The Company's principal financial liabilities 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 trade receivables, 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, deposit.

i) Equity price risk

The Company's investment in equity instruments comprise mainly of investments in subsidiaries and associates which are strategic long term investments. Reports on the financial infomation of these entities 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 ₹ NIL (Previous Year : ₹ 4,117.65 thousands).

ii) 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 foreign currency exposures.

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 ₹ Thousands)

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	**5.00%**	-	-
	-5.00%	-	-
31st March, 2023	5.00%	49.00	49.00
	-5.00%	(49.00)	(49.00)

(In ₹ Thousands)

	Change in EURO Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	**5.00%**	-	-
	-5.00%	-	-
31st March, 2023	5.00%	40.55	40.55
	-5.00%	(40.55)	(40.55)

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.

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, 2024 and 31st March, 2023 is the carrying amounts as illustrated in respective notes.

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 based on contractual undiscounted payments :

(In ₹ Thousands)

	Less than 1 year	1 year to 5 years	> 5 years	Total
As at 31st March, 2024				
Trade payables	**7,889.19**	**-**	**-**	**7,889.19**
Other financial liabilities	**-**	**-**	**-**	**-**
	7,889.19	**-**	**-**	**7,889.19**
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

43 Disclosures as required by Ind AS 105 Non-Current Assets Held For Sale And Discontinued Operations

The Board of Directors of the Company vide resolution dated 10th February, 2024 approved sell of Advance Defense Business (embedded systems business) to Kalyani Strategic Systems Limited, the fellow subsidiary. Consequently, on 10th February, 2024, the shareholders of the Company approved the plan to sell. The Company entered into a Asset Purchase Agreement with Kalyani Strategic Systems Limited, fellow subsidiary of the Company. The effective date for the transfer of the said business is 31st March, 2024.

The revenue, expenses and pre-tax profit or loss of discontinued operations are disclosed in respective notes.

The major classes of assets and liabilities of the discontinued operations are as under:

(In ₹ Thousands)

	As at 31st March, 2024
Assets	
(a) Property, plant and equipment	2,315.46
(b) Goodwill	51,897.03
(c) Intangible assets	11,023.41
(d) Inventories	36,160.59
(e) Trade receivable	36,740.98
(f) Other current assets	7,263.47
(g) Cash and cash equivalents	1,365.30
	146,766.24
Liabilities	
(a) Borrowings	103,839.18
(b) Trade payable	12,870.13
(c) Other current liabilities	28,202.21
(d) Provisions	7,226.32
	152,137.84

The net cash flows of embedded systems business are as follows (In ₹ Thousands)

	As at 31st March, 2024
Operating	(14,103.36)
Investing	49,542.06
Financing	(6,789.60)
Net cash (outflow)/inflow	**28,649.10**

44 Ratio Analysis :

		Notes	Numerator	Denominator	31st March 2024	31st March 2023	Variance %
(a)	Current ratio	i	Current Assets	Current Liabilities	**7.18**	8.50	-15.52%
(b)	Debt-Equity ratio	ii	Total Debts	Shareholders' equity	**-**	-	NA
(c)	Debt Service Coverage Ratio	ii	Earnings available for debt service	Debt Service	**-**	-	NA
(d)	Return on equity ratio	iii	Profit/(Loss) for the year	Average shareholders' equity	**(0.54)**	(0.17)	209.88%
(e)	Inventory turnover ratio	iv	Cost of goods sold	Average Inventory	**1.88**	0.08	2328.72%
(f)	Trade receivables turnover ratio	iv	Revenue	Average trade receivable	**7.82**	1.01	670.95%
(g)	Trade payables turnover ratio	iv	Purchases + Other expenses	Average trade payables	**10.64**	1.69	530.04%
(h)	Net capital turnover ratio	iv	Revenue	Working capital	**0.34**	0.06	502.95%
(i)	Net profit ratio	v	Profit for the year	Revenue	**(2.85)**	(4.66)	-38.74%
(j)	Return on capital employeed	vi	Earning before interest and taxes	Capital Employed	**(0.69)**	(0.18)	288.45%

Notes :

i Decrease in the current assets has resulted in deterioration of the ratio.

ii The Company has no debts.

iii Increase in losses for the current year has resulted in deterioration of the ratio.

iv During the current year, the Company has entered into an Asset Purchase Agreement with the fellow subsidiary company. Accordingly, the Company has sold assets and liabilities relating to Advance Defence Business (Embedded Systems Business) on 31st March, 2024. Hence, ratios of current year are not comparable. Refer Note No. 43 for details.

v Increase in indirect expenses has resulted in deterioration in the ratio.

vi Decrease in the Earning before interest and taxes has resulted in deterioration of the ratio.

45 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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(c) 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.

(d) 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.

(e) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(f) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(g) During the year ended 31st March, 2024, 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 : 24142953BKFRAG7928

Place : Pune
Date : 07-05-2024

On behalf of the Board of Directors,

Venkata Krishna Mogalapalli
Director
DIN : 06822431

Sunil Kulkarni
Director
DIN : 07228952

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 07-05-2024

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Electroforge Limited

Registered Office
S. No. Industry House, Opp Kalyani Steels Ltd., Mundhwa, Pune 411 036

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, 2024, 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 31st March, 2024, 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, 2024, 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 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 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.

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 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 other accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

   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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24142953BKFRAK5500

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ELECTROFORGE LIMITED FOR THE PERIOD ENDED 31st MARCH, 2024

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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any Property, Plant and Equipment as on 31st March, 2024. Hence, clause 3(i)(a)(A) of the Order is not applicable to the Company.

(B) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any Intangible Assets as on 31st March, 2024. Hence, clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records the Company, the Company does not have any Property, Plant and Equipment as on 31st March, 2024. Hence, clause 3(i)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records the Company, the Company does not own any immovable properties. Therefore, the provisions of clause 3(i)(c) of the said order are not applicable to the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records the Company, the Company does not have any Property, Plant and Equipment (including right-of-use assets) and intangible assets. Hence, clause 3(i)(d) of the Order is not applicable to the Company.

(e) According to the information and explanation given to us, no proceedings have been initiated during the year or are pending against the Company 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, clause 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. Hence, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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. Hence, clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, 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 neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the said order is not applicable to the Company.

(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. Hence, reporting under clause (vi) of the Order is not applicable.

(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, Duty of Custom, Cess and 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 Goods and Services Tax, Income-Tax, Duty of Custom, Cess and other statutory dues were outstanding as at 31st March, 2024 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. 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 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, 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 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. Accordingly, 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, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

(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, clause 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. Accordingly, the clause 3(xvi)(a) of the said order is not applicable to the Company.

(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. Accordingly, the clause 3(xvi)(b) of the said 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 clause 3(xvi)(c) of the said order is not applicable to the Company.

(d) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the group. The group has Two CIC's as a part of the Groups.

(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.

	FY 2023-24 ₹ in Hundreds	FY 2022-23 ₹ in Hundreds
Cash losses incurred	**3,573.51**	903.39

(xviii) There has been no resignation by the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.

(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
UDIN : 24142953BKFRAK5500

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ELECTROFORGE LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2024

We have audited the internal financial controls over financial reporting of **Electroforge Limited** ("the Company") as of 31st March, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24142953BKFRAK5500

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

Balance sheet as at 31st March, 2024

(In ₹ Hundreds)

		Notes	As at 31st March, 2024	As at 31st March, 2023
I.	**ASSETS**			
	1 Non-current assets			
	a) Capital work-in-progress	3	**44,061.64**	-
	b) Other non-current assets	4	**2,162,975.74**	-
			2,207,037.38	-
2	**Current assets**			
	a) Financial assets			
	i) Cash and cash equivalents	5	**22,002.36**	989.92
	b) Other assets	6	**37,993.72**	-
			59,996.08	989.92
	TOTAL :		**2,267,033.46**	989.92
II.	**EQUITY AND LIABILITIES**			
	1 Equity			
	a) Equity share capital	7	**1,000.00**	1,000.00
	b) Other equity	8	**(4,476.90)**	(903.39)
			(3,476.90)	96.61
	2 Non-current liabilities			
	a) Financial liabilities			
	i) Borrowings	9	**2,239,655.47**	-
			2,239,655.47	-
	3 Current liabilities			
	a) Financial Liabilities			
	i) Trade payables	10		
	Total outstanding dues of micro enterprises and small enterprises		**-**	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**3,355.44**	833.31
	b) Other current liabilities	11	**27,499.45**	60.00
			30,854.89	893.31
	TOTAL :		**2,267,033.46**	989.92

Significant accounting policies and notes forming an integral part of the financial statements 1 to 24

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 : 24142953BKFRAK5500

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Santosh Singh
Director
DIN. 10252825

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 6th May, 2024

Statement of profit and loss for the year ended 31st March, 2024

(In ₹ Hundreds)

		Notes	Year ended 31st March, 2024	Period ended 31st March, 2023
I.	**Revenue From operations**			
	a) Revenue from operations		**-**	-
II.	**Other income**	12	**397.27**	-
	Total Revenue		**397.27**	-
III.	**Expenses**			
	a) Other expenses	13	**3,970.78**	903.39
	Total expenses		**3,970.78**	903.39
IV.	**Loss before tax**		**(3,573.51)**	(903.39)
V.	**Tax expenses**		**-**	-
VI.	**Loss for the year**		**(3,573.51)**	(903.39)
VII.	**Other comprehensive income**		**-**	-
VIII.	**Total comprehensive income for the year (V+VI)**		**(3,573.51)**	(903.39)
IX.	**Earnings per equity share [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	16	**(35.74)**	(9.03)
	b) Diluted (In ₹)	16	**(35.74)**	(9.03)

Significant accounting policies and notes forming an integral part of the financial statements	1 to 24

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 : 24142953BKFRAK5500

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Santosh Singh
Director
DIN. 10252825

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 6th May, 2024

Statement of changes in equity for the year ended 31st March, 2024

a Equity share capital (In ₹ Hundreds)

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	**Total**	Nos.	Total
Balance at the beginning	**10,000**	**1,000.00**	-	-
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning	**10,000**	**1,000.00**	-	-
Changes in equity share capital				
Issued during the year	-	-	10,000	1,000.00
As at end of the period	**10,000**	**1,000.00**	10,000	1,000.00

b Other equity (In ₹ Hundreds)

	Retained Earnings	Total
Balance as at 31st March, 2022	-	-
Changes in other equity due to prior period errors	-	-
Restated balance at the beginning of the previous reporting period	-	-
Loss for the year	(903.39)	(903.39)
Other comprehensive income for the year	-	-
Balance as at 31st March, 2023.	**(903.39)**	**(903.39)**
Changes in other equity due to prior period errors	**-**	**-**
Restated balance at the beginning of the previous reporting period	**(903.39)**	**(903.39)**
Loss for the year	**(3,573.51)**	**(3,573.51)**
Other comprehensive income for the year	**-**	**-**
Balance as at 31st March, 2024.	**(4,476.90)**	**(4,476.90)**

c Total equity (a+b) **(3,476.90)**

Significant accounting policies and notes forming an integral part of the financial statements 1 to 24

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 : 24142953BKFRAK5500

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Santosh Singh
Director
DIN. 10252825

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 6th May, 2024

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

(In ₹ Hundreds)

			Year ended 31st March, 2024	Year ended 31st March, 2023
(A)	**Cash flow from operating activities**			
	Loss before tax		**(3,573.51)**	(903.39)
	Interest income		**(397.27)**	**-**
	Operating loss before working capital changes		**(3,970.78)**	(903.39)
	Movements in working capital :			
	Increase / (decrease) in other current Assets		**(37,993.72)**	-
	Increase / (decrease) in trade payables		**2,522.13**	833.31
	Increase / (decrease) in other current liabilities		**27,439.45**	60.00
			(8,032.14)	893.31
	Net cash flows from operating activities		**(12,002.92)**	(10.08)
	Direct taxes paid (net of refunds)		**-**	-
	Net cash flows from operating activities	(A)	**(12,002.92)**	(10.08)
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)		**(2,207,037.38)**	-
	Interest income		**397.27**	-
	Net cash flows used in investing activities	(B)	**(2,206,640.11)**	-
(C)	**Cash flows from financing activities**			
	Issue of Share Capital		**-**	1,000.00
	Proceeds from long term borrowings		**2,239,655.47**	-
	Net cash flows from financing activities	(C)	**2,239,655.47**	1,000.00
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**21,012.44**	989.92
(E)	**Cash and cash equivalents at the beginning of the year**		**989.92**	-
(F)	**Cash and cash equivalents at the end of the year**		**22,002.36**	989.92

Components of cash and cash equivalents as at (In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Balances with banks in current accounts	**22,002.36**	989.92
TOTAL :	**22,002.36**	989.92

Significant accounting policies and notes forming an integral part of the financial statements 1 to 24

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 : 24142953BKFRAK5500

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Santosh Singh
Director
DIN. 10252825

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 6th May, 2024

Notes forming part of the financial statements for the year ended 31st March, 2024

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. Corporate Identity Number of the Company is U31909PN2022PLC213390.

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.

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 6th May, 2024

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest hundred 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.

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:

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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 17)

b) Quantitative disclosures of fair value measurement hierarchy (note 19)

c) Financial instruments (including those carried at amortized cost) (note 18)

2.5 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 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 judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 17.

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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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. 2.12.

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.

h) Dividends :

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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 cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

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.

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 derecognition 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 derecognised.

2.9 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.

2.10 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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 recognizes 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 recognizing 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.

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 analyzed.

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:

i Financial assets measured as at amortized 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 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.

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 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.

3 Property, plant and equipment :

(In ₹ Hundred)

	Capital work-in-progress
Gross block, at cost :	
Additions	-
Disposals	-
Adjustments	-
As at 31st March, 2023	-
Additions	-
Disposals	-
Capitalised	-
Borrowing Costs (Refer note a)	44,061.64
As at 31st March, 2024	**44,061.64**
Depreciation and amortization :	
Disposals	-
For the period	-
Upto 31st March, 2023	**-**
Disposals	-
For the year	-
Upto 31st March, 2024	**-**
Net block :	
As at 31st March, 2023	-
As at 31st March, 2024	**44,061.64**

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, 2024 was ₹ 44,061.64 hundred (31st March, 2023: ₹ Nil). Capitalisation rate is 8.75% p.a.

b) **Capital work-in-progress : Ageing Schedule**

As at 31st March, 2024

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	**44,061.64**	**-**	**-**	**-**	**44,061.64**

As at 31st March, 2023

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

c) **There are no projects whose completion is overdue or that have exceeded their cost compared to the original plan.**

4 Other Non - Current assets

(Unsecured, considered good) (In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
Capital advances	**2,162,975.74**	-
TOTAL :	**2,162,975.74**	-

Note: No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which a director is a director or a member either severally or jointly with any other person.

5 Cash and cash equivalents

(In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
Balances with banks		
In current accounts	**22,002.36**	989.92
TOTAL :	**22,002.36**	989.92

6 Other Current assets

(Unsecured, considered good) (In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities	**26,223.60**	-
Others	**11,770.12**	-
TOTAL :	**37,993.72**	-

7 Equity share capital

(In ₹ Hundred)

			As at 31st March, 2024	As at 31st March, 2023
Authorised				
	10,000	(10,000) Equity shares of ₹ 10/- each	**1,000.00**	1,000.00
Issued				
	10,000	(10,000) Equity shares of ₹ 10/- each	**1,000.00**	1,000.00
Subscribed and fully paid-up				
	10,000	(10,000) Equity shares of ₹ 10/- each	**1,000.00**	1,000.00
Total issued, subscribed and fully paid-up share capital :			**1,000.00**	1,000.00

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	In ₹ Hundreds	Nos.	In ₹ Hundreds
Equity Shares				
At the beginning of the year	**10,000**	**1,000.00**	-	-
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**	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, 2024		As at 31st March, 2023	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Kalyani Powertrain Limited, the Holding Company#	**10,000**	**100**	10,000	100
	10,000	**100**	10,000	100

Including shares held through Nominees

(d) Shares held by Promoters at the end of the year

Promoter Name	31st March, 2024		31st March, 2023		% Changes during the year
	No. of Shares	%	No. of Shares	%	
Kalyani Powertrain Limited, the Holding Company#	**10,000**	**100**	10,000	100	**-**

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

8 Other equity

(In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
Retained earnings		
Balance as per the last financial statements	**(903.39)**	-
Add:		
- Loss for the Year	**(3,573.51)**	(903.39)
Closing balance	**(4,476.90)**	(903.39)

9 Long term borrowings

(In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
- Loans from related parties		
Loans from the holding company[(a)] (Unsecured)	**2,239,655.47**	-
TOTAL :	**2,239,655.47**	-

(a) Intercorporate loan from the Holding Company carries interest @ 8.75% p.a. This loan is repayable in 3 years from date of disbusrsement along with the interest.

10 Trade payables

(In ₹ Hundred)

	As at 31st March, 2024	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[(a)(#)]	**3,355.44**	833.31
(including related party payables)		
TOTAL :	**3,355.44**	833.31

(a) Trade payables are non-interest bearing and are generally settled on 30 to 60 days terms.

[#]For terms and conditions relating to related party payables, refer note no. 15

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, 2024						
Undisputed dues to MSME	-	-	-	-	-	-
Undisputed dues to other than MSME	-	**3,355.44**	-	-	-	**3,355.44**
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	**3,355.44**	-	-	-	**3,355.44**

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	-	833.31	-	-	-	833.31
Disputed dues to MSME	-	-	-	-	-	-
Disputed dues to other than MSME	-	-	-	-	-	-
	-	833.31	-	-	-	833.31

11 Other Current Liabilities

(In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
Statutory liabilities	**27,499.45**	60.00
TOTAL :	**27,499.45**	60.00

12 Other income

(In ₹ Hundred)

		Year ended 31st March, 2024	Period ended 31st March, 2023
Interest income on			
Bank deposits		**397.27**	-
	TOTAL :	**397.27**	-

13 Other expenses

(In ₹ Hundred)

		Year ended 31st March, 2024	Period ended 31st March, 2023
Rates and taxes		**415.17**	46.31
Rent		**800.00**	-
Legal and professional fees		**2,122.11**	-
Payment To Auditors		**600.00**	600.00
Preliminary Expenses		**-**	250.00
Miscellaneous Expenses		**33.50**	7.08
	TOTAL :	**3,970.78**	903.39

Payment to auditors

		Year ended 31st March, 2024	Period ended 31st March, 2023
As auditor:			
- Audit fee		**350.00**	350.00
- Income tax matters		**250.00**	250.00
	TOTAL :	**600.00**	600.00

14 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.

15 Related party disclosures

(i) Names of the related parties and related party relationship

Ultimate Holding Company :	Bharat Forge Limited
Holding Company :	Kalyani Powertrain Limited
Enterprise under common control :	KTMS Design and Engineering Private Limited

(ii) Related parties with whom transactions have taken place during the year

(In ₹ Hundred)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	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	**318.17**	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
5	**Intercorporate loan taken**	**Holding Company**		
		Kalyani Powertrain Limited	**2,200,000.00**	-
6	**Interest paid on intercorporate loan**	**Holding Company**		
		Kalyani Powertrain Limited	**44,061.64**	-
7	**Rent paid**	**Enterprise under common control**		
		KTMS Design and Engineering Private Limited	**800.00**	-

(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 Company 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	As at 31st March, 2024	As at 31st March, 2023
1	**Reimbursement of expenses payable**	**Holding Company**		
		Kalyani Powertrain Limited	**219.48**	289.00
2	**Intercorporate loan taken**	**Holding Company**		
		Kalyani Powertrain Limited	**2,239,655.47**	-

16 Earnings per share (EPS)

	Year ended 31st March, 2024	Period ended 31st March, 2023
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders (In ₹ Hundreds)	**(3,573.51)**	(903.39)
Weighted average number of equity shares in calculating basic EPS	**10,000**	10,000
EPS - Basic (in ₹)	**(35.74)**	(9.03)
EPS - Diluted - (in ₹)	**(35.74)**	(9.03)

17 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) 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.

b) 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 availability of adquate taxable income within the time permissible as per the taxing legislations.

c) 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.

18 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 ₹ Hundred)

	Carrying value		Fair value	
	Year ended 31st March, 2024	Year ended 31st March, 2023	**Year ended 31st March, 2024**	Year ended 31st March, 2023
I) Financial assets				
Measured at amortised costs				
Cash and cash equivalents	**22,002.36**	989.92	**22,002.36**	989.92
Total	**22,002.36**	989.92	**22,002.36**	989.92
II) Financial liabilities				
Measured at amortised costs				
Intercorporate loan taken	**2,239,655.47**	-	**2,239,655.47**	-
Trade Payables	**3,355.44**	833.31	**3,355.44**	833.31
Total	**2,243,010.91**	833.31	**2,243,010.91**	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.

19 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.

20 Financial risk management disclosure

The Company's principal financial liabilities, comprise of 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 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 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.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's outstanding borrowing is on fixed rate basis and thus the Company is not exposed to risk of fluctuating 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.

iii) 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.

	Change in EUR Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	**5.00%**	**101,766.62**	**101,766.62**
	-5.00%	**(101,766.62)**	**(101,766.62)**
31st March, 2023	5.00%	-	-
	-5.00%	-	-

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	**5.00%**	**6,382.16**	**6,382.16**
	-5.00%	**(6,382.16)**	**(6,382.16)**
31st March, 2023	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.

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 based on contractual undiscounted payments.

(In ₹ Hundred)

	Less than 1 year	1 year to 5 years	> 5 years	Total
As at 31st March, 2024				
Intercorporate loan taken	**-**	**2,239,655.47**	**-**	**2,239,655.47**
Trade payables	**3,355.44**	**-**	**-**	**3,355.44**
Total	**3,355.44**	**2,239,655.47**	**-**	**2,243,010.91**
As at 31st March, 2023				
Trade payables	833.31	-	-	833.31
Total	833.31	-	-	833.31

21 Capital commitment

(In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**6,812,774.46**	-

22 Income tax

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2024:

(In ₹ Hundred)

	As at 31st March, 2024	As at 31st March, 2023
Accounting loss before tax	**(3,573.51)**	(903.39)
At India's enacted tax rate of 26.00%	**-**	-
Deferred tax savings on current year accounting loss	**92.91**	-
Tax effect of non-deductible expenses	**-**	-
Deferred tax not recognised	**(92.91)**	-
At the effective income tax rate of 26%	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

23 Ratio analysis

	Numerator	Denominator	31st March, 2024	31st March, 2023	Variance %
(a) Current ratio (Refer note no. (i) below)	Current Assets	Current Liabilities	1.94	1.11	75%
(b) Trade payables turnover ratio	Purchases + Other expenses	Average trade payables	1.90	2.17	-13%

Notes :

(i) During the year the Company is engaged in setting up the business. It has carried cash pending to be utilised.

(ii) 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 employeed
inventory Turnover Ratio
Debt Equity ratio
Debt service Coverage ratio
Trade Receivable ratio
Return on investment ratio

24 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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

c) During the year ended 31st March, 2024, 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.

d) 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.

e) No Proceedings have been initiated or pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988.

f) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

g) 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 : 24142953BKFRAK5500

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Santosh Singh
Director
DIN. 10252825

Krishan Kohli
Director
DIN: 08644811

Place : Pune
Date : 6th May, 2024

Eternus Performance Materials Private Limited

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, 2024, 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, 2024, 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 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

Place: Kolhapur
Date: 03rd May, 2024

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 *(other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee)*

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 revalued 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, 2024 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

Place: Kolhapur
Date: 03rd May, 2024

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 31,2024, 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, 2024.

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

Place: Kolhapur
Date: 03rd May, 2024

Balance Sheet as at 31st March, 2024

			Note	As at 31st March, 2024 ₹	As at 31st March, 2023 ₹
I	**ASSETS**				
1	**Non-current Assets**				
	(a)	Property, plant and equipment	3	**7,314,076**	**7,141,043**
	(b)	Right of use asset	4	**710,766**	**718,386**
	(c)	Intangible assets	5	**46,797**	**46,797**
	(d)	Capital work-in-progress		**5,497,867**	**5,754,546**
	(e)	Financial assets			
		(i) Other financial assets	6	**124,000**	**124,000**
	(f)	Other non-current assets	7	**250,000**	**100,000**
	(g)	Income tax assets (net)	8	**43,990**	**45,356**
				13,987,496	**13,930,128**
2	**Current Assets**				
	(a)	Inventories	9	**11,245,936**	**7,505,137**
	(b)	Financial Assets			
		(i) Trade receivables	10	**2,599,696**	**2,041,638**
		(ii) Cash and cash equivalents	11	**829,877**	**353,132**
		(iii) Other financial assets	12	**10,771,790**	**10,771,790**
	(c)	Other Current Assets	13	**421,880**	**485,622**
				25,869,179	**21,157,319**
		TOTAL		**39,856,674**	**35,087,447**
II	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a)	Equity Share Capital	14	**1,632,260**	**1,632,260**
	(b)	Other Equity		**(2,631,393)**	**(3,281,783)**
				(999,133)	**(1,649,523)**
2	**Non-current Liabilities**				
	(a)	Financial liabilities			
		(i) Long term Borrowings	15	**2,048,398**	**2,619,600**
	(b)	Other non-current liabilities	16	**2,800,000**	**2,800,000**
	(c)	Deferred tax liabilities (Net)	17	**(168,800)**	**(168,800)**
				4,679,598	**5,250,800**
3	**Current Liabilities**				
	(a)	Financial liabilities			
		(i) Short term borrowings	18	**23,127,642**	**20,238,739**
		(ii) Trade payables			
		Dues of micro enterprises and small enterprises	19		
		Dues of creditors other than micro enterprises and small enterprises	19	**8,088,240**	**6,947,560**
		(iii) Other financial liabilities	20	**-**	**-**
	(b)	Other current liabilities	21	**4,960,327**	**4,299,871**
				36,176,209	**31,486,171**
		TOTAL		**39,856,674**	**35,087,447**
	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 : 24108945BJZWDS3510

Place : Kolhapur
Date : 3rd May, 2024

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 3rd May, 2024

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

		Note	Year ended 31st March, 2024 (in ₹)	Year ended 31st March, 2023 (in ₹)
I	Revenue from Operations	22	**9,015,160**	**12,009,690**
II	Other Income	23	**88,553**	**460,297**
III	**TOTAL INCOME**		**9,103,713**	**12,469,987**
IV	**EXPENSES**			
	Cost of Material Consumed	24	**(415,102)**	**2,870,419**
	Changes in inventories of Finished Goods	25	**(608,407)**	**1,271,565**
	Employee Benefit Expenses	26	**5,647,202**	**4,006,197**
	Finance Costs	27	**522,514**	**683,928**
	Depreciation & Amortisation Expense	28	**410,509**	**683,337**
	Other Expenses	29	**2,908,608**	**2,766,112**
	TOTAL EXPENSES		**8,465,324**	**12,281,557**
V	**Profit before tax**		**638,390**	**188,430**
VI	**Tax (Expense)/Savings**			
	Current tax			
	Deferred tax		**-**	**-**
			-	-
VII	**Profit for the Year**		**638,390**	**188,430**
VII	**OTHER COMPREHENSIVE INCOME**			
	Total other comprehensive income, net of tax		**-**	**-**
VIII	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**638,390**	**188,430**
IX	**Earnings per share (of ₹ 10/- each):**			
	Basic	34	3.19	1.15
	Diluted	34	3.19	1.15
	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 : 24108945BJZWDS3510

Place : Kolhapur
Date : 3rd May, 2024

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 3rd May, 2024

Statement of changes in equity for the year ended 31st March, 2024

a. Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	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)**
Changes in other equity for the year ended 31st March, 2024			
Unpaid Bonus Reversed	**12,000**		**12,000**
Profit (Loss) for the period	**-**	**-**	**638,390**
	3,000,045	**(5,865,353)**	**(2,631,393)**

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 : 24108945BJZWDS3510

Place : Kolhapur
Date : 3rd May, 2024

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 3rd May, 2024

Notes forming part of the financial statements for the year ended 31st March, 2024

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	30 years
ii)	Computer and data processing equipments	
	(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.

3 Property, plant and equipment :

FIXED ASSET MOVEMENT CHART AS ON 31-03-2024

	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
Adjustment							
Additions		166,679	64,407	282,686	62,150	-	
Disposals							
As at 31st March, 2024	-	7,541,997	235,401	1,934,014	541,309	403,848	10,656,569
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	413,836
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
Disposals							
Adjustments							
For the year		237,398	8,800	76,679	41,708	38,304	402,889
As at 31st March, 2024	-	2,172,488	176,950	360,671	276,503	355,881	3,342,493
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
As at 31st March, 2024	-	5,369,509	58,451	1,573,343	264,806	47,967	7,314,076

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**
Additions		
Disposals		
As at 31st March, 2024	**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**
Disposals		
For the year	**7,620**	**7,620**
Up to 31st March, 2024	**113,095**	**113,095**
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**
As at 31st March, 2024	**710,766**	**710,766**

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**
Additions		
Disposals		
As at 31st March, 2024	**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**
Disposals		
For the year	**-**	**-**
Up to 31st March, 2024	**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, 2024	**46,797**	**46,797**

		As at 31st March, 2024 ₹	As at 31st March, 2023 ₹
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	**250,000**	**100,000**
	TOTAL :	**250,000**	**100,000**
8	**Income tax assets :**		
	Taxes paid in advance, net of provisions	**43,990**	**45,356**
	TOTAL :	**43,990**	**45,356**
9	**Inventories :**		
	(As taken, valued and certified by the Directors)		
	Finished Goods	**4,242,842**	**3,634,435**
	Raw Material	**7,003,094**	**3,870,702**
	TOTAL :	**11,245,936**	**7,505,137**
10	**Trade receivables :**		
	(Unsecured)		
	Credit impaired		
	Others	**2,599,696**	**2,041,638**
	(including related party receivables)		
	TOTAL :	**2,599,696**	**2,041,638**
	For terms and conditions relating to related party receivables, refer note no. 33		
11	**Cash and cash equivalents :**		
	Balances with banks		
	In current accounts	**805,003**	**335,077**
	Cash on hand	**24,874**	**18,055**
	TOTAL :	**829,877**	**353,132**
12	**Other financial assets (Current), good :**		
	Government grant receivable	**10,771,790**	**10,771,790**
	TOTAL :	**10,771,790**	**10,771,790**

		As at 31st March, 2024	As at 31st March, 2023
		₹	₹
13	**Other current assets, good :**		
	Balances with government authorities		
	Customs duty	**62,871**	**62,871**
	Goods and services tax	**73,251**	
	Advances to suppliers	**-**	**221,000**
	Advances to employees	**285,758**	**201,751**
	TOTAL :	**421,880**	**485,622**

				As at 31st March, 2024	As at 31st March, 2023
				₹	₹
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, 2024 and 31st March, 2023 is set out below:

	As at 31st March, 2024		As at 31st March, 2023	
	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, 2024		As at 31st March, 2023	
	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, 2024		As at 31st March, 2023	
		Current ₹	**Non - Current** ₹	**Current** ₹	**Non - Current** ₹
15	**Long-term borrowings :**				
	Secured :				
	Term Loans[(a)] :		**2,048,398**		**2,619,600**
	Less : Shown under "Other Financial Liabilities" (Refer Note No. 20)			**-**	**-**
	TOTAL :	-	**2,048,398**	**-**	**2,619,600**

(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, 2024 ₹	As at 31st March, 2023 ₹
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	**410,509**	**683,337**
	Less : Deferred tax assets :		
	Timing differences for		
	Disallowances and unabsorbed depreciation	**410,509**	**683,337**
	TOTAL :	**410,509**	**683,337**

		As at 31st March, 2024	As at 31st March, 2023
		₹	₹
18	**Short term borrowings :**		
	Secured		
	Cash credit[(a)]		-
	Overdraft[(b)]	**2,545,875**	**992,901**
	Unsecured		
	Loan from directors and their relatives[(c)]	**20,581,767**	**19,245,838**
	TOTAL :	**23,127,642**	**20,238,739**

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.

19	**Trade payables :**		
	Total outstanding dues of micro enterprises and small enterprises		-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**8,088,240**	**6,947,560**
	TOTAL :	**8,088,240**	**6,947,560**
20	**Other financial liabilities :**		
	Current maturities of long term loan (Refer note no. 15)		-
	Creditors for capital expenditure	-	-
	TOTAL :	-	-
21	**Other current liabilities :**		
	Statutory liabililties	-	**141,657**
	Contract liabilities - Advances from customers	**4,960,327**	**4,158,214**
	TOTAL :	**4,960,327**	**4,299,871**

		For the year ended 31st March, 2024	For the year ended 31st March, 2023
		₹	₹
22	**Revenue from operations :**		
	Sale of products	**9,015,160**	**12,009,690**
	Other operating revenues		**-**
	TOTAL :	**9,015,160**	**12,009,690**
	Disaggregate revenue information :		
	The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2024 and 31st March, 2023 by offerings and contract type.		
	Revenue by offerings :		
	Sale of products	**9,015,160**	**12,009,690**
	TOTAL :	**9,015,160**	**12,009,690**
	Revenue by geographical segments :		
	Within India	**9,015,160**	**12,009,690**
	Outside India		
	TOTAL :	**9,015,160**	**12,009,690**
	Revenue by contract type :		
	Fixed price contracts	**-**	**-**
	TOTAL :	**-**	**-**
23	**Other Income :**		
	Interest on income tax refund		**-**
	Sundry balances written back	**88,553**	**460,297**
	TOTAL :	**88,553**	**460,297**
24	**Cost of raw material and components consumed :**		
	Inventory at the beginning of the year	**3,870,702**	**3,255,316**
	Add: Purchases	**2,717,290**	**3,485,805**
		6,587,991	**6,741,121**
	Less: Inventory at the end of the year (Refer note 9)	**(7,003,094)**	**(3,870,702)**
	Cost of raw material and components consumed : TOTAL :	**(415,102)**	**2,870,419**

		For the year ended 31st March, 2024	For the year ended 31st March, 2023
		₹	₹
25	**Changes in inventories :**		
	Inventories at the beginning of the year		
	Finished Goods	**(3,634,435)**	**(4,906,000)**
		(3,634,435)	**(4,906,000)**
	Inventories at the close of the year		
	Finished Goods	**4,242,842**	**3,634,435**
		4,242,842	**3,634,435**
	TOTAL :	**608,407**	**(1,271,565)**
26	**Employee benefit expenses :**		
	(Including Directors' remuneration)		
	Salaries and Wages	**5,570,341**	**3,907,206**
	Staff welfare expenses	**76,861**	**98,991**
	TOTAL :	**5,647,202**	**4,006,197**

For terms and conditions relating to related party receivables, refer note no. 33

27	**Finance costs :**		
	Interest on bank borrowings	**457,549**	**484,551**
	Other interest paid	**11,425**	**199,377**
	Loan Processing Fees	**53,540**	**-**
	TOTAL :	**522,514**	**683,928**
28	**Depreciation and Amortization :**		
	On property, plant and equipment	**402,889**	**389,447**
	On intangible assets	**-**	**286,270**
	On right of use asset	**7,620**	**7,620**
	TOTAL :	**410,509**	**683,337**

		For the year ended 31st March, 2024	For the year ended 31st March, 2023
		₹	₹
29	**Other expenses :**		
	Factory expenses	**271,939**	**175,676**
	Labour charges	**250,972**	**404,760**
	Electricity charges	**470,190**	**461,490**
	Communication	**6,638**	**7,238**
	Travelling and conveyance	**116,931**	**145,122**
	Transport and freight	**217,583**	**272,094**
	Rates and taxes	**-**	**12,000**
	Repairs and maintenance - others	**256,447**	**63,986**
	Bank charges	**13,901**	**20,697**
	Printing and stationery	**135,150**	**32,350**
	Payment to auditors	**149,094**	**290,687**
	Testing and certification charges	**73,000**	**142,260**
	Legal and professional fees	**291,950**	**67,000**
	Share issue expenses		
	Bad debts	**479,470**	-
	Sales promotion expenses	**159,166**	**551,457**
	Foreign exchange loss		**11,455**
	Miscellaneous expenses	**16,177**	**107,840**
	TOTAL :	**2,908,608**	**2,766,112**

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, 2024	As at 31st March, 2023
	₹	₹
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, 2024	**31st Match, 2023**
	₹	₹
Opening balance	**718,386**	**726,006**
Reclassification on account of adoption of Ind AS 116	**-**	-
Additions	**-**	**-**
Depreciation	**(7,620)**	**(7,620)**
As at 31st March, 2021	**710,766**	**718,386**

The following are the amounts recognised in profit or loss:

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	₹	₹
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)	**-**	**-**	**-**	**-**
			-	-	-
Procceds of loan taken	(b)	**5,311,000**	**-**	**-**	**5,311,000**
			-	-	-
Repayment of loan taken	(b)	**4,590,200**	**-**	**-**	**4,590,200**
			-	-	-
Reimbusement of expneses received	(c)	**810,397**	**-**	**-**	**810,397**
		-	-		-
Reimbusement of expneses paid	(d)	**195,268**	**-**	**-**	**195,268**
			-	-	-
Sale of products	(e)	**-**	**-**	**-**	**-**
		-	-		-

(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	**20,581,767**		**-**	**20,581,767**
			-	-
Amounts payable	**-**	**-**	**-**	**-**
	-	-	-	-

(Figures in bracket indicate previous year)

34 **Earning per Share (Face Value of ₹ 10 Each) :**

	Year ended 31st March, 2024	Year ended 31st March, 2023
	₹	₹
Profit for the year after taxation	**638,390**	**188,430**
Weighted average number of equity shares, outstanding during the year	**163,226**	**163,226**
Basic Earning per Share in ₹	**3.91**	**1.15**
Diluted Earning per Share in ₹	**-**	**-**

35 **Income tax :**

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

	Year ended 31st March, 2024	Year ended 31st March, 2023
	₹	₹
Accounting loss before tax	**-**	**-**
At India's enacted tax rate of 25.168% (31st March 2024 : 22.88%)	**-**	-
Deferred tax savings on unabsorbed depreciation	**-**	**-**
Income tax expense reported in the statement of profit and loss	**-**	**-**

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, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
		₹	₹	₹	₹
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	**2,048,398**	2,619,600	**2,048,398**	2,619,600
	Short term borrowings				
	Cash Credit	**-**	-	**-**	-
	Overdraft	**2,545,875**	992,901	**2,545,875**	992,901
	Demand loans from related parties	**20,581,767**	19,245,838	**20,581,767**	19,245,838
	Other financial liabilties				
	Creditors for capital expenditure	**-**	-	**-**	-
		25,176,040	22,858,339	**25,176,040**	22,858,339

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-24**	**-**	**-**	**124,000**	**124,000**
Other financial assets (Current)					
Government grant receivable	**31-Mar-24**	**-**	**-**	**10,771,790**	**10,771,790**
Liabilities for which fair value has been disclosed					
Long term borrowings					
Term loan	**31-Mar-24**	**-**	**-**	**2,048,398**	**2,048,398**
Short term borrowings					
Overdraft	**31-Mar-24**	**-**	**-**	**2,545,875**	**2,545,875**
Demand loans from related parties	**31-Mar-24**	**-**	**-**	**20,581,767**	**20,581,767**
Other financial liabilties					
Creditors for capital expenditure	**31-Mar-24**	**-**	**-**	**-**	**-**
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	-	-	10,782,554	10,782,554
Liabilities for which fair value has been disclosed					
Short term borrowings					
Cash Credit	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	-	-	-	-

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, 2024 and 31st March, 2023.

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, 2024 and 31st March, 2023 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, 2024						
Term loan	**2,048,398**	**-**	**-**	**2,048,398**	**(2,048,398)**	**2,048,398**
Overdraft	**2,545,875**	**-**		**-**	**-**	**2,545,875**
Demand loans from related parties	**-**	**-**	**-**	**20,581,767**	**-**	**20,581,767**
Creditors for capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**
	4,594,273	**-**	**-**	**22,630,165**	**(2,048,398)**	**25,176,040**
As at 31st March, 2023						
Cash Credit	992,901	-	-	-	-	992,901
Demand loans from related parties		-	-	19,245,838	-	19,245,838
Creditors for capital expenditure	-	-	-	-	-	-
	992,901	**-**	**-**	**19,245,838**	**-**	**20,238,739**

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 31stMarch 2024	As at 31stMarch 2023
	₹	₹
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 2024	As at 31st March 2023
		₹	₹
c)	**Changes in Contract Liabilities are as under :**		
	Balance at the beginning of the year		
	Revenue recognised from unearned advance from customers at the beginning of the year		
	Increased due to advance received during the year		
	Balance at the end of the year	**-**	-

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, 2024 and 31st March, 2023, 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, 2024	Year ended 31st March, 2023
		₹	₹
Revenue recognised as per Statement of Profit & loss			
Sale of products		**9,015,160**	**12,009,690**
Add : Adjustments		**-**	-
Contract Price	**TOTAL :**	**9,015,160**	**12,009,690**

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945
UDIN : 24108945BJZWDS3510

Place : Kolhapur
Date : 3rd May, 2024

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 3rd May, 2024

Ferrovia Transrail Solutions Pvt. Ltd.

Registered Office
14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, Central Delhi, New Delhi 110 001

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, 2024**, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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, 2024, 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, 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of section 164 (2) of the Act;

   (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

Rahul Vashishtha
Partner
M.No. 097881

Place of Signature: New Delhi
Date: 30-04-2024

“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 **31st March, 2024**:

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 (31.03.2024) 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.1,37,54,905/- 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

Rahul Vashishtha
Partner
M.No. 097881

Place of Signature: New Delhi
Date: 30-04-2024

“**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 31st March, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls. 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) 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

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 31st March, 2024, based on our audit procedures.

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N/N500062

Rahul Vashishtha
Partner
M.No. 097881

Place of Signature: New Delhi
Date: 30-04-2024

Balance Sheet as at 31st March, 2024

(In ₹ Thousands)

Balance Sheet		Notes	As at 31st March 2024	As at 31st March 2023
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		2,152.34	
	(f) Other non-current assets	**6**	5,716.16	5,396.25
	(g) Deferred Tax Assets	**7**	-	-
II	**Current assets**			
	(a) Financial assets			
	(i) Trade Receivables	**8**	-	118,863.01
	(ii) Cash and cash equivalents	**9**	15,014.86	258.76
	(iii) Other Financial Assets	**10**	-	5.00
Total Assets			**22,883.36**	**124,523.01**
EQUITY AND LIABILITIES				
Equity				
(a)	Equity Share Capital	**11**	100.00	100.00
(b)	Other equity	**12**	(31,500.11)	(17,745.21)
Equity attributable to equity holders of the parent				
LIABILITIES				
I	**Non-current liabilities**			
	(a) Financial liabilities			
	(b) Lease Liabilities			
	(c) Provisions	**13**	81.79	74.37
	(d) Deferred tax liabilities (net)	**7**	29.20	23.68
II	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	**14**	53,864.24	141,746.82
	(ii) Trade payables	**15**	272.40	300.04
	(iii) Other current financial liabilities	**16**	21.06	21.06
	(b) Provisions	**13**	14.78	2.26
Total Equity and Liabilities			**22,883.36**	**124,523.01**

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: 24097881BKALJI2315

Place: New Delhi
Date: 30-04-2024

Madan Lal
Director
DIN: 01479277

Place: New Delhi
Date: 30-04-2024

Rohit Gogia
Director
DIN: 07467654

Place: New Delhi
Date: 30-04-2024

Profit and Loss Account for the Year Ended March 31, 2024

(In ₹ Thousands)

Profit and Loss	Note	For The Year Ended March 31, 2024	For The Year Ended March 31, 2023
Continuing Operations			
Revenue from operations	**17**	-	-
Other income	**18**	30,267.85	-
Total Income (i)		**30,267.85**	**-**
Expenses			
Project Expenses	**19**	-	-
Employee benefits expense	**20**	627.73	952.00
Finance costs	**21**	7.00	29.20
Other expenses	**22**	43,388.14	2,238.67
Total expenses (ii)		**44,022.86**	**3,219.86**
Profit before share of profit/(loss) of associates, joint ventures, exceptional items and tax from continuing operations(i - ii)		**(13,755.01)**	**(3,219.86)**
Profit before exceptional items and tax from continuing operations		**(13,755.01)**	**(3,219.86)**
Exceptional Items-(Loss)/Gain	**26**	**-**	**-**
Profit after exceptional items and tax from continuing operations		**(13,755.01)**	**(3,219.86)**
Profit before tax from continuing operations		(13,755.01)	(3,219.86)
Tax expenses			
Current Tax		-	
Deferred tax		5.52	(23.48)
Total tax expense		5.52	(23.48)
Profit for the year from continuing operations		**(13,760.53)**	**(3,196.38)**
Discontinued Operations			
Share of Profit /(Loss) of joint ventures			-
		-	-
Profit for the year		**(13,760.53)**	**(3,196.38)**
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**	5.63	23.48
Share of other comprehensive income in associates and joint ventures			-
Share of other comprehensive income arising from discontinued operations			-
Income tax effect			-
		5.63	**23.48**
Other comprehensive income for the year, net of tax		**5.63**	**23.48**
Total comprehensive income for the year, net of tax		**(13,754.90)**	**(3,172.91)**
Earnings per equity share:			
Nominal Value of share Rs. 10 (March 31 , 2024 Rs. 10)			
Basic		(1.38)	(0.32)
Diluted			-
Total Profit/(Loss) for the Period		**(13,754.90)**	**(3,172.91)**

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: 24097881BKALJI2315

Place: New Delhi
Date: 30-04-2024

Madan Lal
Director
DIN: 01479277

Place: New Delhi
Date: 30-04-2024

Rohit Gogia
Director
DIN: 07467654

Place: New Delhi
Date: 30-04-2024

Cash Flow Statement for the Year Ended March 31, 2024

(In ₹ Thousands)

Particulars	**For The Year Ended March 31, 2024**		**For The Year Ended March 31, 2023**	
Cash Flow from Operations				
Profit/(Loss) before Taxation		(13,755.01)		(3,219.86)
Adjustments for:				
Depreciation	-		-	
Finance Charges	7.00		29.20	
Items that will not be reclassified to Profit and loss	5.63		19.41	
Losson Sale of Fixed Assets	-		-	
Provision for Tax	-	12.62	-	48.61
Operating Profit before Working Capital Changes		**(13,742.39)**		**(3,171.26)**
(Increase)/Decrease in Current Assets				
Trade Receivables	118,863.01		-	
Income Tax Assets	(2,152.34)		-	
Other Non-current Assets	(319.91)		(264.13)	
Other Financial Assets	5.00	**116,395.76**	-	**(264.13)**
Increase/(Decrease) in Current Liabilities				
Trade Payables	(27.64)		(103.03)	
Other Current Liabilities	-		(10.91)	
Long Term Provision	7.42		(73.43)	
Short Term Provision	12.53	**(7.69)**	(2.56)	**(189.93)**
Cash Inflow/(Outflow) from Operations		**102,645.68**		**(3,625.32)**
Direct Taxes Paid				
Income Tax Paid		-		
Income Tax for Earlier years Written Back		-		
Net Cash Inflow/ (Outflow) from Operation (A)		**102,645.68**		**(3,625.32)**
Cash Flow from Investing Activities				
Purchase of Fixed Assets		-		-
Sale of Fixed Asset and Adjustments		-		-
Net Cash Inflow/ (Outflow) from Investing Activities (B)		**-**		**-**
Cash Flow from Financing Activities				
Increase in Share Capital				
Increase/(Decrease) in Borrowings		(87,882.57)		1,085.48
Finance Charges		(7.00)		(29.20)
Net Cash Inflow/(Outflow) from Financing Activities (C)		**(87,889.57)**		**1,056.28**
Net Change in Cash or Cash Equivalents during the Year		14,756.11		(2,569.04)
Cash and Cash Equivalents at the beginning of the year		258.76		2,827.79
Cash and Cash Equivalents at the end of the year		**15,014.86**		**258.76**

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: 24097881BKALJI2315

Place: New Delhi
Date: 30-04-2024

Madan Lal
Director
DIN: 01479277

Place: New Delhi
Date: 30-04-2024

Rohit Gogia
Director
DIN: 07467654

Place: New Delhi
Date: 30-04-2024

Notes to Financial statements for the year ended March 31, 2024

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, which 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 2024	As at March 31, 2023
5	**Financial Assets**		
	Non-Current		
	Mob Advance to Vendors	-	-
	Total	**-**	**-**
6	**Other assets**		
	Balances with Customs, Excise and Other Govt authorities	5,716.16	5,396.25
		5,716.16	**5,396.25**
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	29.20	23.68
	Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting		
	Net Deferred Tax Liability / Asset	**29.20**	**23.68**
	Deferred Tax Assets/(Liabilities) recognized in Statement of Profit & Loss Account	**(5.52)**	**23.48**
	WDV As Per IT Act.	-	-
	WDV As Per Companies Act	-	-
		-	**-**
	Provision for Gratuity	37.97	35.89
	Provision for Leave Encashment	46.28	40.73
		84.25	**76.63**
	Deferred Tax (Liability)/Assets @ 30.9%	29.20	23.68
	Reversal of DTL	(23.68)	(47.16)
	Deferred Tax Liability / (Asset)	**5.52**	**(23.48)**

(In ₹ Thousands)

		As at 31st March 2024	As at March 31, 2023
8	**Trade Receivables**		
	Trade Receivables	-	118,863.01
	Total	**-**	**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	-	-	-	-	-	**-**
(v) Disputed Trade Receivables – which have significant increase in credit risk*	-	-	-	-		**-**
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	**-**

		As at 31st March 2024	As at March 31, 2023
9	**Cash and Bank Balances**		
	Cash and cash equivalents		
	Balances with banks		
	In Current accounts	14,984.72	214.74
	Cash on hand	30.15	44.02
	Total	**15,014.86**	**258.76**
10	**Other financial assets**		
	Current		
	Security Deposits	-	-
	Other Receivables	-	5.00
	Total	**-**	**5.00**

	As at 31st March 2024	As at March 31, 2023
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)		

(In ₹ Thousands)

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

Equity Shares	As at 31st March 2024		As at March 31, 2023	
	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 2024		As at March 31, 2023	
	No.	% Holding	No.	% Holding
PNC Infratech Limited	-	0%	-	0%
BF Infrastructure Limited	10,000	100%	10,000	100%
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 2024		As at March 31, 2023	
	No.	% Holding	No.	% Holding
PNC Infratech Limited	-	0%	-	0%
BF Infrastructure Ltd.	10,000	100%	10,000	100%
Total	**100**	**100%**	**100**	**100%**

Shares held by promoters at the end of the year			% Change during the year
Promoter name	No. of Shares	% of total shares	
1. PNC Infratech Limited	-	-	
2. BF Infrastructure Limited	10,000	100%	
Total	10,000	100%	

STATEMENT OF CHANGES IN EQUITY Ferrovia Transrail Solutions Pvt. Ltd.

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						(17,745.21)								(17,745.21)
Changes in accounting policy/prior period errors														-
Restated balance at the beginning of the current reporting period														-
Total Comprehensive Income for the current year						(13,760.53)						5.63		(13,754.90)
Dividends														-
Transfer to retained earnings														-
Any other change (to be specified)														-
Balance at the end of the current reporting period	**-**	**-**	**-**	**-**	**-**	**(31,505.74)**	**-**	**-**	**-**	**-**	**-**	**5.63**	**-**	**(31,500.11)**

(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						(14,568.2400)						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)**

(In ₹ Thousands)

		As at 31st March 2024	As at March 31, 2023
13	**Provisions**		
	Provision for employee benefits		
	Non Current		
	Provision for gratuity	37.97	35.89
	Provision for jubilee scheme	-	-
	Provision for leave Encashment	43.82	38.47
	Provision for early retirement	-	-
	Total	**81.79**	**74.37**
	Current		
	Provision for leave benefits	2.46	2.26
	Provision for gratuity	12.32	-
	Total	**14.78**	**2.26**
14	**Borrowings**		
	BF Infrastructure Limited	53,864.24	141,746.82
	Total current borrowings	**53,864.24**	**141,746.82**
15	**Trade and Other payables**		
	Trade payables	123.90	126.54
	Expenses Payable	148.50	173.50
	Total	**272.40**	**300.04**

Trade Payables aging schedule

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	**-**
(ii) Others	272.40	-	-	-	**272.40**
(iii) Disputed dues – MSME	-	-	-	-	**-**
(iii) Disputed dues – OTHERS	-	-	-	-	**-**

(In ₹ Thousands)

		As at 31st March 2024	As at March 31, 2023
16	**Other financial liabilities**		
	Securities Held	-	-
	Dedicated Freight Corridor Corporation of India	-	-
	Duties & Taxes	21.06	21.06
	Total	**21.06**	**21.06**
17	**Revenue from Operations**		
	Revenue	-	-
	Total	**-**	**-**
18	**Other income**		
	Scrap Sale	-	-
	Other Income	30,267.85	-
	Creditors Written Off	-	-
	Amount written off	-	-
	Total	**30,267.85**	**-**
19	**Project expenses**		
	Site Expenses	-	-
	Testing & Commissioning	-	-
	Total	**-**	**-**
20	**Employee benefits expense**		
	Salaries, wages and bonus (including managing and whole time director's remuneration)	622.90	941.73
	Contributions to provident and other funds / scheme		
	Gratuity Expense	4.82	10.27
	Total	**627.73**	**952.00**
21	**Finance costs**		
	Bank Charges & Other Expenses	7.00	29.20
	Total	**7.00**	**29.20**

(In ₹ Thousands)

		As at 31st March 2024	As at March 31, 2023
22	**Other expenses**		
	Repairs and maintenance	-	94.55
	Rates and taxes	1.66	4.53
	Legal and professional fees	374.12	366.69
	Payment to Auditors (Refer note 31(a))	165.00	165.00
	Miscellaneous expenses	553.42	817.89
	Amount Written Off-Bad Debts	41,513.95	-
	Management Consultancy Fees	780.00	790.00
	Total	**43,388.14**	**2,238.67**
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	5.63	23.48
		5.63	**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. Rohit Gogia (Director)
	Mr. Sunil Kulkurni (Director appointed with effect from 15.03.2024)

(In ₹ Thousands)

SN	Nature of Transaction	Name of Related Party and Nature of Relationship	31-Mar-24	31-Mar-23
1	**Services Received**	**Holding Company**		
		1. BF Infrastructure Limited	-	-
		Total	**-**	**-**
2	**Reimbursement of Expenses**	**Holding Company**		
		1. BF Infrastructure Limited	780.00	790.00
		Total	**780.00**	**790.00**
SN	**Balance Outstanding as at year ended**			
1	**Payable towards Services Received**	**Holding Company**		
		1. BF Infrastructure Limited	780.00	790.00
		Total	**780.00**	**790.00**
2	**Loan Outstanding**	**Holding Company**		
		1. BF Infrastructure Limited	53,084.24	140,661.33
		Total	**53,084.24**	**140,661.33**

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 2024	As at March 31, 2023
Projected Benefit Obligatons (PBO) at the beginning of the year	35.89	66.05
Interest Cost	2.69	3.25
Service Cost	4.82	10.27
Benefits paid	-	(45.37)
Actuarial (gain) loss on obligations	6.88	1.69
PBO at the end of the year	50.29	35.89

Break Up of Service Cost

For the Period	As at 31st March 2024	As at March 31, 2023
Past Service Cost	-	-
Current Service Cost	4.82	10.27
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 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the period	26.46	71.01
Adjustment to Fund	-	-
Transfer In / (Out)	-	-
Interest Income	1.98	3.62
Contributions	-	-
Mortality Charges and Taxes	-	-
Benefits paid	-	(45.37)
Amount paid on settlement	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	9.53	(2.82)
Fair value of plan assets at the end of the period	37.97	26.44
Actual return on plan assets	11.51	0.81

(In ₹ Thousands)

NET INTEREST (INCOME)/EXPENSE

For the Period	As at 31st March 2024	As at March 31, 2023
Interest (Income) / Expense – Obligation	2.69	3.25
Interest (Income) / Expense – Plan assets	(1.98)	(3.62)
Net interest (Income) / Expense for the year	0.71	(0.37)

REMEASUREMENTS FOR THE YEAR (ACTUARIAL (GAIN) / LOSS)

For the Period	As at 31st March 2024	As at March 31, 2023
Experience (Gain) / Loss on plan liabilities	4.20	3.07
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	2.68	(1.38)
Experience (Gain) / Loss on plan assets	(9.47)	3.06
Financial (Gain) / Loss on plan assets	(0.05)	(0.24)

AMOUNTS RECOGNISED IN STATEMENT OF OTHER COMPREHENSIVE INCOME (OCI)

For the Period	As at 31st March 2024	As at March 31, 2023
Opening amount recognised in OCI outside profit and loss account	(247.42)	(251.91)
Remeasurement for the year -obligation (Gain) / Loss	6.88	1.69
Remeasurement for the year -plan asset (Gain) / Loss	(9.53)	2.82
Total Remeasurements Cost / (Credit) for the year recognised in OCI	(2.65)	4.51
Closing amount recognised in OCI outside profit and loss account	(250.60)	(247.40)

THE AMOUNTS TO BE RECOGNISED IN THE BALANCE SHEET

For the Period	As at 31st March 2024	As at March 31, 2023
Present value of obligation at the end of period	50.29	35.89
Fair value of the plan assets at the end of period	37.97	26.44
Surplus / (Deficit)	(12.32)	(9.45)
Current liability	12.32	9.45
Non-current liability	37.97	26.44
Amount not recognised due to asset ceiling	-	-
Net asset / (liability) recognised in balance sheet	(12.32)	(9.45)

(In ₹ Thousands)

EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

For the Period	As at 31st March 2024	As at March 31, 2023
Service Cost	4.82	10.27
Acquisition (Gain) / Loss	-	-
Past service cost	-	-
Net interest (Income)/ Expense	0.71	(0.37)
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	5.53	9.90

RECONCILIATION OF NET ASSET / (LIABILITY) RECOGNISED

For the Period	As at 31st March 2024	As at March 31, 2023
Net asset / (liability) recognised at the beginning of the period	(9.44)	4.96
Company contributions	-	-
Benefits directly paid by Company	-	-
Amount recognised outside profit & loss for the year	2.65	(4.51)
Expense recognised at the end of period	(5.53)	(9.90)
Mortality Charges and Taxes	-	-
Impact of Transfer (In) / Out	-	-
Net asset / (liability) recognised at the end of the period	(12.32)	(9.45)

MAJOR CATEGORIES OF PLAN ASSETS (AS A % OF TOTAL PLAN ASSETS)

For the Period	As at 31st March 2024	As at March 31, 2023
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

For the Period	As at 31st March 2024		As at March 31, 2023	
	Discount Rate		Discount Rate	
	6.20%	60.55	6.30%	43.45
	8.20%	41.99	8.30%	29.82

(B) Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

For the Period	As at 31st March 2024		As at March 31, 2023	
	Salary increment rate		Salary increment rate	
	5.00%	42.23	5.00%	29.98
	7.00%	60.00	7.00%	43.08

(C) Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

For the Period	As at 31st March 2024		As at March 31, 2023	
	Withdrawal rate		Withdrawal rate	
	0.00%	48.43	0.00%	34.57
	2.00%	51.91	2.00%	37.05

(In ₹ Thousands)

		As at 31st March 2024	As at March 31, 2023
26	**Exceptional Items**		
	Write back of Current Liabilities of borrowings from BF Infrastructure Limited	-	-
	Total	**-**	**-**
27	**EPS Calculation**		
	A. Numerator for Basic and Diluted EPS		
	i. Net profit after tax attributable to shareholders from continuing operations	(13,755)	(3,173)

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.

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	**Madan Lal**	**Rohit Gogia**
Partner	Director	Director
Membership No 097881	DIN: 01479277	DIN: 07467654
UDIN: 24097881BKALJI2315		
Place: New Delhi	Place: New Delhi	Place: New Delhi
Date: 30-04-2024	Date: 30-04-2024	Date: 30-04-2024

J S Auto Cast Foundry India Private Limited

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 2024, 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 material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2024, 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 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 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 except for the matters stated in the paragraph 2B(vi) below on reporting under Rule 11(g).

(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 2024 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2024 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) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph 2B(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

(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 37 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 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 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 its 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, 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 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.

vi. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting software for maintaining its books of account, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software:

(a) The feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining the books of account.

(b) The feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software used for maintaining the books of account relating to financial reporting process, purchase to payables and revenue to receivables throughout the year.

(c) The Inventory management software does not have the feature of recording audit trail (edit log) facility. Consequently, we are unable to comment on audit trail feature of the said software.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

(C) In our opinion, the managerial remuneration for the year ended 31 March 2024 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
UDIN: 24107739BKDVFC9165

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 29 April 2024

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 2024)

(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 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) 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. As explained to us, the Company did not have any dues on account of Sales Tax, Service Tax, Duty of Excise and Value Added Tax.

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 2024, 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 has not taken any funds from any entity or person on account of or to meet the obligations of its associate company. The Company does not have any subsidiaries or joint ventures. 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 has not raised loans during the year on the pledge of securities held in its associate company. The Company does not have any subsidiaries or joint ventures. 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 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 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 that 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) 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) According to the information and explanations given to us and on the basis of the financial ratios (also refer Note 45 to the financial statements), ageing and expected dates of realization of assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date will get discharged by the Company as and when they fall due.

(xx) (a) In our opinion and according to the information and explanations given to us, 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.

(b) In our opinion and according to the information and explanations given to us, there is no unspent amount, pursuant to any ongoing projects, required to be transferred in accordance with the provisions sub-section (6) of section 135 of the Act. Accordingly, paragraph 3 (xx) of the Order is 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
UDIN: 24107739BKDVFC9165

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 29 April 2024

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 2024)

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 2024 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 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN: 24107739BKDVFC9165

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date: 29 April 2024

Balance Sheet as at 31 March 2024

(All amounts are in indian Rupees millions, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
ASSETS			
I. Non-current assets			
Property, plant and equipment	3a	**2,506.11**	1,455.12
Capital work-in-progress	3a and 3b	**69.91**	69.91
Other intangible assets	4	**10.71**	3.67
Right-of-use assets	5	**306.94**	213.68
Financial assets			
(i) Other investments	6	**13.01**	0.01
(ii) Other financial assets	7	**86.31**	64.46
Other non-current assets	8	**1.96**	257.25
Income tax assets	24	**-**	0.48
		2,994.95	2,064.58
II. Current assets			
Inventories	9	**720.25**	566.67
Financial assets			
(i) Trade receivables	10	**1,473.16**	1,000.89
(ii) Cash and bank balances	11	**20.99**	1.32
(iii) Other financial assets	12	**47.94**	29.22
(iv) Derivative instruments	21	**8.67**	-
Other current assets	13	**94.96**	100.86
		2,365.97	1,698.96
		5,360.92	3,763.54
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	**44.55**	39.68
Other equity	15	**1,602.47**	819.54
		1,647.02	859.22
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	16	**1,402.93**	999.55
(ii) Lease liabilities	5	**81.87**	103.19
Long term provisions	17	**158.62**	184.91
Deferred tax liabilities (net)	18	**61.09**	48.62
		1,704.51	1,336.27
Current liabilities			
Financial liabilities			
(i) Borrowings	19	**803.51**	642.55
(ii) Trade payables	20		
- Dues to micro enterprises and small enterprises		**385.07**	329.57
- Dues to other than micro enterprises and small enterprises		**538.54**	482.17
(iii) Lease liabilities	5	**15.60**	23.74
(iv) Derivative instruments	21	**-**	4.58
Other current liabilities	22	**93.37**	68.53
Short term provisions	23	**76.68**	16.91
Current tax liabilities (net)	24	**96.62**	-
		2,009.39	1,568.05
		3,713.90	2,904.32
		5,360.92	3,763.54
Material accounting policies	1- 2		
Notes to the financial statements	3 - 47		

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: 24107739BKDVFC9165

Place: Pune
Date: 29 April 2024

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: 29 April 2024

Sumeet Banga
Director
DIN : 07472953

Place: Pune
Date: 29 April 2024

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 29 April 2024

Statement of Profit and Loss for the year ended 31 March 2024

(All amounts are in indian Rupees millions, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
Income			
Revenue from operations	25	**5,674.64**	4,379.86
Other income	26	**15.70**	63.61
Total income		**5,690.34**	4,443.47
Expenses			
Cost of raw material consumed	27	**2,354.45**	1,998.26
(Increase) in inventories of finished goods and work-in-progress	28	**(100.85)**	(23.80)
Employee benefits expense	29	**730.97**	606.09
Depreciation and amortisation	30	**217.46**	145.11
Finance costs	31	**222.62**	179.09
Other expenses	32	**1,934.70**	1,378.70
Total expenses		**5,359.35**	4,283.45
Profit before exceptional items and tax		**330.99**	160.02
Exceptional items	33	**27.66**	19.92
Profit before tax		**303.33**	140.10
Tax expense	18		
Current tax		**154.12**	52.92
Earlier year taxes		**(0.10)**	(12.51)
Deferred tax		**(13.48)**	(5.07)
		140.54	35.34
Profit for the year		**162.79**	104.76
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		**(10.08)**	(2.60)
- Income tax effect on above		**3.52**	0.65
		(6.56)	(1.95)
Items that will be reclassified to Statement of Profit and Loss in subsequent years			
- Net movement in cash flow hedges		**13.25**	(4.58)
- Income tax effect on above		**(4.18)**	1.15
		9.07	(3.43)
Other comprehensive income/(loss) for the year (net of tax)		**2.51**	(5.38)
Total comprehensive income for the year (net of tax)		**165.30**	99.38
Basic and diluted earnings per equity share of face value Rupees 10/- each	34	**36.90**	26.40
Material accounting policies	1- 2		
Notes to the financial statements	3 - 47		

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: 24107739BKDVFC9165

Place: Pune
Date: 29 April 2024

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: 29 April 2024

Sumeet Banga
Director
DIN : 07472953

Place: Pune
Date: 29 April 2024

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 29 April 2024

Statement of Changes in Equity for the year ended 31 March 2024

(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

Particulars	Amount
As at 01 April 2022	39.68
Changes in equity share capital during the year	-
As at 31 March 2023	39.68
Changes in equity share capital during the year	4.87
As at 31 March 2024	**44.55**

B. Other equity

Particulars	Security premium	Retained earnings	Cash flow hedge reserve	Total
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
Balance as at 1 April 2023	**47.83**	**775.14**	**(3.43)**	**819.54**
- Proceeds from issue of equity shares	**617.63**	**-**	**-**	**617.63**
- Profit for the year	**-**	**162.79**	**-**	**162.79**
- Other Comprehensive Income				
- Remeasurement of post employment benefit obligations (net of tax)	**-**	**(6.56)**	**-**	**(6.56)**
- Net movement in cash flow hedges (net of tax)	**-**	**-**	**9.07**	**9.07**
Total comprehensive income	**617.63**	**156.23**	**9.07**	**782.93**
Balance as at 31 March 2024	**665.46**	**931.37**	**5.64**	**1,602.47**

The notes referred to above form an integral part of financial statements
Subject to our separate report of even date

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Place: Coimbatore
Date: 29 April 2024

Cash Flow Statement for the year ended 31 March 2024

(All amounts are in indian Rupees millions, unless otherwise stated)

SN	Particulars	31 March 2024	31 March 2023
A	**Cash flow from operating activities**		
	Profit before tax	**303.33**	140.10
	Adjustments for :		
	Add :		
	Depreciation and amortisation expense	**217.46**	145.11
	Interest and other finance cost	**222.62**	179.09
	Provision for doubtful trade receivables	**-**	22.00
	Interest income	**(5.80)**	(2.32)
	Debit balance no longer recoverable	**15.67**	
	Unrealised foreign exchange (gain)	**(3.02)**	(11.43)
	Gain on sale of property, plant and equipment (net)	**(0.10)**	(0.41)
	Operating profit before working capital changes	**750.16**	472.14
	Adjustments :		
	Increase in trade receivables	**(454.53)**	(359.42)
	Increase in inventories	**(111.10)**	(67.09)
	Increase in financial assets	**(40.57)**	(19.10)
	(Increase)/decrease in other asset	**(9.77)**	87.31
	Increase in derivative instruments	**(4.18)**	-
	Increase/(decrease) in trade payables	**111.84**	(68.28)
	Increase/(decrease) in provisions	**26.92**	(17.06)
	Increase in other liabilities	**15.75**	22.85
	Working capital changes	**(465.64)**	(420.79)
	Cash flow from operations	**284.52**	51.35
	Income Taxes paid	**(56.26)**	(98.86)
	Net cash generated from/(used in) operating activities	**228.26**	(47.51)
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment, intangible assets and capital-work-in-progess	**(592.82)**	(416.65)
	Payment of purchase consideration for Business Combination transaction (refer note 46)	**(533.08)**	-
	Proceeds from sale of property, plant and equipment	**1.83**	4.64
	Sale of investment in equity instruments (unquoted)	**-**	18.10
	Purchase of investment in equity instruments (unquoted)	**(13.00)**	(0.01)
	Sale of mutual fund investments	**-**	1.30
	Interest income	**5.80**	2.32
	Net cash flow used in investing activities	**(1,131.27)**	(390.30)

(All amounts are in indian Rupees millions, unless otherwise stated)

SN	Particulars	31 March 2024	31 March 2023
C	**Cash Flow from financing activities**		
	Proceeds from issue of equity shares	**622.50**	-
	Proceeds from non-current borrowings (net)	**403.38**	559.68
	Proceeds from current borrowings (net)	**160.96**	54.08
	Payment of lease liabilities	**(49.86)**	(26.32)
	Interest paid on other than lease liabilities	**(214.30)**	(172.08)
	Net cash flow from financing activities	**922.68**	415.36
	Net increase/(decrease) in cash and cash equivalents	**19.67**	(22.45)
	Opening cash and cash equivalents	**1.32**	23.77
	Closing cash and cash equivalents	**20.99**	1.32
D	**Components of cash and cash equivalents**		
	Cash in hand	**0.40**	0.42
	In cash credit and current accounts	**20.59**	0.90
		20.99	1.32

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 form an integral part of the 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
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Place: Pune
Date: 29 April 2024

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 29 April 2024

Notes to the financial statements for the year ended 31 March 2024

1. Corporate Information

J S Auto Cast Foundry India Private Limited ("the Company") is a 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 29 April 2024.

2. Material 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 material 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) 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 44)
- Quantitative disclosures of fair value measurement hierarchy (note 44)
- Investment in unquoted equity shares (note 6)
- Financial instruments (including those carried at amortised cost) (note 44)

d) 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.

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 (o) 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.

e) Investments in associates

The Company has subscribed 26% of paid-up chare capital of Ratnakar Energy Private Limited ('REPL') in accordance with the Share purchase agreement dated 27 July 2023 as conditions precedents to purchase of solar power on a group captive power basis under the provisions of The Electricity Act, 2003.

The below mentioned paragraphs details out the provisions of Indian Accounting Standards and the Companies Act, 2013 w.r.t the above investments and includes the material accounting policies followed by the Company to account for, properly present and disclose the investment in associates.

Associates as defined in Ind AS 28 Investments in Associates and Joint Ventures

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed to exist when the Company holds 20 percent or more of the voting power of the investee unless it can be clearly demonstrated that this is not the case.

All though, the Company holds more than 20% of the total voting power it can be clearly demonstrated that the Company does not exercise significant influence on account of following reasons:

- the Company does not have the power to participate in the financial and operating policy decisions of REPL, since the sole purpose of the abovementioned shareholders agreement is to purchase power without any economic and financial interest;
- the Company does not have any representatives in board of directors of REPL;
- the Company has contractually waived off its rights to participate in the policy making

decision of REPL including that related to dividends or other distributions;

In view of above, investment in REPL has not been classified as Investment in associates since it can be clearly demonstrated that the Company does not exercise significant influence over REPL. Accordingly, the management has concluded that the equity method of accounting as prescribed in Ind AS 28 shall not apply to the investment in REPL (i.e) the Company is not required to prepare consolidated financial statements in respect of the above investments.

Associates as defined in Companies Act, 2013

“Associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Significant influence means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

The Company’s Act establishes the relationship of Associate Company solely on the basis of total voting power, irrespective of whether the Company exercises those power to influence the decision making of the investee.

Accordingly, the management is of the view that REPL shall be classified as Associate Company for all compliance related to Companies Act, 2013 and shall continue to remain outside the purview of Ind AS 28 for accounting purposes.

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.

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.

g) 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 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

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.

p) 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 42).

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.

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:

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 41.

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 ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2024, MCA did not issue any accounting standards that were effective on 1 April 2024.

(All amounts are in indian Rupees millions, unless otherwise stated)

3(a) Property, plant and equipment

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 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
Balance as at 1 April 2023	**31.11**	**381.63**	**1,155.72**	**57.73**	**26.45**	**7.31**	**4.47**	**25.82**	**1,690.24**	**69.91**
Additions	**-**	**48.97**	**747.10**	**26.13**	**6.96**	**7.00**	**1.16**	**-**	**837.32**	**-**
Acquired through business combination	**-**	**168.96**	**183.08**	**32.26**	**-**	**0.20**	**-**	**-**	**384.50**	**-**
Reclassified from right-of-use assets	**-**	**-**	**19.04**	**-**	**-**	**-**	**-**	**-**	**19.04**	**-**
Disposals	**-**	**-**	**(2.41)**	**-**	**(0.23)**	**-**	**-**	**(0.02)**	**(2.66)**	**-**
Balance as at 31 March 2024	**31.11**	**599.56**	**2,102.53**	**116.12**	**33.18**	**14.51**	**5.63**	**25.80**	**2,928.44**	**69.91**
Accumulated depreciation										
Balance as at 1 April 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	-
Balance as at 1 April 2023	**-**	**26.11**	**180.73**	**12.50**	**6.38**	**2.75**	**0.87**	**5.78**	**235.12**	**-**
Charge for the year	**-**	**19.32**	**146.42**	**10.70**	**3.87**	**2.93**	**0.59**	**4.31**	**188.14**	**-**
Disposals	**-**	**-**	**(0.79)**	**-**	**(0.14)**	**-**	**-**	**-**	**(0.93)**	**-**
Balance as at 31 March 2024	**-**	**45.43**	**326.36**	**23.20**	**10.11**	**5.68**	**1.46**	**10.09**	**422.33**	**-**
Net block										
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
Balance as at 31 March 2024	**31.11**	**554.13**	**1,776.17**	**92.92**	**23.07**	**8.83**	**4.17**	**15.71**	**2,506.11**	**69.91**

(All amounts are in indian Rupees millions, unless otherwise stated)

(b) Capital work in progress ageing schedule

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
31 March 2023					
Projects in progress	32.65	-	-	-	32.65
Projects temporarily suspended	-	37.26	-	-	37.26
Total	32.65	37.26	-	-	69.91
31 March 2024					
Projects in progress	**-**	**32.65**	**-**	**-**	**32.65**
Projects temporarily suspended	**-**	**-**	**37.26**	**-**	**37.26**
Total	**-**	**32.65**	**37.26**	**-**	**69.91**

4 Intangible assets

Particulars	Computer and software	Total
Deemed Cost		
Balance as at 1 April 2022	7.59	7.59
Additons	1.62	1.62
Disposals		
Balance as at 31 March 2023	9.21	9.21
Balance as at 1 April 2023	**9.21**	**9.21**
Additons	**10.74**	**10.74**
Disposals	**-**	**-**
Balance as at 31 March 2024	**19.95**	**19.95**
Amortisation and impairment		
Balance as at 1 April 2022	3.05	3.05
Amortisation	2.49	2.49
Disposals	-	-
Balance as at 31 March 2023	5.54	5.54
Balance as at 1 April 2023	**5.54**	**5.54**
Amortisation	**3.70**	**3.70**
Disposals	**-**	
Balance as at 31 March 2024	**9.24**	**9.24**
Net block		
Balance as at 31 March 2023	3.67	3.67
Balance as at 31 March 2024	**10.71**	**10.71**

(All amounts are in indian Rupees millions, unless otherwise stated)

5. Right-of-use assets and lease liabilities

The Company leases factory shed, leasehold land, residential premises and plant and equipments for its operation. The lease term of which varies from 3 to 9 years for factory shed, 99 years for leasehold land and 2 to 5 years for residential premises and plant and equipments.

(a) Right-of-use assets

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 2022	20.82	76.39	51.86	149.07
Additions	25.12	-	62.72	87.84
Reclassified from property, plant and equipment	(7.60)	-	-	(7.60)
Depreciation	(2.00)	(3.19)	(10.44)	(15.63)
As at 31 March 2023	36.34	73.20	104.14	213.68
As at 1 April 2023	**36.34**	**73.20**	**104.14**	**213.68**
Acquired through business combination	**-**	**125.79**	**-**	**125.79**
Additions	**-**	**9.72**	**9.37**	**19.09**
Reclassified to property, plant and equipment	**(19.04)**	**-**	**-**	**(19.04)**
Depreciation	**(2.98)**	**(2.31)**	**(20.33)**	**(25.62)**
Deletions	**-**	**-**	**(6.96)**	**(6.96)**
As at 31 March 2024	**14.32**	**206.40**	**86.22**	**306.94**

(b) Lease liabilities

Below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	31 March 2024	31 March 2023
Opening Balance	**126.93**	59.36
Additions	**13.63**	79.16
Accretion of Interest	**8.32**	7.01
Deletions	**(1.55)**	-
Payments	**(49.86)**	(18.60)
Closing Balance	**97.47**	126.93
Current	**15.60**	23.74
Non Current	**81.87**	103.19

The effective interest rate for lease liabilities ranges from 7.75% p.a to 11.00% p.a. (31 March 2023: 7.75% p.a.)

The Company had total cash outflows for leases of Rs. 60.32 million (31 March 2023: Rs. 18.60 million) inclusive of cash outflow attributable to short term and low value leases.

(All amounts are in indian Rupees millions, unless otherwise stated)

(c) Disclosure as required by Ind AS 116 - Leases

Amounts recognised in statement of profit and loss:

	31 March 2024	31 March 2023
Depreciation expense of right-of-use assets	**25.62**	15.63
Interest expense on lease liabilities	**8.32**	7.01
Expense relating to short-term and low value leases (refer note below)	**10.46**	7.47
Total amount recognised in statement of profit or loss	**44.40**	30.11

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 2024	**107.32**	**16.60**	**123.92**
31 March 2023	128.94	23.82	152.76

The Company has certain leases of various assets with lease terms less than 12 months and certain leases of office equipment of low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases which is recognised directly in Statement of Profit and Loss (included as a part of "Other expenses").

		31 March 2024	31 March 2023
6	**Other non-current investments**		
	(at cost, unless otherwise stated)		
	Unquoted		
	Investments designated at fair value through profit or loss (FVTPL)		
	Investment in 13,00,000 (31 March 2023 : NIL) Equity shares of Ratnakar Energy Private Limited	**13.00**	-
	Investment in partnership firm : 14% profit share in SPI Power LLP (31 March 2023: 14%)	**0.01**	0.01
		13.01	0.01
7	**Other non-current financial assets**		
	(at amortised cost)		
	Security deposits	**86.31**	64.46
		86.31	64.46
8	**Other non-current assets**		
	Capital advances	**1.96**	257.25
		1.96	257.25

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
9	**Inventories**		
	(valued at lower of cost of net realisable value)		
	Raw materials and components	**209.70**	175.73
	Work-in-progress	**278.27**	200.41
	Finished goods	**109.03**	86.04
	Stores, spares and loose tools	**117.63**	98.85
	Packing materials	**5.62**	5.64
		720.25	566.67
10	**Trade receivables**		
	Unsecured (undisputed)		
	Considered good	**1,508.50**	1,032.69
	Significant increase in credit risk	**-**	-
	Credit impaired	**21.19**	-
	Less: Impairment allowance (including allowance for bad debts and expected credit loss)	**(56.53)**	(31.80)
		1,473.16	1,000.89

Trade receivable ageing schedule

As at 31 March 2024

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	**1,319.41**	**174.30**	**14.79**	**-**	**-**	**-**	**1,508.50**
(b) Which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(c) Credit impaired	**21.19**	**-**	**-**	**-**	**-**	**-**	**21.19**
Total	**1,340.60**	**174.30**	**14.79**	**-**	**-**	**-**	**1,529.69**

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

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
11	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash in hand	**0.40**	0.42
	Balance with banks		
	In cash credit and current accounts	**20.59**	0.90
		20.99	1.32
	Details of bank balances		
	Bank balances available on demand	**20.59**	0.90
		20.59	0.90
12	**Other current financial assets**		
	(at amortised cost)		
	Refund of capital advance	**16.92**	-
	Security deposits	**1.09**	13.68
	Loan to employees	**2.48**	1.79
	Export incentive receivable	**27.45**	13.75
		47.94	**29.22**
13	**Other current assets**		
	Balances with government authorities	**59.95**	63.70
	Advance to suppliers	**29.78**	33.63
	Prepaid expenses	**5.23**	3.53
		94.96	100.86
14	**Equity share capital**		
	Authorized capital:		
	9,000,000 (31 March 2023 : 9,000,000) equity shares of Rs. 10/- each	**90.00**	90.00
	Issued, subscribed & paid up capital:		
	4,454,658 (31 March 2023 : 3,968,330) equity shares of Rs. 10/- each	**44.55**	39.68
		44.55	39.68

(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.

(All amounts are in indian Rupees millions, unless otherwise stated)

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	31 March 2024		31 March 2023	
	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
Issued during the year	**486,328**	**4.87**	-	-
Outstanding at the end of the year	**4,454,658**	**44.55**	3,968,330	39.68

(c) Details of shares held by holding Company

Equity Shares	31 March 2024		31 March 2023	
	Number of shares	**Rs. In Millions**	Number of shares	Rs. In Millions
BF Industrial Solutions Limited*	**4,454,652**	**44.55**	3,968,324	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 2024	% of total shares	% Change during the year
BF Industrial Solutions Limited	**4,454,652**	**100.00%**	**-**
	4,454,652	**100.00%**	**-**

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%

(e) Details of shareholders holding more than 5% shares in the company

	31 March 2024		31 March 2023	
	Numbers	**% holding**	Numbers	% holding
BF Industrial Solutions Limited	**4,454,652**	**100%**	3,968,324	100%

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
15	**Other equity**		
	Securities premium	**665.46**	47.83
	Retained earnings		
	As at the beginning of the year	**775.14**	672.33
	Profit for the year	**162.79**	104.76
	Items of other comprehensive income for the year		
	- Re-measurement loss on defined benefit plans	**(10.08)**	(2.60)
	Less: Income tax effect on above	**3.52**	0.65
		931.37	775.14
	Cash flow hedge reserve		
	As at the beginning of the year	**(3.43)**	-
	Add: Net gain on cash flow hedge for the year	**15.56**	(4.58)
	Less: Reclassified to profit and loss	**(2.31)**	-
	Less: Income tax effect on above	**(4.18)**	1.15
		5.64	(3.43)
		1,602.47	819.54
16	**Borrowings**		
	Non-current		
	Secured *		
	Term loans from banks (refer note A)	**1,288.88**	885.50
	Unsecured		
	Inter-corporate deposits from ultimate holding Company (refer note B)	**114.05**	114.05
		1,402.93	999.55

*Refer note 19 for current maturities of long term borrowings

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 10 to 17 variable quarterly installments (31 March 2023: 16 to 20). The quarterly installment amount varies from Rs. 9.00 millions to Rs. 30.00 millions (31 March 2023: 6.00 millions to 61.19 millions) and carries an interest rate ranging from 7.50% p.a. to 8.50% p.a. chargeable seperately.

The term above 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.

(All amounts are in indian Rupees millions, unless otherwise stated)

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.

		31 March 2024	31 March 2023
17	**Long term provisions**		
	Provision for gratuity (refer note 41)	**62.79**	53.70
	Provision for employee benefits (refer note 41)	**95.83**	131.21
		158.62	184.91

18 Income tax

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

(A) Statement of Profit and Loss:		
Current tax :		
Current tax	**154.12**	52.92
Earlier year taxes	**(0.10)**	(12.51)
	154.02	40.41
Deferred tax :		
Deferred tax	**(13.48)**	(5.07)
Income tax expense reported in the statement of profit and loss	**140.54**	35.34
(B) Deferred tax related to items recognised in other comprehensive income:		
- Re-measurement losses on defined benefit plans	**3.52**	0.65
- Net movement in cash flow hedges	**(4.18)**	1.15
Income tax charged to other comprehensive income	**(0.66)**	1.80

(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 2024 and 31 March 2023	**31 March 2024**	31 March 2023
Profit before tax	**303.33**	140.10
Enacted income tax rate	**34.94%**	25.17%
Applicable income tax rate of 34.944% (31 March 2023: 25.168%)	**106.00**	35.26
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Impact of change in effective rate of tax	**18.88**	-
Tax impact of permanent difference	**7.96**	-
Tax impact of items included in other comprehensive income		-
Earlier year taxes	**(0.10)**	(12.51)
Tax effect on right-of-use asset	**-**	(2.47)
Other allowances	**-**	10.90
Other disallowances	**-**	2.26
Others	**7.80**	1.90
Total	**140.54**	35.34

Major components of deferred tax as at 31 March 2024 and 31 March 2023 are :

Deferred tax liability (net)	**Balance Sheet**	
	31 March 2024	31 March 2023
Deferred tax relates to the following:		
Property, plant and equipment	**234.53**	95.58
Right-of-use assets	**55.41**	19.38
Allowance for doubtful debts - trade receivables	**(12.35)**	(8.00)
Allowance for inventory	**(10.48)**	(7.55)
Provision for expenses allowable on payment basis	**(185.16)**	(36.08)
Provision for retirement benefits	**(23.89)**	(14.71)
Cash flow hedges	**3.03**	-
Net deferred tax liabilities	**61.09**	48.62

Major components of deferred tax for the year ended 31 March 2024 and 31 March 2023 :

Reflected in the balance sheet as follows	**31 March 2024**	31 March 2023
Deferred tax assets	**231.88**	(66.34)
Deferred tax liabilities	**(170.79)**	114.96
Deferred tax liabilities (net)	**61.09**	48.62

(All amounts are in indian Rupees millions, unless otherwise stated)

Reconciliation of deferred tax liabilities (net)	31 March 2024	31 March 2023
Opening balance	**48.62**	55.49
Tax expense during the period recognised in profit or loss	**(13.48)**	(5.07)
Tax expense during the period recognised in other comprehensive income	**0.66**	(1.80)
Acquired through business combination	**25.29**	-
Net deferred tax expense for the year	**12.47**	(6.87)
Closing balance	**61.09**	48.62

Deferred tax charge/(credit)	Statement of Profit and Loss	
Deferred tax relates to the following:	**31 March 2024**	31 March 2023
Property, plant and equipment	**138.95**	2.19
Right-of-use assets	**36.03**	(0.27)
Allowance for doubtful debts - trade receivables	**(4.35)**	(5.53)
Allowance for inventory	**(2.93)**	(7.55)
Provision for expenses allowable on payment basis	**(149.08)**	7.53
Provision for retirement benefits	**(9.18)**	(3.24)
Cash flow hedges	**3.03**	-
Deferred tax charge/(credit)	**12.47**	(6.87)

		31 March 2024	31 March 2023
19	**Current borrowings**		
	Secured		
	Working capital loans from bank (refer note A)	**467.18**	492.27
	Current maturities of long term borrowings	**336.33**	150.28
		803.51	642.55

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. These working capital loan carries an interest rate equivalent to 6 month bank MCLR 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 Company.

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
20	**Trade payables**		
	Due to micro enterprises and small enterprises (MSME) (refer note 36)	**385.07**	329.57
	Due to others	**538.54**	482.17
		923.61	811.74

Trade payables ageing schedule

As at 31 March 2024

Particulars	**Outstanding for following periods from due date of payment**					
	Not due	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed						
MSME	**221.61**	**163.00**	**-**	**-**	**0.46**	**385.07**
Others	**215.05**	**239.46**	**0.16**	**-**	**0.15**	**454.82**
Unbilled *	**-**	**-**	**-**	**-**	**-**	**83.72**
Total	**436.66**	**402.46**	**0.16**	**-**	**0.61**	**923.61**

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed						
MSME	210.91	117.65	0.55	-	0.46	329.57
Others	216.89	200.14	0.16	-	0.15	417.34
Unbilled *	-	-	-	-	-	64.83
Total	427.80	317.79	0.71	-	0.61	811.74

*Unbilled represents accural for expenses

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
21	**Derivative instruments**		
	Forward contracts designated as cash flow hedge :		
	Derivative financial assets	**8.67**	-
	Derivative financial liabilities	**-**	(4.58)
		8.67	(4.58)
22	**Other current liabilities**		
	Employee related liabilities	**76.16**	58.79
	Statutory dues	**17.21**	9.74
		93.37	68.53
23	**Short term provisions**		
	Provision for gratuity (refer note 41)	**5.58**	4.76
	Provision for employee benefits (refer note 41)	**71.10**	12.15
		76.68	16.91
24	**Income taxes**		
	Income tax assets	**-**	0.48
	Income tax liabilities	**96.62**	-
		(96.62)	0.48
25	**Revenue from operations**		
	Sale of goods	**5,578.48**	4,299.33
	Sale of services	**13.87**	-
	Other operating revenue:		
	Sale of scrap	**19.25**	32.98
	Export incentives	**61.41**	43.73
	Others	**1.63**	3.82
		5,674.64	4,379.86
	(a) Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**2,751.27**	1,838.46
	Revenue from within India	**2,923.37**	2,541.40
	Total Revenue from operations	**5,674.64**	4,379.86
	(b) Revenue recognised from contract liabilities outstanding at the beginning of the year :	**-**	-

(All amounts are in indian Rupees millions, unless otherwise stated)

	31 March 2024	31 March 2023
(c) Reconciliation of the revenue as per contracted price with revenue recognised in the Statement of Profit and Loss :		
Revenue from operations	**5,674.64**	4,379.86
Less : Gain on forward contracts designated as cash flow hedge	**(2.31)**	-
Less : Export incentives from government	**(61.41)**	(43.73)
Revenue from contract with customers	**5,610.92**	4,336.13
Add : Discounts allowed to customers	**-**	-
Add : Sales rejections/returns	**38.95**	64.97
Revenue as per contracted price	**5,649.87**	4,401.10

26 Other income

Gain on sale of property, plant and equipment	**0.10**	0.48
Interest income	**5.80**	2.32
Foreign exchange gain (net)	**9.80**	60.81
	15.70	63.61

27 Cost of raw materials and components consumed

Inventory of raw materials at the beginning of the year	**181.37**	176.34
Add: Purchases	**2,388.40**	2,003.29
Less: Inventory of raw materials at the end of the year	**(215.32)**	(181.37)
Cost of raw materials and components consumed	**2,354.45**	1,998.26

28 (Increase) in finished goods and work-in-progress

Inventory at the beginning of the year :		
Finished goods	**86.04**	94.98
Work in progress	**200.41**	167.67
	286.45	262.65
Inventory at the end of the year :		
Finished goods	**109.03**	86.04
Work in progress	**278.27**	200.41
	387.30	286.45
	(100.85)	(23.80)

29 Employee benefits expense

Salaries, wages and bonus	**685.52**	565.84
Contribution to provident and other funds	**31.48**	27.60
Gratuity expenses	**13.97**	12.65
	730.97	606.09

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
30	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	**188.14**	126.99
	Depreciation of right-of-use assets	**25.62**	15.63
	Amortisation of intangible assets	**3.70**	2.49
		217.46	145.11
31	**Finance costs**		
	Interest on term loans	**134.66**	103.06
	Interest on working capital demand loans	**75.57**	64.07
	Interest on lease liabilities	**8.32**	7.01
	Interest to MSME vendors	**3.87**	4.38
	Interest on other loans	**0.20**	0.57
		222.62	179.09

(All amounts are in indian Rupees millions, unless otherwise stated)

		31 March 2024	31 March 2023
32	**Other expenses**		
	Consumption of stores and spares	**357.15**	286.55
	Labour charges	**407.14**	245.16
	Power and fuel	**554.49**	386.14
	Repairs and maintenance		
	- Machinery	**122.31**	87.84
	- Vehicles	**23.34**	18.56
	- Building	**86.47**	58.16
	Lease rent	**10.46**	7.47
	Selling and distribution expenses	**230.83**	176.22
	Rates and taxes	**46.55**	32.01
	Communication expenses	**1.78**	1.70
	Printing and stationery expenses	**5.97**	4.00
	Legal and professional fees	**42.41**	25.90
	Travelling and conveyance	**11.07**	9.74
	Website and software expenses	**11.96**	10.65
	Loss on sale of assets	**-**	0.07
	Provision for doubtful debts	**-**	22.00
	Net loss on fair valuation of financial instruments (FVTPL)	**-**	0.55
	Debit balance no longer recoverable	**15.67**	-
	Payment to auditors [Refer note (a) below]	**2.63**	1.93
	Expenditure towards Corporate Social Responsibity ('CSR') (refer note 39)	**3.16**	2.17
	Miscellaneous expenses	**1.31**	1.88
		1,934.70	1,378.70
	(a) Payment to auditors		
	Statutory audit	**1.53**	1.18
	Limited review	**0.80**	0.60
	Tax audit	**0.15**	-
	Others	**0.15**	0.15
		2.63	1.93
33	**Exceptional items**		
	Loyalty bonus expenses	**27.66**	19.92
		27.66	19.92

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)

34 Earnings per share ('EPS')

Earnings per share has been computed as under :

Particulars			31 March 2024	31 March 2023
A	Profit after tax	Rs. million	**162.79**	104.76
B	Weighted average number of equity shares outstanding during the year	Nos.	**4,411,999**	3,968,330
C	Nominal value of each share	in Rs.	**10.00**	10.00
D	Basic and diluted earning per share (A/B)	in Rs.	**36.90**	26.40

35 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.

	31 March 2024	31 March 2023
Geographical information		
(i) Segment revenue from customers		
- within India	**2,923.37**	2,541.40
- outside India	**2,751.27**	1,838.46
	5,674.64	4,379.86
(ii) Segment assets		
- within India	**4,297.84**	2,987.22
- outside India (trade receivables)	**1,063.08**	776.32
	5,360.92	3,763.54

(All amounts are in indian Rupees millions, unless otherwise stated)

36 Disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSME')

Particulars	31 March 2024	31 March 2023
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as below		
- Principal amount due to micro and small enterprises	**385.07**	329.57
- Interest due on above balance	**3.87**	4.38
(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.	**19.99**	16.12
(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 disallowance as a deductible expenditure under section 23 of Micro and Small Enterprises Developments Act, 2006.	**-**	-

37 Contingent liabilities

Contingent liabilities (to the extent not provided for):

Claims against Company not acknowleged as debts	**0.91**	18.20

38 Capital and other commitments	**6.62**	209.46

(All amounts are in indian Rupees millions, unless otherwise stated)

	31 March 2024	31 March 2023

39 Corporate Social Responsibility ('CSR')

As per provisions of section 135 of the Companies Act, 2013, the Company was required to spend Rs. 3.74 million, (31 March 2023 : Rs. 4.11 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 Rs. 3.16 million (31 March 2023: Rs. 2.17 million) towards Corporate Social Responsibility activities. The break-up of expenditure incurred on Corporate Social Responsibility activities is as follows:

	31 March 2024	31 March 2023
(A) Gross amount required to be spent during the year	**3.74**	4.11
(B) Total of previous year shortfall remaining unspent	**1.94**	
(C) Amount spent during the year (including out of previous year shortfall) in cash on :		
(i) construction / acquisition of any asset	**-**	-
(ii) on purposes other than (i) above	**3.16**	2.17
(D) Total amount unspent (shortfall at the end of the year) [A+B-C]	**2.52**	1.94

The Company extents infrastructural assistance to educational institution by installing Solar Plant for energy cost saving and improve the green energy adoption. Also, the Company undertakes various activities including tree plantation, flood relief, promotion of education and other activities in and around the local area where the Company operates.

There were no related party transactions included in CSR expenditure.

40 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

Varun Shah	Director (from 1 July 2022)
Rajhagopalan Sudharssanam	Director (from 1 July 2022)
Sumeet Banga	Additional Director (from 1 January 2024)
Sanjeev Nimkar	Additional Director (upto 18 January 2024)
Jeevanantham Subramanian	Managing Director (upto 1 July 2022)
Shanthinimala Jeevanantham	Director (upto 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 Holding Company or Ultimate Holding Company exercises control or significant influence :

Kalyani Powertrain Limited	Subsidiary of Ultimate Holding Company
BF Industrial Technology & Solutions Limited	Subsidiary of Holding Company
Kalyani Steel Limited	Company where KMPs of Ultimate Holding Company exercise control
Ratnakar Energy Private Limited	Associate Company [refer note 2.2 (e)]

(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 2024		31 March 2023	
		Transactions during the year (Rs.)	**Balance receivable/ (payable) (Rs.)**	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
1	**BF Industrial Solutions Limited**				
	Legal and professional fees	**12.02**	**-**	0.70	(0.01)
	Reimbursement of expenses received	**7.59**	**-**	0.64	-
2	**Bharat Forge Limited**				
	Intercorporate deposit accepted	**-**	**(114.05)**	950.00	(114.05)
	Intercorporate deposit repaid	**-**	**-**	835.95	-
	Interest on inter corporate deposit	**9.82**	**-**	27.61	-
	Reimbursement of expenses	**0.01**	**-**	-	-
	Sale of goods	**4.14**	**-**	0.12	-
	Trade receivable	**-**	**3.80**	-	0.14
3	**Kalyani Steel Limited**				
	Purchase of goods	**14.22**	**-**	-	-
4	**Ratnakar Energy Private Limited**				
	Power and fuel	**30.84**	**-**	-	-
5	**BF Industrial Technology & Solutions Limited**				
	Purchase of property, plant and equipment	**-**	**-**	3.93	-
6	**Kalyani Powertrain Limited**				
	Sale of goods	**-**	**-**	0.13	-
7	**Jeevanantham Subramanian**				
	Remuneration paid	**-**	**-**	1.05	-
8	**Shanthinimala Jeevanantham**				
	Remuneration paid	**-**	**-**	1.95	-
9	**Chandramohan Madhan**				
	Remuneration paid	**5.40**	**0.38**	6.14	(0.77)

(All amounts are in indian Rupees millions, unless otherwise stated)

41 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. 27.85 million (31 March 2023 : Rs. 24.01 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 2024**	31 March 2023
Non-current	**62.79**	53.70
Current	**5.58**	4.76
Gratuity	**68.37**	58.46
Non-current	**95.83**	131.21
Current	**71.10**	12.15
Loyalty bonus	**166.93**	143.36

(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 2024	31 March 2023
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	**58.46**	45.60
Current service cost	**9.83**	8.68
Interest cost	**4.14**	3.97
Benefits paid	**(4.63)**	(2.39)
Actuarial (gains) / losses	**0.57**	2.60
Present value of defined benefit obligation as on Balance Sheet date	**68.37**	58.46
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	**68.37**	58.46
Fair value of plan assets	**-**	-
Net liability recognized in the Balance Sheet	**68.37**	58.46

(All amounts are in indian Rupees millions, unless otherwise stated)

	31 March 2024	31 March 2023
d) Expenses recognized in the Statement of Profit and Loss		
Current service cost	**9.83**	8.68
Interest cost (net of interest income from plan assets)	**4.14**	3.97
Gratuity expense recognized in the Statement of Profit and Loss	**13.97**	12.65
e) Expenses recognized in Other Comprehensive Income		
Actuarial losses / (gains)	**0.57**	(2.60)
Gratuity expense recognized in Other Comprehensive Income	**0.57**	(2.60)
f) Actuarial assumptions		
i) Discount Rate (%)	**7.23%**	7.48%
ii) Salary Escalation (%)	**5.00%**	5.00%
iii) Withdrawal Rate (%)	**5.00%**	5.00%
iv) Retirement age (In years)	**58**	58
v) Mortality rate	**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 2024		31 March 2023	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	**(6.17)**	**7.25**	(5.27)	6.21
Salary Escalation rate	**6.73**	**(5.84)**	5.77	(5.00)
Withdrawal rate	**1.00**	**(1.14)**	0.96	(1.10)

h) Expected cash flows

Particulars	31 March 2024	31 March 2023
Year 1	**5.58**	4.66
Year 2	**4.14**	4.11
Year 3	**3.61**	3.23
Year 4	**3.18**	2.80
Year 5	**2.74**	2.46
Year 6 - 10	**13.20**	9.98

(All amounts are in indian Rupees millions, unless otherwise stated)

B) Other long term employee benefits

Other long term employee benefits 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 Statement of Profit and Loss and Other Comprehensive Income on account of the same :

Particulars	31 March 2024	31 March 2023
Expenses recognized in the Statement of Profit and Loss	**27.66**	19.92
Expenses recognized in Other Comprehensive Income	**9.51**	-
Total	**37.17**	19.92

42 Financial Risk Management

The Company's principal financial liabilities comprises of loans, borrowings, lease liablities 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 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 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 2024			31 March 2023		
	Weighted average interest rate	**Balance (Rs. millions)**	**% of total loans**	Weighted average interest rate	Balance (Rs. millions)	% of total loans
Term loans from banks	**7.96%**	**1,625.21**	**74%**	7.75%	1,035.78	63%
Working capital loans from banks	**9.75%**	**467.18**	**21%**	13.02%	492.27	30%

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 2024	31 March 2023
Interest rates - increase by 50 basis points *	**(10.46)**	(7.64)
Interest rates - decrease by 50 basis points *	**10.46**	7.64

* Holding all other variables constant, figures in brackets indicate decrease in profit after tax.

(All amounts are in indian Rupees millions, unless otherwise stated)

(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. 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 (Rs.).

The Company's exposure to the foreign currency risk is as follows :

Particulars	**Currency**	**31 March 2024**		31 March 2023	
		Amount in foreign currency	**Amount in Rs. Million**	Amount in foreign currency	Amount in Rs. Million
Financial assets					
Trade receivables	USD	**6.81**	**567.78**	5.95	489.21
	EURO	**5.49**	**495.30**	3.21	287.11
Financial liabilities					
Borrowings	USD	**(0.58)**	**(48.36)**	(0.45)	(36.05)
	EURO	**(0.12)**	**(10.83)**	-	-
Trade payables	USD	**(0.00)***	**(0.29)**	(0.02)	(1.88)
	EURO	**(0.00)***	**(0.24)**	-	(0.09)
Net exposure to foreign currency risks	USD	**6.23**	**519.13**	5.48	451.28
	EURO	**5.37**	**484.23**	3.21	287.02

*Amount below Rs. 0.01 million

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO 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 2024**		31 March 2023	
		Impact on profit		Impact on profit	
		Increase by 5%	**Decrease by 5%**	Increase by 5%	Decrease by 5%
Net exposure to foreign currency risks	USD	**25.96**	**(25.96)**	22.56	(22.56)
	EURO	**24.21**	**(24.21)**	14.35	(14.35)

(All amounts are in indian Rupees millions, unless otherwise stated)

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 USD and EURO.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

Particulars	31 March 2024		31 March 2023	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	8.67	-	-	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	31 March 2024		31 March 2023	
			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)
		EURO	(2.00)	(180.44)	(1.50)	(133.28)

*Amount in Rs. and foreign currency represents the notional amount of forward contracts purchased.

The cash flow hedges of the expected future sales during the year ended 31 March 2024 had a net unrealised gain of Rs. 8.67 millions (31 March 2023: unrealised loss of Rs. 4.58 millions), with a deferred tax credit of Rs. 3.03 millions (31 March 2023 : deferred tax charge of Rs.1.15 millions) relating to the hedging instruments and 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, 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 2024, receivable from Company's top 5 customers accounted for approximately 50.33 % (31 March 2023 : 40.67 %) of all the receivable outstanding. An impairment analysis is performed at each reporting date on

(All amounts are in indian Rupees millions, unless otherwise stated)

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) Deposits with banks and other financial instruments

Credit risk from balances with banks and other financial instruments is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with reputed banks where the counterparty risk is minimum.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2024 and 31 March 2023 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 2024 and 31 March 2023. 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 2024				
Borrowings	**803.51**	**1,402.93**	**-**	**2,206.44**
Lease liabilities	**15.60**	**67.69**	**14.18**	**97.47**
Trade payables	**933.59**	**-**	**-**	**923.61**
Total	**1,752.70**	**1,470.62**	**14.18**	**3,227.52**
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	-	-	811.74
Derivative instruments	4.58	-	-	4.58
Total	1,496.49	1,082.44	20.30	2,585.35

(All amounts are in indian Rupees millions, unless otherwise stated)

43 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 2024 and 31 March 2023.

Particulars	31 March 2024	31 March 2023
Equity share capital	**44.55**	39.68
Other equity	**1,602.47**	819.54
Total equity	**1,647.02**	859.22
Debt	**2,206.44**	1,642.10
Total debt	**2,206.44**	1,642.10
Net debt to equity ratio	**1.34**	1.91

44 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")

SN	Particulars	31 March 2024			31 March 2023		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
	Financial assets						
(a)	Non current investment	**13.01**	-	-	0.01	-	-
(b)	Trade receivables	-	-	**1,473.16**	-	-	1,000.89
(c)	Loan to employees	-	-	**2.48**	-	-	1.79
(d)	Cash and cash equivalents	-	-	**20.99**	-	-	1.32
(e)	Security deposits	-	-	**87.40**	-	-	78.14
(f)	Derivative instruments	-	**8.67**	-	-	-	-
	Total financial assets	**13.01**	**8.67**	**1,584.03**	0.01	-	1,082.14
	Financial liabilities						
(a)	Non-current borrowings	-	-	**1,402.93**	-	-	999.55
(b)	Current borrowings	-	-	**803.51**	-	-	642.55
(c)	Lease liabilities	-	-	**97.47**	-	-	126.93
(d)	Derivative instruments	-	-	-	-	4.58	-
(e)	Trade payables	-	-	**923.61**	-	-	825.62
	Total financial liabilities	-	-	**3,227.52**	-	4.58	2,594.65

(All amounts are in indian Rupees millions, unless otherwise stated)

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 2024	**8.67**	-	**13.01**	**21.68**
31 March 2023	-	-	0.01	0.01
Total financial liabilities				
31 March 2024	-	-	-	-
31 March 2023	4.58	-	-	4.58

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, non-current borrowings, current 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.

(All amounts are in indian Rupees millions, unless otherwise stated)

45 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 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, intangible assets and investment properties.

The Company has not revalued its property, plant and equipment and intangible assets 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 does not have any subsidiaries, accordingly the requirements related to the layers of subsidiary prescribed under the Act is not applicable to the Company.

(All amounts are in indian Rupees millions, unless otherwise stated)

(j) Accounting ratios

S.no	Ratio	31 March 2024	31 March 2023	% Change in ratio	Reasons
(a)	Current ratio	**1.18**	1.08	9%	NA*
(b)	Debt-Equity ratio	**1.34**	1.91	-30%	Refer note (i)
(c)	Debt Service Coverage ratio	**0.25**	0.24	4%	NA*
(d)	Return on equity ratio	**0.13**	0.13	0%	NA*
(e)	Inventory turnover ratio	**3.50**	3.52	-1%	NA*
(f)	Trade receivables turnover ratio	**4.59**	5.30	-13%	NA*
(g)	Trade payables turnover ratio	**8.47**	7.68	10%	NA*
(h)	Net Capital turnover ratio	**2.59**	2.63	-1%	NA*
(i)	Net Profit ratio	**0.03**	0.02	20%	NA*
(j)	Return on Capital employed ratio	**0.13**	0.13	7%	NA*
(k)	Return on investment ratio	**0.04**	0.04	1%	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.

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 + 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) The Company has undertaken planned expansion programs by incurring capital expenditure that were mainly funded through debts. This has resulted in increase in debt equity ratio.

(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.

46 During the previous financial year, the Company had 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 Rs. 533.08 million, subject to fulfilment of certain conditions as set forth in the agreement. As part of the Business Transfer Agreement (BTA) the erstwhile promoters transferred running business to the Company which assumed the assets and liabilities as on 01 July 2023. The details of purchase consideration, fair value of net identifiable assets acquired and calculation of goodwill/capital reserve is as follows :

(a) Details of the purchase consideration :

Particulars	Amount in Rs. millions
Consideration paid	533.08
Total	**533.08**

(b) The fair values of the identifiable assets acquired and liabilities assumed were:

Particulars	Amount in Rs. millions
Assets	
Right-of-use assets	125.79
Property, plant and equipment	384.50
Trade receivables (net of expected credit loss)	14.69
Inventories	42.48
	567.46
Liabilities	-
Deferred tax liability	(25.29)
Other current liabilities	(9.09)
	(34.38)
Fair value of net identifiable assets	**533.08**

(c) Calculation of goodwill / capital reserve

Particulars	Amount in Rs. millions
Purchase consideration	533.08
Non controlling interest measured at fair value	-
Less: Fair value of net identifiable assets acquired	(533.08)
Goodwill / (capital reserve)	**-**

47 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
For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001

Rahul Khasnis
Partner
Membership Number : 107739
UDIN: 24107739BKDVFC9165

Place: Pune
Date: 29 April 2024

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: 29 April 2024

Sumeet Banga
Director
DIN : 07472953

Place: Pune
Date: 29 April 2024

Chandramohan Madhan
Chief Financial Officer

Place: Coimbatore
Date: 29 April 2024

Kalyani Centre for Precision Technology Limited

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, 2024, 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, 2024, 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 except for the matters stated in the paragraph 2 h(vi) below on reporting under Rule 11(g).

   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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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

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.

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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
UDIN: 24160187BKABYW1021

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 2nd May, 2024

"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, 2024

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, 2024 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, income-tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues to the appropriate authorities. As explained to us by Management, the provisions of Employees' State

Insurance Act, 1948 do not apply to the company. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues were outstanding as at 31st March, 2024 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.

(ix) 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.

(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) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has two CICs as part of the Group.

(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) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013, in compliance with second proviso to sub section 5 of section 135 of the Companies Act, 2013. This matter has been disclosed in note 42 to the financial statements.

(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) relating to ongoing projects requiring a transfer to a special account in compliance with second proviso to sub-section (6) of Section 135 of the said Act. This matter has been disclosed in note 42 to the financial statements.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
UDIN: 24160187BKABYW1021

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 2nd May, 2024

"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, 2024

We have audited the internal financial controls over financial reporting of **Kalyani Centre For Precision Technology Limited** ("the Company") as of 31st March, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN: 24160187BKABYW1021

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 2nd May, 2024

Balance sheet as at 31st March, 2024

(In ₹ Thousands)

	Notes	As at 31st March, 2024	As at 31st March, 2023
I. ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**433,857.94**	478,949.66
b) Capital work in progress	3	**6,904.08**	9,686.47
c) Right of use assets	4	**244,151.74**	288,262.41
d) Financial assets			
i) Other financial assets	5	**54.86**	50.00
e) Income tax assets (net)	6	**1,176.98**	11,579.55
f) Other non-current assets	7	**5,035.65**	30,823.77
		691,181.25	819,351.86
2 Current assets			
a) Inventories	8	**56,794.79**	63,717.01
b) Financial assets			
i) Trade receivable	9	**288,546.86**	113,142.64
ii) Cash and cash equivalents	10	**929.34**	1,716.20
iii) Bank balances Other than (ii) above	10	**-**	1.81
iv) Other financial assets	11	**94.79**	85.39
c) Other current assets	12	**82,460.75**	71,207.46
		428,826.53	249,870.51
TOTAL :		**1,120,007.78**	1,069,222.37
II EQUITY AND LIABILITIES			
A) EQUITY			
a) Equity share capital	13	**690,883.30**	690,883.30
b) Other equity	14	**118,201.04**	39,060.29
		809,084.34	729,943.59
B) LIABILITIES			
1 Non current liabilities			
a) Financial liabilities			
i) Lease liabilities	31	**199,322.57**	234,460.05
b) Provisions	15	**218.99**	297.06
c) Deferred tax liabilities (net)	16	**11,532.00**	6,114.00
		211,073.56	240,871.11
2 Current liabilities			
a) Financial liabilities			
i) Lease liabilities	31	**35,156.86**	32,492.32
ii) Trade payables	17		
Dues to micro enterprises and small enterprises		**1,686.99**	2,405.36
Dues to other than micro enterprises and small enterprises		**61,589.88**	62,139.82
iii) Other financial liabilities	18	**98.40**	149.50
b) Other current liabilities	19	**1,296.33**	1,207.86
c) Provisions	20	**21.42**	12.81
		99,849.88	98,407.67
TOTAL :		**1,120,007.78**	1,069,222.37
Significant accounting policies and notes forming an integral part of the financial statements	**1 to 43**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYW1021

Place : Pune
Date : 2nd May, 2024

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Sanjay Agrawal
Additional Director and CEO
DIN: 10425145

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 2nd May, 2024

Statement of profit and loss for the year ended 31st March, 2024

(In ₹ Thousands)

		Notes	Year ended 31st March, 2024	Year ended 31st March, 2023
I	**Revenue from operations**	21	**583,792.19**	483,748.72
II	**Other income**	22	**876.30**	428.24
III	**Total income**		**584,668.49**	484,176.96
IV	**Expenses**			
	Changes in inventories of work in progress and scrap	23	**7,001.13**	(7,840.87)
	Employee benefit expenses	24	**34,744.65**	33,526.40
	Finance costs	25	**20,100.81**	20,166.69
	Depreciation & amortisation expense	26	**99,923.21**	83,240.71
	Other expenses	27	**309,369.31**	284,035.02
	Total expenses		**471,139.11**	413,127.95
V	**Profit before tax**		**113,529.37**	71,049.01
VI	**Income Tax Expenses/(Savings)**			
	Current tax		**28,960.96**	13,425.00
	Deferred tax		**5,420.43**	4,836.90
			34,381.39	18,261.90
VII	**Profit for the year**		**79,147.98**	52,787.11
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		**(9.66)**	(19.45)
	- Tax saving on above		**2.43**	4.90
	Total other comprehensive income, net of tax		**(7.23)**	(14.55)
IX	**Total Comprehensive Income for the year**		**79,140.75**	52,772.56
X	**Earnings per share (Nominal value per share ₹ 10/- each):**			
	(a) Basic (In ₹)	32	**1.15**	0.76
	(b) Diluted (In ₹)	32	**1.15**	0.76
	Significant accounting policies and notes forming an integral part of the financial statements	**1 to 43**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYW1021

Place : Pune
Date : 2nd May, 2024

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Sanjay Agrawal
Additional Director and CEO
DIN: 10425145

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 2nd May, 2024

Statement of changes in equity for the year ended 31st March, 2024

a Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	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	(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)
Add:		
Profit for the period	52,787.11	52,787.11
Other comprehensive income for the year		
- Remeasurement of (losses)/ Gains of defined benefit plans net of tax	(14.55)	(14.55)
Balance as at 31st March, 2023	39,060.29	39,060.29
Changes in equity share capital due to prior period errors.	**-**	**-**
Restated balance at the beginning of the current reporting period.	**39,060.29**	**39,060.29**
Add:		
Profit for the period	**79,147.98**	**79,147.98**
Other comprehensive income for the year		
- Remeasurement of (losses)/ Gains of defined benefit plans net of tax	**(7.23)**	**(7.23)**
Balance as at 31st March, 2024	**118,201.04**	**118,201.04**

c Total equity (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Equity share capital	**690,883.30**	690,883.30
Other equity	**118,201.04**	39,060.29
Total :	**809,084.34**	729,943.59

Significant accounting policies and notes forming an integral part of the financial statements **1 to 43**

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYW1021

Place : Pune
Date : 2nd May, 2024

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Sanjay Agrawal
Additional Director and CEO
DIN: 10425145

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 2nd May, 2024

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

(In ₹ Thousands)

			Year ended 31st March, 2024	Year ended 31st March, 2023
(A)	**Cash flow from operating activities**			
	Profit before tax		**113,529.36**	71,049.06
	Adjusted for :			
	Depreciation and amortization expenses		**99,923.21**	83,240.70
	Interest received on bank and other deposits		**(5.88)**	(234.37)
	Interest paid on lease liabilties		**19,971.31**	16,439.58
	Interest paid on borrowings		**-**	3,719.18
	Interest on Income Tax		**110.00**	-
	Remeasurement of (losses)/ Gains of defined benefit plans		**(9.66)**	(19.45)
	Operating profit(loss) before working capital changes :		**233,518.34**	174,194.70
	Movements in working capital :			
	(Increase) / decrease in other non-current assets		**25,788.12**	28,313.36
	(Increase) / decrease in inventory		**6,922.21**	(17,659.19)
	(Increase) / decrease in trade receivables		**(175,404.24)**	(34,883.04)
	(Increase) / decrease in other financial assets		**(9.40)**	(10.39)
	(Increase) / decrease in other current assets		**(11,253.29)**	(26,453.37)
	Increase / (decrease) in trade payables		**(1,268.30)**	8,075.73
	Increase / (decrease) in other current financial liabilities		**(51.10)**	61.00
	Increase / (decrease) in other current liabilities		**88.47**	172.06
	Increase / (decrease) in other provisions		**(69.45)**	197.48
			(155,256.98)	(42,186.36)
	Cash generation from operations :		**78,261.36**	132,008.34
	Direct taxes paid (net of refunds)		**(18,668.38)**	(13,638.90)
	Net Cash (used in)/from operating activities :	**(A)**	**59,592.98**	118,369.44
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**(7,938.43)**	(31,623.63)
	(Investment in) / maturity proceeds of fixed deposits		**(3.04)**	2,749.31
	Interest received from bank and other deposits		**5.88**	234.37
	Net cash (used in)/from investing activities :	**(B)**	**(7,935.59)**	(28,639.95)
(C)	**Cash flows from financing activities**			
	Repayment of borrowing through ICD		**-**	(50,000.00)
	Interest Paid on borrowings		**-**	(3,728.43)
	Interest paid on lease liabilities		**(19,971.31)**	(16,439.58)
	Payment of lease liability including interest		**(32,472.94)**	(21,527.90)
	Cash (used in)/from financing activities :	**(C)**	**(52,444.25)**	(91,695.91)
(D)	**Net changes in cash and cash equivalents (A+B+C) :**		**(786.86)**	(1,966.42)
(E)	**Cash and cash equivalents at the beginning of the year**		**1,716.20**	3,682.62
(F)	**Cash and cash equivalents at the end of the year**		**929.34**	1,716.20

Components of cash and cash equivalents as at		As at 31st March, 2024	As at 31st March, 2023
Balances with banks in current accounts		**929.34**	1,716.20
	TOTAL :	**929.34**	1,716.20
Significant accounting policies and notes forming an integral part of the financial statements	**1 to 43**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYW1021

Place : Pune
Date : 2nd May, 2024

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Sanjay Agrawal
Additional Director and CEO
DIN: 10425145

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 2nd May, 2024

Notes forming part of the financial statements for the year ended 31st March, 2024

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 a wholly owned subsidiary of Bharat Forge Limited. Corporate Identity Number of the Company is U29304PN2019PLC188666.

The Company is engaged in the business of manufacturing of machined components.

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 2nd May, 2024.

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest 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.

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:

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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 35)

b) Quantitative disclosures of fair value measurement hierarchy (note 37)

c) Financial instruments (including those carried at amortized cost) (note 36)

2.5 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 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 judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35.

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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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. 2.14.

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.

h) Dividends :

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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 cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

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 estimated useful lives of items of property, plant and equipment are given below

Type of Asset		Estimated useful life (years)
i)	Plant and Machinery (including spares of capital nature).	7 to 10
ii)	Plant and Machinery - Computer	3
iii)	Furniture and Fixtures	10
iv)	Office Equipments	5
v)	Power line	7

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 derecognition 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 derecognised.

2.9 Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependant on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

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 lives estimated by the management
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.

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.11 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 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.

2.10 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.

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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

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 Companys 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 Company 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 Post-employment and other employee benefits :

a) Provident fund :

The contributions to provident fund are recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

b) 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. 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 the statement of profit and 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 utilised within the next 12 months, is treated as a 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.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as a 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.

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 a non-current liability.

2.14 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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 recognizes 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 recognizing 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.

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 analyzed.

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:

i Financial assets measured as at amortized 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 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.

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 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

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, 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
Additions	**11,211.79**	**-**	**-**	**-**	**11,211.79**	**3,465.56**
Disposals	**(490.97)**	**-**	**-**	**-**	**(490.97)**	**(6,247.95)**
As at 31st March, 2024	**564,290.69**	**1,204.30**	**812.79**	**10,000.00**	**576,307.78**	**6,904.08**
Depreciation :						
Upto 31st March, 2022	33,804.26	118.48	159.93	1,902.15	35,984.82	-
Charge for the year	48,955.07	114.41	154.43	1,428.57	50,652.48	-
Disposals	-	-	-	-	-	-
Upto 31st March, 2023	82,759.33	232.89	314.36	3,330.72	86,637.30	-
Charge for the year	**54,115.13**	**114.41**	**154.43**	**1,428.57**	**55,812.54**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Upto 31st March, 2024	**136,874.46**	**347.30**	**468.79**	**4,759.29**	**142,449.84**	**-**
Net Block :						
As at 31st March, 2023	470,810.54	971.41	498.43	6,669.28	478,949.66	9,686.47
As at 31st March, 2024	**427,416.23**	**857.00**	**344.00**	**5,240.71**	**433,857.94**	**6,904.08**

Notes

a) CWIP Ageing Schedule

(In ₹ Thousands)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2024					
Projects in Progress	**3,465.56**	**79.39**	**-**	**3,359.13**	**6,904.08**
Total :	**3,465.56**	**79.39**	**-**	**3,359.13**	**6,904.08**
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

There are no projects whose completion is overdue or have exceeded their cost compared to the original plan.

b) The Company has not revalued any property, plant and equipment during the year.

c) None of the assets of the company are lying with third parties.

d) The Company does not have any immovable property.

4 **Right-of-use assets :** (In ₹ Thousands)

	Land and Building	Plant and equipment	Total
Gross block, at cost :			
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
Additions	-	-	-
Disposals	-	-	-
Adjustments	-	-	-
As at 31st March, 2024	**168,900.41**	**189,946.38**	**358,846.79**
Depreciation and amortization :			
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
Disposals	-	-	-
Adjustments	-	-	-
For the year	**16,922.41**	**27,188.26**	**44,110.67**
Upto 31st March, 2024	**71,758.40**	**42,936.65**	**114,695.05**
Net Block :			
As at 31st March, 2023	114,064.42	174,197.99	288,262.41
As at 31st March, 2024	**97,142.01**	**147,009.73**	**244,151.74**

5 Other financial assets (Non-current) :

(Unsecured, good) (In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Deposits with banks with original maturity of more than twelve months[(a)]	**54.86**	50.00
Total :	**54.86**	50.00
(a) Includes deposits held as margin against bank guarantees	**54.86**	50.00

6 Income tax assets (net) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Tax paid in advance (net)	**1,176.98**	11,579.55
Total :	**1,176.98**	11,579.55

7 Other non-current assets :

(Unsecured, good) (In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Capital advances	**909.58**	-
Prepaid expenses	**-**	105.38
Balances with government authorities	**4,126.07**	30,718.39
Total :	**5,035.65**	30,823.77

8 Inventories :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Work-in-progress	**4,797.51**	11,798.64
Stores, spares and loose tools[#]	**51,997.28**	51,918.37
Total :	**56,794.79**	63,717.01

[#] During the year ended 31st March, 2024 provision for slow and non moving inventory has been recognised amounting to ₹ 2,544.36 Thousands (in 31st March 2023 : ₹ NIL)

9 Trade Receivables :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Considered Good - Unsecured	**288,546.86**	113,142.64
Credit Impaired	**-**	-
Less : Allowances for credit losses	**-**	-
	288,546.86	113,142.64
Total :	**288,546.86**	113,142.64

Notes

i) No Trade receivable are due from directors or other officers of the company either severally or jointly with any other person

ii) Includes receivables from related parties (Refer note no. 30)

iii) Trade receivable are non interest bearing and are generally on terms of 30 to 60 days

Trade Receivables ageing schedule :

(In ₹ Thousands)

	Outstanding for following periods from due date of payment						
	Not Due	**Less than 6 months**	**6 months - 1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
31st March, 2024							
i) Undisputed Trade Receivables - considered good	**-**	**288,546.86**	**-**	**-**	**-**	**-**	**288,546.86**
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 :	**-**	**288,546.86**	**-**	**-**	**-**	**-**	**288,546.86**
3[1s]t 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
Loss Allowance	**-**	**-**	**-**	**-**	**-**	**-**	**-**

10 Cash and bank balances :

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents :			
Balances with banks			
In current account		**929.34**	1,716.20
	Total :	**929.34**	1,716.20
Other bank balances			
Deposits with maturity of more than three months but less than twelve months including interest accrued[(a)]		**-**	1.81
	Total :	**-**	1.81
(a) Includes deposits held as margin against bank guarantees		**-**	-

11 Other financial assets (current) :

(Unsecured, good)

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Security deposits		**91.95**	82.86
Interest accrued on other deposits		**2.84**	2.53
	Total :	**94.79**	85.39

12 Other current assets :

(Unsecured, good)

(In ₹ Thousands)

		As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities		**81,313.87**	70,189.35
Prepaid expenses		**1,028.35**	1,018.11
Advances to suppliers		**19.28**	-
Excess Funding of Liability for Employees Group Gratuity		**99.25**	-
	Total :	**82,460.75**	71,207.46

13 Equity share capital :

(In ₹ Thousands)

			As at 31st March, 2024	As at 31st March, 2023
Authorised				
75,000,000	(75,000,000)	Equity shares of ₹ 10/- each	**750,000.00**	750,000.00
Issued, 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, 2024		As at 31st March, 2023	
	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, 2024		As at 31st March, 2023	
	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, 2024		As at 31st March, 2023	
	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, 2024		% 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, 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

14 Other equity :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Retained earnings in the statement of profit and loss#		
Balance as per the last financial statements	**39,060.29**	(13,712.27)
Add:		
- Net Profit for the year	**79,147.98**	52,787.11
- Items of Other Comprehensive Income		
1) Re-measurement of Defined Benefit obligations	**(7.23)**	(14.55)
Closing balance	**118,201.04**	39,060.29

Surplus in the statement of profit and loss represents the undistributed profits of the Company accumulated as on balance sheet date.

15 Provisions (non-current) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Provision for Employee Benefits:		
Provision for Gratuity	**-**	167.10
Provision for Compensated Absences	**218.99**	129.96
(Refer note no. 28)		
Total :	**218.99**	297.06

16 Deferred Tax Liability (net) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Deferred Tax Assets		
Timing differences for		
Disallowances	**1,354.00**	1,409.00
Less : Deferred Tax Liabilities		
Timing differences for		
Depreciation	**12,886.00**	7,523.00
Total :	**(11,532.00)**	(6,114.00)

17 Trade payables :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Dues to micro enterprises and small enterprises	**1,686.99**	2,405.36
Dues to other than micro enterprises and small enterprises	**61,589.88**	62,139.82
Total :	**63,276.87**	64,545.18

Notes

i) Trade payables are non-interest bearing and are generally settled on 30 to 60 days terms

ii) Includes payable to related parties (Refer note no. 30)

Trade payables ageing schedule :

(In ₹ Thousands)

	Outstanding for following periods from due date of payment							
	Unbilled	Not Due	Less than 6 months	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	₹	₹	₹	₹	₹	₹	₹	₹
31st March, 2024								
i) MSME	**-**	**1,064.94**	**500.92**	**121.13**	**-**	**-**	**-**	**1,686.99**
ii) Other than MSME	**-**	**21,868.44**	**38,928.63**	**82.60**	**475.73**	**87.33**	**147.15**	**61,589.88**
iii) Disputed dues to MSME		**-**	**-**	**-**	**-**	**-**	**-**	**-**
iv) Disputed dues to Other than MSME		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total :	**-**	**22,933.38**	**39,429.55**	**203.73**	**475.73**	**87.33**	**147.15**	**63,276.87**
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

18 Other financial liabilities (Current) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Security deposit	**98.40**	149.50
Total :	**98.40**	149.50

19 Other current liabilities :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Statutory liabilities	**1,253.03**	1,171.44
Advance from customer	**4.54**	15.51
Other liabilities#	**38.76**	20.91
Total :	**1,296.33**	1,207.86

Includes interest payable to MSMEs

20 Provisions (Current) :

(In ₹ Thousands)

	As at 31st March, 2024	As at 31st March, 2023
Provision for Employee Benefits:		
Provision for Compensated Absences	**21.42**	12.81
(Refer note no. 28)		
Total :	**21.42**	12.81

21 Revenue from operations :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Sale of services		
Jobwork	**568,125.77**	469,923.77
Other operating revenue		
Sale of manufacturing scrap	**12,711.13**	11,604.46
Sale of other material and Scrap	**2,955.29**	2,220.49
Total :	**583,792.19**	483,748.72

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	**583,792.19**	483,748.73
Oustide India	**-**	-
Total :	**583,792.19**	483,748.73
Revenue by contract type :		
Fixed price contracts	**583,792.19**	483,748.73
Time and material contracts	**-**	-
Total :	**583,792.19**	483,748.73

22 Other income :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest on bank deposit	**3.04**	230.33
Interest on income tax refund	**689.16**	96.54
Interest on other deposits	**2.84**	4.04
Foreign exchange gain (net)	**-**	34.37
Rent	**39.25**	-
Miscellaneous income	**142.01**	62.96
Total :	**876.30**	428.24

23 Changes in inventories of work in progress and scrap :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Inventories at the beginning of the year		
Work-in-progress (includes items lying with third parties)	**11,798.64**	3,957.77
	11,798.64	3,957.77
Inventories at the close of the year		
Work-in-progress (includes items lying with third parties)	**4,797.51**	11,798.64
	4,797.51	11,798.64
Total :	**7,001.13**	(7,840.87)

24 Employee benefit expenses :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Salaries and Wages	**32,411.51**	31,357.59
Contributions to		
- Provident fund and Other fund / scheme	**1,489.03**	1,385.55
- Gratuity	**141.63**	83.93
Staff Welfare Expenses	**702.48**	699.33
Total :	**34,744.65**	33,526.40

25 Finance costs :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest on loan from Holding Company	**-**	3,719.18
Interest on lease liabilities (Refer note no. 31)	**19,971.31**	16,439.58
Interest on income tax	**110.00**	-
Other interest	**19.50**	7.93
Total :	**20,100.81**	20,166.69

26 Depreciation & amortisation expense :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Depreciation on property, plant and equipment	**55,812.54**	50,652.48
Depreciation on right-of-use assets	**44,110.67**	32,588.23
Total :	**99,923.21**	83,240.71

27 Other expenses :

(In ₹ Thousands)

		Year ended 31st March, 2024	Year ended 31st March, 2023
Consumption of stores, spares and tools		**87,190.07**	93,534.73
Labour and processing charges		**68,240.93**	55,514.83
Power and fuel		**72,043.91**	63,932.43
Repairs and maintenance			
- Building		**52.00**	115.60
- Plant and machinery		**22,617.31**	23,046.76
- Other		**845.14**	381.37
Rent (Refer note no. 31)		**24.00**	24.00
Rates and taxes		**505.41**	1,003.56
Insurance		**1,097.51**	1,064.94
Legal and professional fees		**1,461.54**	600.41
Packing material		**29,308.66**	23,604.40
Freight and forwarding charges		**10.80**	-
Security expenses		**5,252.68**	4,744.73
Bank Charges and Commission		**40.54**	321.12
Travelling and conveyance		**7,015.77**	5,525.67
Payment to Auditors (Refer note below)		**540.00**	540.00
Corporate Social Responsibility (Refer Note 42)		**552.06**	-
Miscellaneous expenses#		**12,571.00**	10,080.47
	Total :	**309,369.31**	284,035.02

Miscellaneous expenses include travelling expenses, printing, stationery, postage, telephone expenses etc.

Payments to Auditors (Exclusive of GST, wherever applicable) :

(In ₹ Thousands)

		Year ended 31st March, 2024	Year ended 31st March, 2023
As auditor		**375.00**	375.00
As tax auditor		**125.00**	125.00
Other income tax matters		**40.00**	40.00
	Total :	**540.00**	540.00

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 ₹1,120.47 thousands (Previous Year: ₹1,090.25 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

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, 2024	Year ended 31st March, 2023
Mortality table	IALM 2012-14 Ult	IALM 2012-14 Ult
Discount rate	**7.20%**	7.50%
Expected rate of return on plan assets	**7.50%**	0.00%
Salary Growth Rate	**7.00%**	7.00%
Expected average remaining working lives (in years)*	**14.30***	14.68*
Withdrawal rate		
Age upto 30 years	**5.00%**	5.00%
Age 31 - 40 years	**5.00%**	5.00%
Age 41 - 50 years	**5.00%**	5.00%
Age 50 years and above	**5.00%**	5.00%

* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the beginning of the year	**167.10**	63.72
Interest expense	**12.53**	4.65
Current service cost	**136.93**	79.28
Benefits (paid)	**-**	-
Remeasurements on obligation [Actuarial (Gain) / Loss]	**9.14**	19.45
Present value of obligation as at the end of the year	**325.70**	167.10

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Fair value of plan assets at the beginning of the year	**-**	-
Interest Income	**7.83**	-
Contributions	**417.64**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**(0.52)**	-
Fair value of plan assets at the end of the year	**424.95**	-
Actual return on plan assets	**7.31**	-

Net Interest (Income/Expense) (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest (Income) / Expense – Obligation	**12.53**	4.65
Interest (Income) / Expense – Plan assets	**(7.83)**	-
Net Interest (Income) / Expense for the period	**4.70**	4.65

Remeasurement for the period [Actuarial (Gain)/loss] (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Experience (Gain) / Loss on plan liabilities	**(2.82)**	23.73
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**11.96**	(4.29)
Experience (Gain) / Loss on plan assets	**0.73**	-
Financial (Gain) / Loss on plan assets	**(0.21)**	-

Amount recognised in Statement of Other Comprehensive Income (OCI) (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Opening amount recognised in OCI outside profit and loss account	**(13.13)**	(32.58)
Remeasurement for the period-Obligation (Gain)/Loss	**9.14**	19.45
Remeasurement for the period-Plan assets (Gain)/Loss	**0.73**	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**9.87**	19.45
Closing amount recognised in OCI outside profit and loss account	**(3.26)**	(13.13)

The amounts to be recognised in the Balance Sheet (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the end of the period	**(325.70)**	(167.10)
Fair value of plan assets as at the end of the period	**424.95**	-
Net Asset / (liability) to be recognised in balance sheet	**99.25**	(167.10)

Expense recognised in the statement of profit and loss (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Current service cost	**136.93**	79.28
Net Interest (Income) / Expense	**4.70**	4.65
Net periodic benefit cost recognised in the statement of profit and loss	**141.63**	83.93

Reconciliation of Net Asset/(Liability) recognised: (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Net asset / (liability) recognised at the beginning of the period	**(167.10)**	(63.72)
Company contributions	**417.63**	-
Expense recognised at the end of period	**(141.63)**	(83.93)
Amount recognised outside profit & loss for the period	**(9.66)**	(19.45)
Net asset / (liability) recognised at the end of the period	**99.25**	(167.10)

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

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Funds managed by insurer	**100%**	-

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, 2024	Year ended 31st March, 2023
Increase in discount rate by 100 basis points	**288.35**	148.02
Decrease in discount rate by 100 basis points	**371.08**	190.37

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis points

(In ₹ Thousands)

Salary growth rate	Present value of obligation	
	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in salary growth rate by 100 basis points	**367.28**	188.49
Decrease in salary growth rate by 100 basis points	**290.68**	149.16

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis points

(In ₹ Thousands)

Withdrawal rate	Present value of obligation	
	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in withdrawal rate by 100 basis points	**326.46**	168.13
Decrease in withdrawal rate by 100 basis points	**324.80**	165.89

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, 2024	31st March, 2023
Within the next 12 months (next annual reporting period)	**220.00**	-

(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.

	As at 31st March, 2024	As at 31st March, 2023
Present Value of Obligation	**240.41**	142.77
Fair Value of Plan Assets	**-**	-
Net asset/(liability) recognized in the Balance Sheet	**(240.41)**	(142.77)

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@ (Resigned w.e.f. 13th December, 2023)

iv) Mr. Sameer Paranjape - Chief Financial Officer@

v) Mr. Sanjay Agrawal - Additional Director & Chief Executive Officer @(Appointed w.e.f. 14th December, 2023)

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, 2024	As at 31st March, 2023
Sale of Scrap	**Enterprises significantly influenaced by the Holding Company**	(a)		
	Saarloha Advanced Materials Pvt Ltd		**12,572.81**	11,489.98
	Kalyani Steels Limited		**102.59**	107.32
Sale of services (net of GST)	**Holding Company**	(a)		
	Bharat Forge Limited		**568,125.77**	469,923.77
Sale of Spares (net of GST)	**Holding Company**	(a)		
	Bharat Forge Limited		**53.53**	-
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)	**34,744.25**	20,267.48
Reimbursement of expenses paid	**Holding Company**	(c)		
	Bharat Forge Limited		**25,473.50**	28,295.22
Purchase of property, plant and equipment (net of GST)	**Holding Company**	(d)		
	Bharat Forge Limited		**-**	701.98
Sale of property, plant and equipment (net of GST)	**Holding Company**	(e)		
	Bharat Forge Limited		**490.97**	-

Nature of transaction	Name of the related parties and nature of relationships	Note	As at 31st March, 2024	As at 31st March, 2023
	Holding Company	(f)		
Purchase of other material (net of GST)	Bharat Forge Limited		**6,095.20**	32,361.57
	Kalyani Strategic Management Services Limited		**-**	357.43
Interest on intercompany loan	**Holding Company**	(g)		
	Bharat Forge Limited		**-**	3,719.18
Intercompany loan repaid	**Holding Company**	(g)		
	Bharat Forge Limited		**-**	50,000.00

Notes

(a) Sale of services, spares 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 sold property, plant and equipment to the related party at an arm's length price.

(f) The Company has purchased spares, tools etc. from the related party at an arm's length price.

(g) 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, 2024	As at 31st March, 2023
Trade payables	**Holding Company**		
	Bharat Forge Limited	**3,998.15**	3,810.20
Trade Receivables	**Holding Company**		
	Bharat Forge Limited	**287,249.17**	109,487.62
	Enterprises significantly influenaced by the Holding Company		
	Saarloha Advanced Materials Pvt Ltd	**700.67**	3,606.10
	Kalyani Steels Limited	**23.44**	48.89
Other Receivables	**Holding Company**		
	Bharat Forge Limited	**573.58**	-
Other Payables	**Holding Company**		
	Bharat Forge Limited	**6,931.46**	6,111.08

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 machinery. The lease of plant and machinery 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, 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
Additions	**-**	**-**	**-**
Adjustment	**-**	**-**	**-**
Depreciation	**(16,922.41)**	**(27,188.26)**	**(44,110.67)**
As at 31st March, 2024	**97,142.00**	**147,009.73**	**244,151.73**

Below are the carrying amounts of lease liabilities and the movements during the period :

(In ₹ Thousands)

	Land and building	Plant and equipment	Total
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
Additions	**-**	**-**	**-**
Accretion of Interest	**7,625.50**	**12,345.80**	**19,971.30**
Adjustement	**-**	**-**	**-**
Payments	**(17,700.00)**	**(34,744.25)**	**(52,444.25)**
Balance at 31st March, 2024	**79,251.18**	**155,228.24**	**234,479.42**
Current	**11,026.31**	**24,130.55**	**35,156.86**
Non - Current	**68,224.88**	**131,097.69**	**199,322.57**

The following are the amounts recognised in profit or loss: (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Depreciation expense of right-of-use assets	**44,110.67**	32,588.23
Interest expense on lease liabilities	**19,971.31**	16,439.58
Expense relating to leases of low-value assets	**24.00**	24.00
Total amount recognised in Statement of profit and loss	**64,105.98**	49,051.81

The Company had total cash outflows for leases of ₹ 52,468.25 Thousands (Previous Year : ₹ 37,991.48 Thousands). The Company had non-cash addition of ₹ Nil (31st March, 2023: 189,946.38) to right-of-use assets and lease liabilities.

32 Earnings per share (EPS) :

	Year ended 31st March, 2024	Year ended 31st March, 2023
Numerator for basic and diluted EPS		
Profit for the period attributable to shareholders as at 31st March (In ₹ Thousands)	**79,147.98**	52,787.11
Weighted average number of equity shares in calculating basic EPS	**69,088,330**	69,088,330
EPS - Basic (in ₹)	**1.15**	0.76
EPS - Diluted - (in ₹)	**1.15**	0.76

33 Commitments :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**710.35**	867.47
b) For commitments relating to lease agreements, Please refer note no. 31		
Total :	**710.35**	867.47

34 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Principal amount due to suppliers under MSMED Act, 2006 * [Includes dues to payable for capital goods amounting to ₹ Nil (31st March, 2023: ₹ Nil)]	**1,686.99**	2,405.36
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	**0.32**	0.78
Payment made to suppliers (other than interest) beyond the appointed day, during the year	**2,813.98**	8,438.97
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	**17.53**	7.15
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	**38.76**	20.91

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) Judgements

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

1) 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 a few 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.

2) 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) 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

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 plans 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.

3) 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.

4) 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.

5) Provision for inventories

The 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 realisable 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. The management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

6) 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.

7) 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, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
Financial assets				
Measured at amortised costs				
Other non-current financial assets	**54.86**	50.00	**54.86**	50.00
Trade receivable	**288,546.86**	113,142.64	**288,546.86**	113,142.64
Cash and cash equivalents	**929.34**	1,716.20	**929.34**	1,716.20
Bank balances other than (ii) above	**-**	1.81	**-**	1.81
Other current financial assets	**94.79**	85.39	**94.79**	85.39
Total :	**289,625.85**	114,996.04	**289,625.85**	114,996.04
Financial liabilities				
Measured at amortised costs				
Lease liabilities	**234,479.43**	266,952.37	**234,479.43**	266,952.37
Trade payables	**63,276.87**	64,545.18	**63,276.87**	64,545.18
Other current financial liabilities	**98.40**	149.50	**98.40**	149.50
Total :	**297,854.70**	331,647.05	**297,854.70**	331,647.05

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and 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.

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 analysis in the following sections relate to the position as at 31st March, 2024 and 31st March, 2023.

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, 2024 and 31st March, 2023 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.

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, 2024				
Lease liabilities	**35,156.87**	**185,024.52**	**14,298.04**	**234,479.43**
Trade payables	**63,276.87**	**-**	**-**	**63,276.87**
Security deposit	**98.40**	**-**	**-**	**98.40**
	98,532.14	**185,024.52**	**14,298.04**	**297,854.70**
As at 31st March, 2023				
Lease liabilities	32,472.95	207,387.90	27,091.52	266,952.37
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**

39 Ratio Analysis

Sr. No.	Particulars	Numerator	Denominator	As at 31st March, 2024 %	As at 31st March, 2023 %	% change
1	Current Ratio [Refer Note No (a)]	Current Assets	Current Liabilities	**4.29**	2.54	40.88%
2	Return on Equity Ratio [Refer Note No (b)]	Profit/(Loss) for the year	Average shareholders' equity	**10.29**	7.50	27.05%
3	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	**1.56**	1.56	0.12%
4	Trade Receivables Turnover Ratio [Refer Note No (c)]	Revenue	Average trade receivable	**2.91**	5.05	-73.90%
5	Trade Payables Turnover Ratio	Purchases + Other expenses	Average trade payables	**4.95**	4.56	7.79%
6	Net Capital Turnover Ratio [Refer Note No (c)]	Revenue	Working capital (Current Assets-Current liabilities)	**1.77**	3.19	-79.98%
7	Net Profit Ratio [Refer Note No (b)]	Profit for the year	Revenue	**13.56**	10.91	19.51%
8	Return on Capital Employed [Refer Note No (b)]	Earning before interest and taxes	Capital Employed (Net Worth + Defered tax liabilities + Lease liabilities)	**12.67**	9.09	28.20%

a) Due to the increase in the turnover and increased profitability current assests have improved during the year and also the company has paid various liabilities during the previous year. This has resulted in the improved ratio.

b) The company 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.

c) There has been a significant increase in the trade receivables during the year, leading to detoriation of ratios related to the working capital of the company. Even though the ratios are showing negative trend there is no major impact on the operations as major trade receivables are due from its Holding Company.

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, 2024 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, 2024 Rs. NIL (Previous Year : Rs. NIL)

c) Changes in Contract Liabilities during the year ended 31st March, 2024 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, 2024	Year ended 31st March, 2023
Revenue recognised as per Statement of Profit & loss		
Sale of services	**568,125.77**	469,923.77
Other operating revenue	**15,666.42**	13,824.95
	583,792.19	483,748.72
Add/Less: Adjustments	-	-
Contract Price	**583,792.19**	483,748.72

41 Income and deferred taxes :

a) The major components of income tax expense for the year ended 31st March 2024 and 31st March 2023 are :

Statement of profit and loss : (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Current income tax		
Current income tax charge	**28,951.57**	14,358.11
Taxation for earlier year	**6.96**	(938.00)
Deferred tax		
Relating to origination and reversal of temporary differences	**5,420.43**	4,836.90
Income tax expense reported in the statement of profit and loss	**34,378.96**	18,257.01

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2024 and 31st March 2023 are :

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Accounting profit before tax	**113,529.36**	71,049.06
At India's enacted tax rate of 25.17% (31st March 2023 : 25.17%)	**28,575.00**	17,883.00
Deferred tax savings on current year accounting loss	**-**	(159.00)
Tax effect of non-deductible expenses	**384.00**	(3,408.00)
Tax effect of earlier years	**-**	(938.00)
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	**5,418.00**	4,832.00
Other effects	**1.96**	47.00
At the effective income tax rate	**34,378.96**	18,257.00
Income tax expense reported in the statement of profit and loss	**34,378.96**	18,257.00

c) Reconciliation of deferred tax (liabilities)/Asset (net) (In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Opening balance	**(6,118.90)**	(1,282.00)
Tax income/(expense) during the period recognised in profit or loss	**(5,420.43)**	(4,836.90)
Closing balance	**(11,539.33)**	(6,118.90)

42 Corporate Social Responsibility

The Company has adopted a CSR Policy in accordance with the provisions of section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company recognizes CSR spends as and when incurred. Relevant details for the financial year covered by these statements are as under.

(In ₹ Thousands)

	Year ended 31st March, 2024	Year ended 31st March, 2023
(a) Amount required to be spent by the Company during the year	**476.30**	-
(b) Amount spent during the year	**552.06**	-
(c) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	**-**	-
(d) Contributed to funds specified under Schedule VII	**-**	-
(e) The total of previous years shortfall amounts	**-**	-

43 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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(c) During the year ended 31st March, 2024, 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.

(d) 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.

(e) 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.

(f) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(g) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637
Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYW1021

Place : Pune
Date : 2nd May, 2024

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Sanjay Agrawal
Additional Director and CEO
DIN: 10425145

Sameer Paranjape
Chief Financial Officer

Vedant Somani
Company Secretary
Membership No. ACS71179

Place : Pune
Date : 2nd May, 2024

Kalyani Lightweighting Technology Solutions Limited

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, 2024, 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, 2024, 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, 2024, 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 are 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 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 with reference to financials statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

   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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility for the part of the financial year. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24160187BKABYV3260

Hrushikesh Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

"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, 2024

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, 2024. 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, 2024. 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, 2024. 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, 2024 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, 2024 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 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.

According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the group. The group has Two CIC's as a part of the Groups.

(xvii) The Company has incurred the following amounts of cash losses during the financial year covered by this report.

	FY 2023-24	FY 2022-23
Cash losses incurred	**772.17**	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
UDIN : 24160187BKABYV3260

Hrushikesh Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

"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, 2024

We have audited the internal financial controls over financial reporting of **Kalyani Lightweighting Technology Solutions Limited** ("the Company") as of 31st March, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24160187BKABYV3260

Hrushikesh Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

Balance sheet as at 31st March, 2024

(In ₹ Hundreds)

	Notes	As at 31st March, 2024	As at 31st March, 2023
I. ASSETS			
1 Non-current assets			
2 Current assets			
a) Financial assets			
i) Cash and cash equivalents	3	**40.00**	100.00
b) Other current assets	4	**182.52**	58.32
		222.52	158.32
TOTAL :		**222.52**	158.32
II. EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	5	**100.00**	100.00
b) Other equity	6	**(1,799.58)**	(1,027.41)
		(1,699.58)	(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		**1,862.10**	1,025.73
b) Other current liabilities	8	**60.00**	60.00
		1,922.10	1,085.73
TOTAL :		**222.52**	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

On behalf of the Board of Directors,

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYV3260

Kedar Dixit
Director
DIN: 07055747

Tejaswini Chaudhari
Director
DIN: 09784500

Place : Pune
Date : 6th May, 2024

Place : Pune
Date : 6th May, 2024

Statement of profit and loss for the year ended 31st March, 2024

(In ₹ Hundreds)

		Notes	Year ended 31st March, 2024	Period ended 31st March, 2023
I.	**Income**			
	Revenue from operations		**-**	-
	Total Revenue		**-**	-
II.	**Expenses**			
	Other expenses	9	**772.17**	1,027.41
	Total expenses		**772.17**	1,027.41
III.	**Loss before tax**		**(772.17)**	(1,027.41)
IV.	**Tax expenses**		**-**	-
V.	**Loss for the period**		**(772.17)**	(1,027.41)
VI.	**Other comprehensive income**		**-**	-
VII.	**Total comprehensive income for the period (V+VI)**		**(772.17)**	(1,027.41)
VIII.	**Earnings per equity share [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	12	**(77.22)**	(102.74)
	b) Diluted (In ₹)	12	**(77.22)**	(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

On behalf of the Board of Directors,

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYV3260

Place : Pune
Date : 6th May, 2024

Kedar Dixit
Director
DIN: 07055747

Tejaswini Chaudhari
Director
DIN: 09784500

Place : Pune
Date : 6th May, 2024

Statement of changes in equity for the year ended 31st March, 2024

a Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	**(In ₹ Hundreds)**	Nos.	(In ₹ Hundreds)
As at beginning of the period	**1,000**	**100.00**	-	-
Issue of equity share capital during the period	-	-	1,000	100.00
As at end of the period	**1,000**	**100.00**	1,000	100.00

b Other equity (In ₹ Hundreds)

	Retained Earnings	**Total**
Balance as at 1st April, 2022.	-	-
Add :		
Loss for the period	(1,027.41)	(1,027.41)
Balance as at 31st March, 2023.	(1,027.41)	(1,027.41)
Add :		
Loss for the year	**(772.17)**	**(772.17)**
Balance as at 31st March, 2024.	**(1,799.58)**	**(1,799.58)**
c Total equity (a+b)	**(1,699.58)**	**(1,699.58)**

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

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYV3260

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Tejaswini Chaudhari
Director
DIN: 09784500

Place : Pune
Date : 6th May, 2024

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

(In ₹ Hundreds)

			Year ended 31st March, 2024	Period ended 31st March, 2023
(A)	**Cash flow from operating activities**			
	Loss before tax		**(772.17)**	(1,027.41)
	Operating loss before working capital changes		**(772.17)**	(1,027.41)
	Movements in working capital :			
	(Increase) / decrease in Other current Assets		**(124.20)**	(58.32)
	Increase / (decrease) in trade payables		**836.37**	1,025.73
	Increase / (decrease) in Other current liabilities		**-**	60.00
			712.17	1,027.41
	Cash generated from operations		**(60.00)**	-
	Direct taxes paid (net of refunds)		**-**	-
	Net cash flows from operating activities	(A)	**(60.00)**	-
(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)**		**(60.00)**	100.00
(E)	**Cash and cash equivalents at the beginning of the period**		**100.00**	-
(F)	**Cash and cash equivalents at the end of the period**		**40.00**	100.00

Components of cash and cash equivalents as at (In ₹ Hundreds)

		As at 31st March, 2024	As at 31st March, 2023
Balances with banks in current accounts		**40.00**	100.00
	TOTAL :	**40.00**	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

On behalf of the Board of Directors,

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYV3260

Kedar Dixit
Director
DIN: 07055747

Tejaswini Chaudhari
Director
DIN: 09784500

Place : Pune
Date : 6th May, 2024

Place : Pune
Date : 6th May, 2024

Notes forming part of the financial statements for the year ended 31st March, 2024

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. Corporate Identity Number of the Company is U29299PN2022PLC213002.

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.

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 6th May, 2024

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest hundred 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.

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:

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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 13)

b) Quantitative disclosures of fair value measurement hierarchy (note 15)

c) Financial instruments (including those carried at amortized cost) (note 14)

2.5 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 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 judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 13.

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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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. 2.11.

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.

h) Dividends :

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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 cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

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.

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 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.

2.10 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.

2.11 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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 recognizes 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 recognizing 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.

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 analyzed.

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:

i Financial assets measured as at amortized 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 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.

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 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

3 Cash and cash equivalents (In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Balances with banks		
In current accounts	**40.00**	100.00
TOTAL :	**40.00**	100.00

4 Other current assets

(Unsecured, Good) (In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities	**182.52**	58.32
TOTAL :	**182.52**	58.32

5 Equity share capital

(In ₹ Hundreds)

		As at 31st March, 2024	As at 31st March, 2023
Authorised			
1,000	Equity shares of ₹ 10/- each	**100.00**	100.00
Issued, Subscribed and fully paid-up			
1,000	Equity shares of ₹ 10/- each	**100.00**	100.00
Total issued, subscribed and fully paid-up share capital :		**100.00**	100.00

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	**(In ₹ Hundreds)**	Nos.	(In ₹ Hundreds)
Equity Shares				
At the beginning of the year	**1,000**	**100.00**	-	-
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**	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, 2024		As at 31st March, 2023	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**1,000**	**100.00**	1,000	100.00
	1,000	**100.00**	1,000	100.00

Including shares held through Nominees

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

Promoter Name	As at 31st March, 2024		As at 31st March, 2023		% Changes during the year
	No. of Shares	**%**	No. of Shares	%	
Bharat Forge Limited, the Holding Company#	**1,000**	**100.00**	1,000	100.00	**-**

Including shares held through Nominees

6 Other equity

(In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Retained earnings		
As per last account	**(1,027.41)**	-
Add :		
Loss for the period	**(772.17)**	(1,027.41)
Closing balance	**(1,799.58)**	(1,027.41)

7 Trade payables :

(In ₹ Hundreds)

	As at 31st March, 2024	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#	**1,862.10**	1,025.73
(including related party payables)		
TOTAL :	**1,862.10**	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, 2024						
Undisputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Undisputed dues to other than MSME	**550.00**	**929.78**	**382.32**	**-**	**-**	**1,862.10**
Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	550.00	**929.78**	**382.32**	**-**	**-**	**1,862.10**
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, 2024	As at 31st March, 2023
Statutory liabilities		**60.00**	60.00
	TOTAL :	**60.00**	60.00

9 Other expenses (In ₹ Hundreds)

		Year ended 31st March, 2024	Period ended 31st March, 2023
Rates & taxes		**82.17**	42.00
Preliminery Expenses		**-**	333.41
Professional Fees		**90.00**	52.00
Audit Fees		**600.00**	600.00
	TOTAL :	**772.17**	1,027.41

Payment to auditors (In ₹ Hundreds)

		Year ended 31st March, 2024	Period ended 31st March, 2023
As auditor:			
- Audit fee		**350.00**	350.00
- Income tax matters		**250.00**	250.00
	TOTAL :	**600.00**	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

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	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	**553.58**	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

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Period ended 31st March, 2023
1	Trade payable	**Holding Company**		
		Bharat Forge Limited	**935.90**	382.32

12 Earnings per share (EPS)

	Year ended 31st March, 2024	Period ended 31st March, 2023
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders (In ₹ Hundreds)	(772.17)	(1,027.41)
Weighted average number of equity shares in calculating basic EPS	1,000	1,000
EPS - Basic (in ₹)	(77.22)	(102.74)
EPS - Diluted - (in ₹)	(77.22)	(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)

	Carrying value		Fair value	
	As at 31st March, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
I) Financial assets				
Measured at amortised costs				
Cash and cash equivalents	**40.00**	100.00	**40.00**	100.00
Total	**40.00**	100.00	**40.00**	100.00
II) Financial liabilities				
Measured at amortised costs				
Trade Payables	**1,862.10**	1,025.73	**1,862.10**	1,025.73
Total	**1,862.10**	1,025.73	**1,862.10**	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, 2024				
Trade payables	**1,479.78**	**382.32**	**-**	**1,862.10**
	1,479.78	**382.32**	**-**	**1,862.10**
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, 2024:

(In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Accounting loss before tax	**(772.17)**	(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, 2024	31st March, 2023	Variance %
(a) Current ratio	Current Assets	Current Liabilities	0.12	0.15	-20.61%
(b) Trade payables turnover ratio	Purchases + Other expenses	Average trade payables	0.83	1.10	-24.84%
(c) Return on capital employed	Earning before interest and taxes	Capital Employed	0.45	1.11	-58.99%

Notes :

(i) Since the company is in the process of setting up of business, componets affecting the ratios are not available during the current financial year, hence following rations can not be derived.

Return on equity ratio

Net capital turnover ratio

inventory Turnover Ratio

Debt Equity ratio

Debt service coverage ratio

Trade receivable turnover ratio

Return on Investment

Net profit ratio

(ii) The Company is in the setting up of the business hence the it has negative current ratio and trade payable ratio.

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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

c) No Proceedings have been initiated or pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988.

d) The Company does not have any charge which is yet to be registered with registrar of companies beyond the statutory period.

e) The company did not have any transactions with companies struck off under section 248 or section 560 of the Companies Act, 2013.

f) During the year ended 31st March, 2024 the Company was not a party to any scheme which need approval from competent authorities in terms of sections 230 to 237 of the Companies Act, 2013.

g) 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

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYV3260

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Kedar Dixit	**Tejaswini Chaudhari**
Director	Director
DIN: 07055747	DIN: 09784500

Place : Pune
Date : 6th May, 2024

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Kalyani Powertrain Limited
(formerly Kalyani Powertrain Private Limited)

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 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, 2024, 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, 2024, 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.

Management's Responsibility 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 except for the matters stated in the paragraph 2 h(vi) below on reporting under Rule 11(g).

   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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

   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 as at 31 March 2024 on its financial position in its financial statements - Refer Note 40 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, other than as disclosed in Note 47 to the standalone financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         b. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in Note 47 to the standalone financial statements no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24142953BKFRAH2876

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

"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, 2024

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 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) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties. Therefore, the provisions of clause 3(i)(c) of the said order are not applicable to the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) According to the information and explanation given to us, no proceedings have been initiated during the year or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory, except goods in transit has been physically verified by the management during the year. For inward goods in transit subsequent evidence receipts has been linked with inventory records. In our opinion and based on the policy adopted by the management, the frequency of verification by the management is reasonable and the coverage and procedure for such verification were appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets of the Company. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the quarterly returns/statements filed by the Company with such banks were found to be generally, in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

(a) During the year, the company has provided loans or provided advances in nature of loans or stood guarantee to the following companies:

(In ₹ Million)

	Guarantees	Security	Loan	Advances in the nature of loans
Aggregate amount granted/provided during the year:				
Subsidiary	-	-	223.97	-
Other related party	-	-	-	-
Balance outstanding as at 31st March, 2024:				
Subsidiary	-	-	310.35	-
Other related party	-	-	-	-

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of 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) 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) 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) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the said order is not applicable to the Company.

(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 information and explanation given to us and the records of the Company examined by us, in our opinion, Undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Custom, Cess and other statutory dues have generally been regularly deposited by the Company 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, there were no undisputed dues in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Custom, 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.

(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) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which they were obtained.

(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 has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). hence, the requirement to report on clause 3(x)(a) of the said order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) 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) 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, 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, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and 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 clause 3(xvi)(a) of the said order is not applicable to the Company.

(b) The Company has not conducted Non-Banking Financial or Housing Finance activities during the year. Accordingly, the clause 3(xvi)(b) of the said order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the clause 3(xvi)(c) of the said order is not applicable to the Company.

(d) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the Group. The Group has two CIC's as part of the Group.

(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	**361.48**	339.18

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and 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
UDIN : 24142953BKFRAH2876

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

"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, 2024

We have audited the internal financial controls over financial reporting of **Kalyani Powertrain Limited** ("the Company") as of 31st March, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24142953BKFRAH2876

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

Standalone Balance Sheet as at 31st March, 2024

(In ₹ Million)

	Notes	As at 31st March, 2024	As at 31st March, 2023
I. ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**742.21**	259.34
b) Capital work-in-progress	3	**142.38**	188.05
c) Intangible assets	4	**47.46**	47.94
d) Intangible assets under development	4	**126.21**	47.75
e) Right-of-use-assets	5	**172.75**	203.67
f) Financial assets			
i) Investment in subsidiaries	6	**2,286.77**	1,199.99
ii) Loans	7	**310.35**	160.90
iii) Other financial assets	8	**10.34**	9.62
g) Deferred tax assets (net)	9	**-**	-
h) Income tax assets (net)	10	**4.27**	2.02
i) Other assets	11	**309.18**	96.00
		4,151.92	2,215.28
2 Current assets			
a) Inventories	12	**365.16**	272.50
b) Financial assets			
i) Trade receivables	13	**519.22**	172.14
ii) Loans	7	**-**	-
iii) Cash and cash equivalents	14	**15.22**	32.68
iv) Other bank balances	14	**-**	0.28
v) Other financial assets	8	**102.65**	73.79
c) Other assets	11	**44.68**	234.39
		1,046.93	785.78
Total assets		**5,198.85**	3,001.06
II. EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	15	**4,506.63**	1,893.79
b) Other equity	16	**(814.56)**	(753.49)
Total equity		**3,692.07**	1,140.30
2 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	17	**500.00**	938.90
ii) Lease liabilities	42	**150.71**	172.90
b) Provisions	19	**5.07**	3.95
c) Other liabilities	20	**0.09**	0.19
		655.87	1,115.94
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	17	**595.00**	433.45
ii) Lease liabilities	42	**22.19**	20.03
iii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		**17.91**	1.37
Total outstanding dues of creditors other than micro enterprises and small enterprises		**178.77**	209.11
iv) Other financial liabilities	18	**25.68**	68.48
b) Provisions	19	**0.76**	0.58
c) Other liabilities	20	**10.60**	11.80
		850.91	744.82
Total liabilities		**1,506.78**	1,860.76
Total equity and liabilities		**5,198.85**	3,001.06
Significant accounting policies and notes forming an integral part of the standalone financial statements.	**1 to 52**		

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 : 24142953BKFRAH2876

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Krishan Kohli
Director and CEO
DIN: 08644811

Pankaj Sonalkar
Director
DIN: 02685465

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 6th May, 2024

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

(In ₹ Million)

		Notes	For the year ended 31st March, 2024	For the period ended 31st March, 2023
I.	**Revenue from operations**	22	**649.00**	162.84
II.	**Other income**	23	**90.39**	46.81
	Total income		**739.39**	209.65
III.	**Expenses**			
	a) Cost of raw materials and components consumed	24	**480.99**	222.84
	b) (Increase)/Decrease in inventories of Work-in-progress	25	**4.68**	(60.90)
	c) Employee benefit expenses	26	**230.33**	171.93
	d) Finance costs	27	**101.97**	40.12
	e) Depreciation and amortization expenses	28	**74.24**	16.80
	f) Other expenses	29	**282.90**	174.84
	Total expenses		**1,175.11**	565.63
IV.	**Loss before exceptional items and tax**		**(435.72)**	(355.98)
V.	**Exceptional items gain/(loss)**	47	**373.57**	(373.57)
VI.	**Loss after exceptional items and before tax**		**(62.15)**	(729.55)
VII.	**Tax expenses/(Income)**			
	Current tax		**-**	-
	Deferred tax		**-**	-
			-	**-**
VIII.	**Loss for the year**		**(62.15)**	(729.55)
IX.	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement gain/(loss) on defined benefit plans		**1.08**	(1.76)
	Total other comprehensive income, net of tax		**1.08**	(1.76)
X.	**Total comprehensive income for the year**		**(61.07)**	(731.31)
XI.	**Earnings per equity share [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	33	**(0.20)**	(4.14)
	b) Diluted (In ₹)	33	**(0.20)**	(4.14)
	Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 52**		

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 : 24142953BKFRAH2876

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Krishan Kohli
Director and CEO
DIN: 08644811

Pankaj Sonalkar
Director
DIN: 02685465

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 6th May, 2024

Standalone Statement of Changes in Equity for the year ended 31st March, 2024

a) Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	**In ₹ Million**	No. of shares	In ₹ Million
Balance at the beginning	**189,378,517**	**1,893.79**	162,324,444	1,623.24
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning	**189,378,517**	**1,893.79**	162,324,444	1,623.24
Changes in equity share capital				
Issued during the year	**261,284,808**	**2,612.84**	27,054,073	270.55
Balance at the end	**450,663,325**	**4,506.63**	189,378,517	1,893.79

b) Other equity (In ₹ Million)

	Retained earnings	**Total other equity**
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 previous 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)
Changes in other equity due to prior period errors	**-**	**-**
Restated balance at the beginning of the current reporting period	**(753.49)**	**(753.49)**
Loss for the year	**(62.15)**	**(62.15)**
Other comprehensive income for the year	**1.08**	**1.08**
Balance as at 31st March, 2024	**(814.56)**	**(814.56)**

c) Total equity (a+b) **3,692.07**

Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 52**

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 : 24142953BKFRAH2876

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Krishan Kohli
Director and CEO
DIN: 08644811

Pankaj Sonalkar
Director
DIN: 02685465

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 6th May, 2024

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

(In ₹ Million)

			For the year ended 31st March, 2024	For the year ended 31st March, 2023
(A)	**Cash flow from operating activities**			
	Loss after exceptional items and before tax		**(62.15)**	(729.55)
	Non cash exceptional items		**(373.57)**	373.57
	Depreciation and amortization expenses		**74.24**	16.80
	Finance costs		**101.97**	40.12
	Gain on sale/discard of property, plant and equipments		-	(0.76)
	Interest income		**(59.16)**	(22.82)
	Liabilities/provisions no longer required written back		**(20.00)**	-
	Remeasurement of the net defined benefit liability/asset		**1.08**	(1.76)
	Operating loss before working capital changes		**(337.59)**	(324.40)
	Movements in working capital :			
	Increase / (decrease) in trade receivables		**(347.08)**	(172.14)
	Increase / (decrease) in trade payables		**6.20**	143.26
	Increase / (decrease) in other financial liabilities		**(42.80)**	68.48
	Increase / (decrease) in other current liabilities		**(1.30)**	3.75
	Increase / (decrease) in provisions		**1.30**	(0.68)
	(Increase) / decrease in inventories		**(92.66)**	(236.68)
	(Increase) / decrease in other financial assets		**(28.86)**	(52.76)
	(Increase) / decrease in other assets		**(99.96)**	(290.51)
			(605.16)	(537.28)
	Cash generated from operations		**(942.75)**	(861.68)
	Direct taxes paid (net of refunds)		**(2.25)**	(1.55)
	Net cash flows from operating activities	**(A)**	**(945.00)**	(863.23)
(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)		**(475.07)**	(518.93)
	Sale of property, plant and equipment and intangible assets		**-**	15.90
	Investment in subsidiaries		**(1,086.78)**	(0.10)
	Loans to subsidiaries		**224.12**	(381.82)
	Investment in fixed deposits		**-**	
	Proceeds from maturity/redemption of fixed deposits		**0.28**	136.63
	Interest income		**58.40**	22.39
	Net cash flows used in investing activities	**(B)**	**(1,279.05)**	(725.93)
(C)	**Cash flows from financing activities**			
	Proceeds from issue of equity shares		**1,500.00**	270.55
	Proceeds from non current borrowings (Net)		**500.00**	938.90
	Proceeds from/(Repayment of) current borrowings		**315.00**	433.45
	Payment of security deposit		**-**	(2.93)
	Payment of lease expenses		**-**	(3.84)
	Payment of principal lease liabilities		**(20.03)**	(10.86)
	Payment of interest on lease liabilities		**(15.81)**	(5.90)
	Interest paid		**(72.57)**	(39.71)
	Net cash flows from/(used in) financing activities	**(C)**	**2,206.59**	1,579.66
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**(17.46)**	(9.50)

		For the year ended 31st March, 2024	For the year ended 31st March, 2023
(E)	**Cash and cash equivalents at the beginning of the year**	**32.68**	42.18
(F)	**Cash and cash equivalents at the end of the year**	**15.22**	32.68

Components of cash and cash equivalents	**As at 31st March, 2024**	As at 31st March, 2023
Balances with banks in current accounts	**15.22**	32.68
Deposits with original maturity of less than three months	**-**	-
TOTAL :	**15.22**	32.68

Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 52**

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 : 24142953BKFRAH2876

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Krishan Kohli
Director and CEO
DIN: 08644811

Pankaj Sonalkar
Director
DIN: 02685465

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 6th May, 2024

Notes forming part of the standalone financial statements for the year ended 31st March, 2024

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 financial statements were authorised for issue in accordance with resolution of the Board of Directors on 6th 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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The standalone financial statements are presented in INR and all values are rounded to the nearest million.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

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.

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:

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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 35)

b) Quantitative disclosures of fair value measurement hierarchy (note 37)

c) Investment in unquoted equity shares (note 6)

d) Financial instruments (including those carried at amortized cost) (note 36)

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 recognized 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. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at subsidiary 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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 Group 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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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.2.16.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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.

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.

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
vi)	Vehicles	8 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 Group 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 accounting policies in Note 2.12 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 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.

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.

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 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.

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.

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) Provident fund :

The contributions to provident fund are recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

b) 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

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.

2.15 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A ‘Financial asset’ 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) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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:

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.

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 analyzed.

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.

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 analyzed.

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

i Financial assets measured as at amortized 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 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.

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 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.

3 Property, plant and equipment :

(In ₹ Million)

	Plant & machinery	Furniture	Computers	Buildings	Leasehold Improvements	Office equipments	Vehicals	Total	Capital work-in-progress
Gross block, at cost :									
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
Additions	**438.61**	**2.58**	**14.59**	**-**	**24.66**	**3.94**	**10.85**	**495.23**	**444.83**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Capitalised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(522.61)**
Borrowing Costs (Refer note a)	**27.36**	**-**	**-**	**-**	**-**	**-**	**-**	**27.36**	**32.11**
As at 31st March, 2024	**674.14**	**6.71**	**35.60**	**1.27**	**59.29**	**5.50**	**10.85**	**793.36**	**142.38**
Depreciation and amortization :									
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 period	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	-
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**20.89**	**0.70**	**7.66**	**0.30**	**8.99**	**0.78**	**0.40**	**39.72**	**-**
Upto 31st March, 2024	**24.88**	**1.77**	**13.27**	**0.50**	**9.37**	**0.96**	**0.40**	**51.15**	**-**
Net block :									
As at 31st March, 2023	204.18	3.06	15.40	1.07	34.25	1.38	-	259.34	188.05
As at 31st March, 2024	**649.26**	**4.94**	**22.33**	**0.77**	**49.92**	**4.54**	**10.45**	**742.21**	**142.38**

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, 2024 was ₹ 59.47 million (31st March, 2023: ₹ 14.01 million) and out of these ₹ 27.36 million (31st March, 2023: ₹ 5.87 million) was transferred from CWIP to cost of property, plant and equipment. Capitalisation rate is in the range of 8.10% to 8.70% p.a.

b) Capital work in progress Ageing Schedule

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Projects in progress		
Less than 1 year	**142.38**	188.05
1-2 years	**-**	-
2-3 years	**-**	-
More than 3 years	**-**	-
Total :	**142.38**	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 ₹ Million)

	Technical advancement	Softwares	Total intangible assets	Intangibles under development
Gross block, at cost :				
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)	-
Capitalised	-	-	-	(47.71)
Borrowing Costs (Refer note a)	-	-	-	1.88
As at 31st March, 2023	41.09	10.59	51.68	47.75
Additions	**-**	**11.73**	**11.73**	**111.32**
Disposals/Adjustments	**-**	**-**	**-**	**(21.91)**
Capitalised	**-**	**-**	**-**	**(11.73)**
Borrowing Costs (Refer note a)	**-**	**-**	**-**	**0.78**
As at 31st March, 2024	**41.09**	**22.32**	**63.41**	**126.21**
Depreciation and amortization :				
Upto 31st March, 2022	-	2.11	2.11	**-**
Disposals	-	(4.25)	(4.25)	**-**
For the period	0.27	5.61	5.88	**-**
Upto 31st March, 2023	0.27	3.47	3.74	**-**
Disposals	**-**	**-**	**-**	**-**
For the year	**8.22**	**3.99**	**12.21**	**-**
Upto 31st March, 2024	**8.49**	**7.46**	**15.95**	**-**
Net block :			**-**	
As at 31st March, 2023	40.82	7.12	47.94	47.75
As at 31st March, 2024	**32.60**	**14.86**	**47.46**	**126.21**

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, 2024 was ₹ 0.78 million (31st March, 2023: ₹ 1.88 million). Capitalisation rate is in the range of 8.10% to 8.70% p.a.

b) Intangibles under development Ageing schedule

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Projects in progress		
Less than 1 year	**86.94**	47.75
1-2 years	**39.27**	-
2-3 years	**-**	-
More than 3 years	**-**	-
Total :	**126.21**	47.75

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 ₹ Million)

	Buildings	Total
Gross block, at cost :		
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
Additions	**-**	**-**
Disposals	**-**	**-**
Adjustments	**-**	**-**
As at 31st March, 2024	**223.07**	**223.07**
Depreciation and amortization :		
Upto 31st March, 2022	3.56	3.56
Disposals	-	-
Adjustments	-	-
For the period	15.84	15.84
Upto 31st March, 2023	19.40	19.40
Disposals	**-**	**-**
Adjustments	**-**	**-**
For the year	**30.92**	**30.92**
Upto 31st March, 2024	**50.32**	**50.32**
Net block :		
Upto 31st March, 2023	203.67	203.67
Upto 31st March, 2024	**172.75**	**172.75**

6 Investment in subsidiaries:

(At cost)

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Non-current investments		
Equity instruments (unquoted) (fully paid)		
475,000 (31st March, 2023 : 475,000) Common stock having no par value fully paid up in Kalyani Mobility, Inc.	**1,436.74**	349.96
USD 17,831,899 (31st March, 2023 : USD 4,750,000) (Refer note a)		
26,838 (31st March, 2023 : 26,838) Equity shares of ₹ 10/- each, fully paid up in Tork Motors Private Limited	**849.93**	849.93
10,000 (31st March, 2023 : 10,000) Equity shares of ₹ 10/- each, fully paid up in Electroforge Limited	**0.10**	0.10
(Refer note b)		
Total :	**2,286.77**	1,199.99

(a) During the Current year, the Company has invested amount of ₹ 581.91 million in additional paid in capital of Kalyani Mobility, Inc. The Company has also converted a loan and interest thereon of USD 6.08 million into additional paid in capital amounting to ₹ 504.87 million during the current year.

(b) During the previous 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 ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Non-current (Unsecured)		
Loans to related parties		
Loans to subsidiaries		
Good	**310.35**	160.90
Credit impaired	**-**	373.57
Less: Impairment of loans given to Kalyani Mobility Inc.	**-**	(373.57)
(Refer note 47)	**-**	-
Total	**310.35**	160.90
Current (Unsecured, considered good)		
Loans to related parties		
Loans to subsidiaries	**-**	-
Total	**-**	-

For terms and conditions relating to related party transactions, refer note 34

8 Other financial assets

(In ₹ Million)

		As at 31st March, 2024	As at 31st March, 2023
Non-current (Unsecured, considered good)			
Security deposits		**10.34**	9.62
	Total	**10.34**	9.62
Current (Unsecured, considered good)			
Security deposits		**-**	0.03
Other receivables*		**102.65**	73.76
	Total	**102.65**	73.79

*Includes receivables from related party, for terms and conditions refer note 34

9 Deferred tax asset (net)

(In ₹ Million)

		As at 31st March, 2024	As at 31st March, 2023
Deferred tax asset			
Temporary differences for			
Depreciation		**-**	8.79
other disallowances		**27.50**	65.55
		27.50	74.34
Less: Deferred tax asset in excess of the liability derecognised		**3,137.50**	(74.34)
		3,165.00	-
Deferred tax liability			
Temporary differences for			
Depreciation		**3,165.00**	-
	Total	**-**	-

10 Income tax assets

(In ₹ Million)

		As at 31st March, 2024	As at 31st March, 2023
Taxes paid in advance		**4.27**	2.02
	Total	**4.27**	2.02

11 Other assets

(In ₹ Million)

		As at 31st March, 2024	As at 31st March, 2023
Non-current (Unsecured, considered good)			
Balances with government authorities		**286.29**	-
Capital advances		**19.51**	96.00
Prepaid expenses		**3.38**	-
	Total	**309.18**	96.00
Current (Unsecured, considered good)			
Balances with government authorities		**0.19**	151.33
Advances to suppliers		**24.55**	73.70
Prepaid plan assets [Refer note 32(b)]		**3.08**	1.70
Prepaid expenses		**14.83**	6.86
Contract Assets		**-**	0.35
Others*		**2.03**	0.45
	Total	**44.68**	234.39

* Includes advances for expenses, etc.

12 Inventories

(In ₹ Million)

		As at 31st March, 2024	As at 31st March, 2023
Finished Goods		**44.91**	-
Raw materials*		**308.94**	203.83
Work-in-progress		**11.31**	60.90
Inventory of R & D activity			
- Raw materials		**-**	7.77
	Total	**365.16**	272.50

*Includes goods in transit of ₹ 1.06 Million (31st March, 2023: ₹ 12.36 million)

During the year ended 31st March, 2024 ₹ 6.10 Million (31st March, 2023: NIL) was recognised as expenses for inventories carried at net realisable value

13 Trade Receivables

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Current		
Unsecured		
Considered good	**519.22**	172.14
Total	**519.22**	172.14

Includes receivables from related party, for terms and conditions refer note 34

Trade receivable are non interest bearing and are generally on terms of 30 to 60 days

Trade receivable ageing schedule

Particulars	Not yet due	Outstanding for following periods from due date of payment			
		Less than 6 months	6 months - 1 year	1 year- 2 Years	Total
As at 31st March, 2024					
Undisputed dues					
(a) Considered good	**51.94**	**200.25**	**252.23**	**14.80**	**519.22**
(b) Which have significant increase in credit risk	-	-	-		-
(c) Credit impaired	-	-	-		-
Unbilled revenue	-	-	-		-
Total	**51.94**	**200.25**	**252.23**	**14.80**	**519.22**

Particulars	Not yet due	Outstanding for following periods from due date of payment			
		Less than 6 months	6 months - 1 year	1 year- 2 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 ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents		
Balances with banks		
In current accounts	**15.22**	32.68
Deposits with original maturity of less than three months	**-**	-
Total	**15.22**	32.68
Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	**-**	0.28
Total	**-**	0.28

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 ₹ Million)

			As at 31st March, 2024	As at 31st March, 2023
Authorised				
500,000,000	(260,000,000)	Equity shares of ₹ 10/- each	**5,000.00**	2,600.00
Total :			**5,000.00**	2,600.00
Issued				
450,663,325	(189,378,517)	Equity shares of ₹ 10/- each	**4,506.63**	1,893.79
Total :			**4,506.63**	1,893.79
Subscribed and fully paid-up				
450,663,325	(189,378,517)	Equity shares of ₹ 10/- each, fully paid-up	**4,506.63**	1,893.79
Total :			**4,506.63**	1,893.79

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	In ₹ Million	No. of shares	In ₹ Million
At the beginning of the year	**189,378,517**	**1,893.79**	162,324,444	1,623.24
Shares issued during the year	**261,284,808**	**2,612.84**	27,054,073	270.55
Outstanding at the end of the year	**450,663,325**	**4,506.63**	189,378,517	1,893.79

(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, 2024**		As at 31st March, 2023	
	No. of shares	**In ₹ Million**	No. of shares	In ₹ Million
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited#	**450,663,325**	**4,506.63**	189,378,517	1,893.79
	450,663,325	**4,506.63**	189,378,517	1,893.79

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, 2024**		As at 31st March, 2023	
	No. of shares	**% of holding**	No. of shares	% of holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**450,663,325**	**100.00**	189,378,517	100.00
	450,663,325	**100.00**	189,378,517	100.00

including the shares held through nominees

(e) Shares held by Promoters at the end of the year

Promoter Name	**As at 31st March, 2024**		**% change during the year**
	No. of shares	**% of total shares**	
Bharat Forge Limited, the Holding Company#	**450,663,325**	**100.00**	**0.00%**

including the shares held through nominees

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	100.00	0.00%

including the shares held through nominees

(f) Equity shares allotted as fully paid-up (during 5 years preceding 31st March, 2024) 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 ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Deficit in the statement if profit and loss		
As per last account	**(753.49)**	(22.18)
Loss for the year	**(62.15)**	(729.55)
Other comprehensive income for the year	**1.08**	(1.76)
	(814.56)	(753.49)
Less : Appropriations	**-**	-
	(814.56)	(753.49)

17 Borrowings

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Non-current borrowings		
- Loans from related parties		
Loans from the holding company[(a)] (Unsecured)	**-**	938.90
- From Banks		
Term Loan[(b)] (Secured)	**500.00**	-
Total :	**500.00**	938.90
Current borrowings		
- Loans from related parties		
Loans from the holding company[(a)] (Unsecured)	**-**	153.45
- From Banks		
Working Capital Demand Loan[(c)(d)] (Secured)	**595.00**	280.00
Total :	**595.00**	433.45
Total secured loans	**1,095.00**	280.00
Total unsecured loans	**-**	1,092.35
Total :	**1,095.00**	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 ₹ Million)	-	938.90
Payable after 12 months from date of disbursement (In ₹ Million)	-	153.45

(b) Term loan from the Indusind Bank

During the current year the Company has availed term loan of ₹ 500 million from Indusind Bank Limited. The facility is secured by first pari-passu charge over movable fixed assets. The loan carries floating interest at 3M T-Bill + 1.15%, payable monthly. The loan term is 5 years including moratorium of 2 years. The loan is repayable as under.

Payable in F. Y. 2025-2026 (In ₹ Million)	**50.00**	-
Payable in F. Y. 2026-2027 (In ₹ Million)	**125.00**	-
Payable in F. Y. 2027-2028 (In ₹ Million)	**200.00**	-
Payable in F. Y. 2028-2029 (In ₹ Million)	**125.00**	-

(c) Working Capital Demand Loan from ICICI Bank

The Company has availed a Working Capital Demand Loan of ₹ 300 million @ 8.40% to 8.95% p.a. (Repo Rate + 2.20% to 2.45%) from ICICI Bank. This loan is secured by hypothecation of inventories and trade receivables and is repayable within 7 to 180 days.

(d) Working Capital Demand Loan from Indusind Bank

The Company has availed a Working Capital Demand Loan of ₹ 500 million @ 7.72% to 8.08% p.a. (T Bill 3M + 1% to 1.10%) from Indusind Bank. The facility is secured by first pari-passu charge over entire current asset and second pari-pasu charge over movable fixed assets which were available for term loan. The is repayable within 7 to 90 days.

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

The Company have filed the quarterly statements with banks with regard to the securities provided against working capital facilities on periodic basis. The statements filed by the company with banks are not in agreement of books of account:

(In ₹ Million)

Qtr.	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference*
Jun, 23	IndusInd Bank and ICICI Bank	Current assets	646.55	646.55	-
Sept, 23	IndusInd Bank and ICICI Bank	Current assets	659.02	659.02	-
Dec, 23	IndusInd Bank and ICICI Bank	Current assets	754.36	754.36	-
Mar, 24	IndusInd Bank and ICICI Bank	Current assets	784.71	783.81	0.90

18 Other financial liabilities

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Current		
Payable for capital goods	**25.68**	68.48
Total :	**25.68**	68.48

19 Provisions

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Non-current		
Provision for employee benefits		
Provision for gratuity [Refer note 32(b)]	**-**	-
Provision for compensated absences [Refer note 32(c)]	**5.07**	3.95
Total :	**5.07**	3.95
Current		
Provision for employee benefits		
Provision for gratuity [Refer note 32(b)]	**-**	-
Provision for compensated absences [Refer note 32(c)]	**0.76**	0.58
Total :	**0.76**	0.58

20 Other liabilities

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Non-current		
Contract liabilities[(a)]		
Deferred Revenue	**0.09**	0.19
Total :	**0.09**	0.19
Current		
Contract liabilities[(a)]		
Advance received from customers	**3.31**	3.40
Deferred Revenue	**0.09**	0.09
Statutory dues payable	**7.20**	8.31
Total :	**10.60**	11.80

(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 ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Dues to micro enterprises and small enterprises (Refer note 46)	**17.91**	1.37
Dues to other than micro enterprises and small enterprises	**178.77**	209.11
Total :	**196.68**	210.48

Trade payables includes related party payables. For terms and conditions refer note no. 34.

Trade payable ageing schedule

(In ₹ Million)

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, 2024						
Undisputed dues to MSME	**-**	**0.58**	**17.06**	**0.27**	**-**	**17.91**
Undisputed dues to other than MSME	**-**	**84.09**	**73.33**	**21.35**	**-**	**178.77**
Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	-	**84.67**	**90.39**	**21.62**	**-**	**196.68**
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

22 Revenue from operations

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Sale of products		
- Sale of goods	**627.76**	162.52
Total sale of products	**627.76**	162.52
Other operating revenues		
- Trading Sale	**20.75**	-
- Manufacturing scrap	**0.49**	0.32
Total Revenue from operations	**649.00**	162.84

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers by geographical segments and contract type.

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Revenue by geographical segments :		
Within India	**649.00**	162.84
Outside India	**-**	-
Total :	**649.00**	162.84
Revenue by contract type :		
Fixed price contracts	**649.00**	162.84
Cost plus contracts	**-**	-
Total :	**649.00**	162.84

Changes in contract assets are as under :

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Balance at the beginning of the year	**0.35**	-
Revenue recognised during the year	**-**	0.35
Invoices raised during the year	**(0.35)**	-
Balance at the end of the year	**-**	0.35

Changes in contract liabilities are as under : (In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Balance at the beginning of the year	**3.68**	-
Revenue recognised from contract liabilities at the beginning of the year	**(0.10)**	-
Increased due to advances received during the year/deferred revenue	**-**	3.68
Decreased due to refund of advance received	**(0.09)**	-
Balance at the end of the year	**3.49**	3.68
Current	**0.09**	0.09
Non-Current	**3.40**	3.59
	3.49	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, 2024 is ₹ 0.18 million (31st March, 2023 : ₹ 0.28 million). Out of this, the Company expects to recognize revenue of ₹ 0.09 million (31st March, 2023 : ₹ 0.09 million) within the next one year and the remaining thereafter.

Reconciliation of contracted price with revenue during the year (In ₹ million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Revenue recognised as per Statement of Profit & loss		
Sale of products	**627.76**	162.52
Other operating revenues	**21.24**	0.32
	649.00	162.84
Add : Adjustments		
Deferred Revenue	**-**	0.28
Contract Price	**649.00**	163.12

23 Other income

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Interest income on		
Bank deposits	**0.98**	1.20
Loans to subsidiaries	**57.42**	21.19
Other*	**0.76**	0.43
Gain on foreign exchange differences (net)	**10.27**	22.31
Gain on sale/discard of property, plant and equipments	**-**	0.76
Liabilities/provisions no longer required written back	**20.00**	-
Miscellaneous income**	**0.96**	0.92
Total :	**90.39**	46.81

* 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 ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Inventory at the beginning of the year (Refer note 12)	**203.83**	-
Add: Purchases	**586.10**	426.67
Less: Inventory as at end of the year (Refer note 12)	**308.94**	203.83
Cost of raw materials and components consumed	**480.99**	222.84

25 (Increase)/Decrease in inventories of Work-in-progress

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Inventories at the end of the year (Refer note 12)		
Finished Goods	**44.91**	-
Work-in-progress	**11.31**	60.90
	56.22	60.90
Inventories at the beginning of the year (Refer note 12)		
Finished Goods	**-**	-
Work-in-progress	**60.90**	-
	60.90	-
Total :	**4.68**	(60.90)

26 Employee benefit expenses

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Salaries, wages and bonus	**204.68**	153.98
Contribution to provident fund and other funds	**11.60**	9.66
Gratuity expenses	**3.87**	1.11
Staff welfare	**10.18**	7.18
Total :	**230.33**	171.93

27 Finance costs

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Interest on borrowings		
- On bank facilities	**57.22**	2.11
- Loans from holding company*	**26.26**	36.95
Other Interest	**4.29**	0.65
Interest on lease liability (Refer note 42)	**8.91**	0.41
Other borrowing costs#	**5.29**	-
Total :	**101.97**	40.12

*For terms and conditions relating to related party transactions, refer note no. 34

#Includes loan processing fees, etc.

28 Depreciation and amortization expenses

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Depreciation on property, plant and equipment (Refer note 3)	**39.71**	9.94
Amortization on intangible assets (Refer note 4)	**12.20**	5.88
Depreciation on right-of-use assets (Refer note 42)	**22.33**	0.98
Total :	**74.24**	16.80

29 Other expenses

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
Consumption of stores, spares, tools and other materials for R & D*	**13.44**	6.81
Power and fuel	**7.09**	0.86
Repair & maintenance - Building	**0.63**	-
Repair & maintenance - Others	**4.79**	3.46
Contract labour charges	**74.14**	38.71
Rent	**11.97**	0.04
Rates and taxes	**4.09**	0.37
Insurance	**3.04**	0.60
Legal and professional fees	**12.07**	9.43
Testing Charges	**8.14**	4.55
Subscription expenses	**11.24**	12.60
Research & development expenses	**72.96**	49.61
Travelling expenses	**7.87**	12.08
Business development expenses	**26.21**	25.14
Security expenses	**5.29**	0.75
Share issue expenses	**5.53**	0.02
Payment to auditors (Refer note a)	**1.30**	1.10
Miscellaneous expenses#	**13.10**	8.71
Total :	**282.90**	174.84

*Net of recovery, including sale of prototypes, etc. amounting to ₹ 2.19 million (31st March, 2023: : ₹ 135.49 million)

#Miscellaneous expenses consists of bank charges, printing and stationery and other office expenses etc.

a) Payment to auditors

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March, 2023
As auditor:		
- Statutory audit fee	**1.00**	0.90
- Tax audit fee	**0.20**	0.20
- Other (including certification fees)	**0.05**	-
- Reimbursement of expenses	**0.05**	-
Total :	**1.30**	1.10

30 Capitalisation of expenditure

The Company has capitalised the following expenses of revenue nature and income from sale of Prototype units to the cost of Property, plant and equipment/capital work in progress (CWIP). Consequently, Income and expenses disclosed under the respective notes are net of amounts capitalised by the Company.

(In ₹ Million)

	For the year ended 31st March 2024	For the year ended 31st March 2023
Income from Sale of Prototype (net)	**(1.89)**	-
Salaries, wages and bonus	**38.69**	48.55
Interest on borrowings	**24.95**	10.40
Interest on lease liabilities (Refer note 40)	**6.90**	5.49
Depreciation on right-of-use assets (Refer note 40)	**8.58**	14.86
Other operating expenses		
Consumption of stores, spares, tools and other materials for R & D	**-**	19.56
Contract labour charges	**5.19**	1.12
Legal and professional fees	**-**	4.88
Rent, rates and taxes	**-**	0.25
Power & Fuel	**0.61**	1.85
Security expenses	**0.20**	1.12
Total :	**83.23**	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 ₹ 11 million (31st March, 2023 : ₹ 7.88 million) 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 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, 2024	Year ended 31st March, 2023
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.20%**	7.40%
Expected rate of return on plan assets	**7.40%**	7.30%
Salary growth Rate	**10.00%**	10.00%
Expected average remaining working lives (in years)	**8.54**	8.59
Withdrawal rate	**10.00%**	10.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the beginning of the year	**3.57**	0.79
Interest expense	**0.22**	0.05
Current service cost	**4.16**	1.23
Benefits (paid)	**(1.12)**	(0.26)
Remeasurements on obligation [actuarial (Gain) / Loss]	**(1.18)**	1.76
Present value of obligation as at the end of the year	**5.65**	3.57

Changes in the fair value of plan assets recognised in the balance sheet are as follows

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Fair value of plan assets at the beginning of the year	**5.27**	-
Interest income	**0.50**	0.19
Contributions	**3.06**	5.08
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in interest income - gain / (Loss)	**(0.10)**	-
Fair value of plan assets at the end of the year	**8.73**	5.27
Actual return on plan assets	**0.40**	0.19

Net interest (income/expense) (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest (income) / expense – obligation	**0.22**	0.05
Interest (income) / expense – plan assets	**(0.50)**	(0.19)
Net interest (income) / expense for the year	**(0.28)**	(0.14)

Remeasurement for the period [actuarial (gain)/loss] (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Experience (gain) / loss on plan liabilities	**(1.27)**	0.82
Demographic (gain) / loss on plan liabilities	**-**	0.16
Financial (gain) / loss on plan liabilities	**0.09**	0.77
Experience (gain) / loss on plan assets	**0.11**	0.01
Financial (gain) / loss on plan assets	**(0.01)**	(0.01)

Amount recognised in statement of other comprehensive income (OCI)

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Opening amount recognised in OCI outside profit and loss account	**2.55**	0.79
Remeasurement for the period-obligation (gain)/loss	**(1.18)**	1.76
Remeasurement for the period-plan assets (gain)/loss	**0.10**	-
Total remeasurement cost/(credit) for the period recognised in OCI	**(1.08)**	1.76
Closing amount recognised in OCI outside profit and loss account	**1.47**	2.55

The amounts to be recognised in the balance sheet (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the end of the period	**5.65**	3.57
Fair value of plan assets as at the end of the period	**8.73**	5.27
Net asset / (liability) to be recognised in balance sheet	**3.08**	1.70

Expense recognised in the statement of profit and loss (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Current service cost	**4.16**	1.23
Net interest (income) / expense	**(0.28)**	(0.14)
Transfer in/(out)	**-**	-
Net periodic benefit cost recognised in the statement of profit and loss	**3.88**	1.09

Reconciliation of net asset/(liability) recognised: (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Net asset / (liability) recognised at the beginning of the period	**1.70**	(0.79)
Company contributions	**3.06**	5.08
Benefits directly paid by company	**1.12**	0.26
Expense recognised at the end of period	**(3.88)**	(1.09)
Amount recognised outside profit & loss for the year	**1.08**	(1.76)
Mortality charges and taxes	**-**	-
Adjustment to fund	**-**	-
Net asset / (liability) recognised at the end of the period	**3.08**	1.70

The Company expects to contribute ₹ 4.7 million to the gratuity fund in the next year (31st March, 2023 : Nil)

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(In ₹ Million)

Discount rate	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in discount rate by 100 basis points	**5.24**	3.37
Decrease in discount rate by 100 basis points	**6.13**	3.95

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

(In ₹ Million)

Salary growth rate	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in salary growth rate by 100 basis points	**6.06**	3.90
Decrease in salary growth rate by 100 basis points	**5.29**	3.41

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

(In ₹ Million)

Withdrawal rate	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in withdrawal rate by 100 basis points	**5.58**	3.53
Decrease in withdrawal rate by 100 basis points	**5.73**	3.69

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 following are the expected benefit payments to the defined benefit plan in future years:

(In ₹ Million)

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Within one year	**0.01**	0.01
After one year but not more than five year	**2.88**	1.07
After five year but not more than ten year	**17.71**	16.02

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 11.98 years (31st March, 2023 - 12.34 years)

(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 ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation	**5.83**	4.53
Fair value of plan assets	**-**	-
Net asset/(liability) recognized in the balance sheet	**(5.83)**	(4.53)

33 Earnings per share (EPS) :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Loss for the year attributable to shareholders as at	**(62.15)**	(729.55)
Weighted average number of equity shares in calculating basic EPS (In Nos.)	**314,676,952**	176,185,024
EPS - basic (in ₹)	**(0.20)**	(4.14)
EPS - diluted (in ₹)	**(0.20)**	(4.14)

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
		ii)	Kalyani Mobility Inc., USA
		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 (Resigned w.e.f. 30th June, 2023)
		ii)	Mr. Ravindra Bhaskarrao Nagarkar, Director (Resigned w.e.f. 27th April, 2023)
		iii)	Mr. Pankaj Uttam Sonalkar , Additional Director (Appointed w.e.f. 8th February, 2024)
		iv)	Mr. Kedar Prakash Dixit, Additional Director (Appointed w.e.f. 7th July, 2023)
		v)	Mr. Santosh Kumar Singh , Chief Financial Officer (Appointed w.e.f. 2nd May, 2023)
		vi)	Mr. Krishan Kohli, Executive Director (Appointed as additional director w.e.f. 8th Nov,2022 , Change in designation w.e.f. 22nd May, 2023)
		vii)	Ms. Tejaswini Chaudhari, Director (Appointed w.e.f. 9th November, 2022)
		viii)	Mr. Sanjeev Ramachandra Kulkarni, Director and Chief Executive Officer (Resigned w.e.f. 8th November, 2022)
		ix)	Mr. Ganadheesh Kulkarni, Chief Financial Officer (Resigned w.e.f. 11th August, 2022)
		x)	Mr. Aseem Varshneya, Chief Financial Officer (Appointed w.e.f. 11th August, 2022 and resigned w.e.f. 6th January, 2023)
		xi)	Mr. Ashish Gajanan Bhat, Company Secretary@ @ 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 Strategic Management Services Private Limited
		iv)	Kalyani Cleantech Private Limited
		v)	Akutai Kalyani Charitable Trust
		vi)	Refu Drive GmbH
		vii)	Refu Drive India Private Limited
		viii)	Peach Blossom Investment Pvt Ltd
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 ₹ Million)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
1	**Managerial remuneration**	**Key managerial personnel**		
		Mr. Krishan Kohli	**18.70**	8.46
		Mr. Sanjeev Ramachandra Kulkarni	**-**	11.81
		Mr. Ganadheesh Kulkarni	**-**	1.70
		Mr. Aseem Varshneya	**-**	1.97
		Mr. Pankaj Uttam Sonalkar	**8.97**	-
		Mr. Santosh Kumar Singh	**6.16**	-
2	**Issue of share capital**	**Holding Company**		
		Bharat Forge Limited	**2,612.84**	270.54
3	**Reimbursement of expenses received**	**Holding Company**		
		Bharat Forge Limited	**0.43**	-
		Subsidiaries		
		Electroforge Limited	**0.03**	0.03
		Kalyani Mobility Inc.	**100.89**	-
		Other related parties		
		Kalyani Strategic Management Services Private Limited	**0.03**	-
4	**Reimbursement of expenses Paid**	**Holding Company**		
		Bharat Forge Limited	**1.57**	1.68
		Other related parties		
		Kalyani Technoforge Limited	**-**	7.99
		Akutai Kalyani Charitable Trust	**0.17**	0.52
		Kalyani Cleantech Private Limited	**0.39**	-
5	**Purchase of assets**	**Holding Company**		
		Bharat Forge Limited	**-**	3.77
		Other related parties		
		Kalyani Strategic Management Services Private Limited	**8.26**	0.07
		Kalyani Cleantech Pvt Ltd	**-**	2.93
		Peach Blossom Investment Pvt Ltd	**0.46**	-
6	**Intercorporate loan taken**	**Holding Company**		
		Bharat Forge Limited	**-**	1,074.00
7	**Intercorporate loan taken repaid**	**Holding Company**		
		Bharat Forge Limited	**-**	24.00

(In ₹ Million)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
8	**Intercorporate loan taken converted into equity**	**Holding Company**		
		Bharat Forge Limited	**1,112.85**	-
9	**Interest paid on intercorporate loan**	**Holding Company**		
		Bharat Forge Limited	**36.04**	47.35
10	**Finance Provided-Investments**	**Subsidiaries**		
		Kalyani Mobility Inc.*	**1,086.78**	-
		Electroforge Limited	**-**	0.10
		* Includes loan given of ₹ 504.87 million which is converted into investment		
11	**Recovery of loans given**	**Subsidiaries**		
		Kalyani Mobility Inc. (converted into equity)	**-**	-
12	**Loans given**	**Subsidiaries**		
		Kalyani Mobility Inc.[includes exchange (loss)/ gain]	**-**	261.63
		Electroforge Limited	**220.00**	-
		Tork Motors Private Limited	**-**	77.00
13	**Provision for diminution in value of loan given**	**Subsidiaries**		
		Kalyani Mobility Inc.		373.57
14	**Reversal of provision for diminution in value of loan given**	**Subsidiaries**		
		Kalyani Mobility Inc.	**373.57**	-
15	**Advance given**	**Subsidiaries**		
		Tork Motors Private Limited	**-**	50.00
		Refu Drive GmbH	**10.49**	-
16	**Advance taken**	**Holding Company**		
		Bharat Forge Limited	**220.08**	-
17	**Advance taken repaid**	**Holding Company**		
		Bharat Forge Limited	**220.08**	-

(In ₹ Million)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
18	**Interest income**	**Subsidiaries**		
		Tork Motors Private Limited	**6.87**	3.56
		Kalyani Mobility Inc.	**46.15**	17.72
		Electroforge Limited	**4.41**	-
19	**Income from Sale of Goods/ Services**	**Holding Company**		
		Bharat Forge Limited	**0.30**	-
		Subsidiaries		
		Tork Motors Private Limited	**638.81**	145.55
20	**Sale/discard of property, plant and equipments etc.**	**Holding Company**		
		Bharat Forge Limited	**-**	15.91
21	**Rent Paid**	**Holding Company**		
		Bharat Forge Limited	**27.20**	-
22	**Security Deposit Paid**	**Holding Company**		
		Bharat Forge Limited	**6.11**	-
23	**Purchase of Goods/Services**	**Holding Company**		
		Bharat Forge Limited	**25.43**	-
		Subsidiaries		
		Tork Motors Private Limited	**212.91**	127.23
		Other related parties		
		Refu Drive GmbH	**38.78**	72.56
		Refu Drive India Private India	**1.32**	-
24	**Income from R & D services and sale of prototypes and other materials for R & D**	**Holding Company**		
		Bharat Forge Limited	**-**	28.45
		Subsidiaries		
		Kalyani Mobility Inc.	**-**	14.24
		Other related parties		
		Kalyani Technoforge Limited	**-**	34.70

(In ₹ Million)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
25	Purchase of other materials for R & D	**Holding Company**		
		Bharat Forge Limited	**3.66**	18.68
		Fellow Subsidiaries		
		J S Auto Cast Foundry India Private Limited	**-**	0.54
		Other related parties		
		Kalyani Transmission Technologies Private Limited	**-**	0.15
		Kalyani Technoforge Limited	**-**	0.71
26	Professional fees	**Relatives of key management personnel**		
		Mr. Bhargav Sanjeev Kulkarni	**-**	0.02
27	Contributions paid	**Post employment benefit trust**		
		Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme	**3.57**	5.27

(iii) Balances outstanding

(In ₹ Million)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
1	Trade payables	**Holding Company**		
		Bharat Forge Limited	**68.06**	24.76
		Other related parties		
		Refu Drive India Private India	**0.66**	-
		Refu Drive GmbH	**-**	9.79
2	Other payables	**Other related parties**		
		Kalyani Cleantech Private Limited	**0.05**	1.06
		Kalyani Strategic Management Services Private Limited	**2.18**	-
3	Reimbursement of expense payable	**Other related parties**		
		Akutai Kalyani Charitable Trust	**-**	0.32
4	Trade receivables	**Subsidiaries**		
		Tork Motors Private Limited	**496.50**	69.30
		Kalyani Mobility Inc.	**-**	14.24
		Other related parties		
		Kalyani Technoforge Limited	**-**	15.16

(In ₹ Million)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
5	**Other receivables**	**Holding Company**		
		Bharat Forge Limited	**0.99**	23.73
		Subsidiary Company		
		Tork Motors Private Limited	**-**	50.00
		Electroforge Limited	**0.02**	0.03
		Kalyani Mobility Inc.	**103.77**	-
6	**Balance of Advance Given**	**Other related parties**		
		Refu Drive GmbH	**10.98**	-
7	**Intercorporate loan taken**	**Holding Company**		
		Bharat Forge Limited	**-**	1,092.35
8	**Intercorporate loan Given**	**Subsidiaries**		
		Tork Motors Private Limited	**86.38**	80.20
		Electroforge Limited	**223.97**	-
		Kalyani Mobility Inc.	**-**	454.27
9	**Security Deposit Paid**	**Holding Company**		
		Bharat Forge Limited	**6.11**	-
10	**Managerial remuneration payable**	**Key Managerial Personnel**		
		Mr. Pankaj Uttam Sonalkar	**0.98**	-
		Mr. Krishan Kohli	**0.63**	0.87
		Mr. Santosh Kumar Singh	**0.06**	-

Note: All transactions were made on normal commercial terms and conditions and at market rates.

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 ₹ Million)

	Carrying value		Fair value	
	As at 31st March, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
Financial assets				
Measured at amortised costs				
Loans	**310.35**	160.90	**310.35**	160.90
Other financial assets	**112.99**	83.41	**112.99**	83.41
Trade Receivable	**519.22**	172.14	**519.22**	172.14
Cash and cash equivalents	**15.22**	32.68	**15.22**	32.68
Other bank balances	**-**	0.28	**-**	0.28
Total:	**957.78**	449.41	**957.78**	449.41
Financial liabilities				
Measured at amortised costs				
Borrowings	**1,095.00**	1,372.35	**-**	-
Lease liabilities	**172.90**	192.93	**172.90**	192.93
Trade payables	**196.68**	210.48	**196.68**	210.48
Other financial liabilities	**25.68**	68.48	**25.68**	68.48
Total:	**1,490.26**	1,844.24	**395.26**	471.89

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’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations with floating interest rates.

As at 31st March, 2024, financial liabilities of ₹ 500 million (31st March, 2023 : ₹ Nil million), were subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in decrease/increase in profit/(loss) before tax for the year ended 31st March, 2024 of ₹ 5 million (31st March, 2023 : ₹ Nil million).

This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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 ₹ Million)

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	**5.00%**	**6.34**	**6.34**
	-5.00%	**(6.34)**	**(6.34)**
31st March, 2023	5.00%	30.58	30.58
	-5.00%	(30.58)	(30.58)

(In ₹ Million)

	Change in EUR Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	**5.00%**	**0.63**	**0.63**
	-5.00%	**(0.63)**	**(0.63)**
31st March, 2023	5.00%	1.41	1.41
	-5.00%	(1.41)	(1.41)

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, 2024 and 31st March, 2023 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 ₹ Million)

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2024				
Borrowings	**595.00**	**500.00**		**1,095.00**
Lease liabilities	**22.19**	**150.71**	**-**	**172.90**
Trade payables	**196.68**	**-**	**-**	**196.68**
Other financial liabilities	**25.68**	**-**		**25.68**
	839.55	**650.71**	**-**	**1,490.26**
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

39 Capital commitment :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**92.70**	190.84

40 Contingent Liabilities not provided for in respect of :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Goods and Service Tax matters under dispute*	**0.78**	-

* The Company has received demand notice u/s 129 of Central Goods and Service Tax Act, 2017. The Company has paid the demand under protest and 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 and hence the Company has shown amount paid as Other Current Asset (Refer Note No.11).

41 Details of Unhedged Foreign Currency Exposure :

	Foreign Currency	As at 31st March, 2024	
		Foreign Currency	**₹ Million**
Financial Assets	USD	**1,272,186**	**106.11**
Financial Liabilities	USD	**(8,178)**	**(0.68)**
Financial Liabilities	EUR	**(2,987)**	**(0.27)**

	Foreign Currency	As at 31st March, 2023	
		Foreign Currency	₹ Million
Financial Assets	USD	6,387,846	524.91
Financial Liabilities	USD	(293,950)	(24.15)
Financial Liabilities	EUR	(267,120)	(23.90)
Financial Liabilities	JPY	(2,150,000)	(132.72)

42 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 ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Carrying value as at the beginning of the year	**203.67**	45.09
Additions	**-**	174.42
Depreciation (including depreciation capitalised)	**(30.92)**	(15.84)
Carrying value as at the end of the year	**172.75**	203.67

ii) The carrying amount of lease liability and the movements during the period:

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	**192.93**	38.66
Additions during the period	**-**	165.13
Accretion of interest (including interest capitalised)	**15.81**	5.90
Rent payments	**(35.84)**	(16.76)
Balance at the end of the year	**172.90**	192.93
Current	**22.19**	20.03
Non - current	**150.71**	172.90

iii) The amounts recognised in statement of profit and loss :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Depreciation expense of right-of-use assets	**30.92**	15.84
Interest expense on lease liabilities	**15.81**	5.90
Payments towards short term leases	**11.97**	0.04
	58.70	21.78

iv) The Company had total cash outflows for leases of ₹ 47.81 million (31st March, 2023: ₹ 16.80 million).

43 Loans and advances in the nature of loans given to subsidiaries

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Kalyani Mobility Inc.*#		
Balance outstanding	**-**	454.27
Maximum amount outstanding during the year	**481.30**	454.27
Tork Motors Private Limited*#		
Balance outstanding	**86.38**	80.20
Maximum amount outstanding during the year	**86.38**	80.20
Electroforge Limited		
Balance outstanding	**223.97**	-
Maximum amount outstanding during the year	**223.97**	-

*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.

44 Disclosures required for loan given under Sec 186(4) of the Companies Act , 2013

(In ₹ Million)

Name of the Company	Purpose	As at 31st March, 2024	As at 31st March, 2023
Kalyani Mobility Inc.*	General Corporate Purpose	**-**	454.27
Electroforge#	Capital Expenditure	**223.97**	-
Tork Motors Private Limited**	General Corporate Purpose	**86.38**	80.20

*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.

#Receivable after 3 years from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding. Rate of interest of 8.75% p.a.

45 Income and deferred taxes :

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

(In ₹ Million)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Accounting loss before tax	**(62.15)**	(729.55)
At India's enacted tax rate of 17.16% (31st March, 2023 : 17.16%)	**-**	-
Deferred tax at India's enacted tax rate of 17.16% (31st March, 2023 : 17.16%)	**(10.66)**	(125.19)
Deferred tax savings on current year accounting loss	**-**	
Tax effect of non-deductible expenses/non-taxable income	**0.76**	(3.48)
Tax effect on non-taxable income	**-**	
Deferred tax savings not recognised on prudent basis	**9.90**	128.67
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 ₹ 126.35 million (31st March, 2023 : ₹ 61.60 million) and on account of unabsorbed depreciation and other disallowances aggregating to ₹ 27.50 million (31st March, 2023 : ₹ 71.41 million) under the Income Tax Act, 1961 on the considerations of prudence.

46 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

(In ₹ Million)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Principal amount due to suppliers under MSMED Act, 2006 * [Includes dues to payable for capital goods amounting to ₹ 2.30 million (Previous Year ₹ 2.77 million)]	**16.27**	4.14
Interest accrued and due to suppliers under on the above amount	**1.89**	0.26
Payment made to suppliers beyond the appointed day, during the year	**90.00**	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	**2.41**	0.01
Interest accrued and remaining unpaid at the end of the year to suppliers	**4.56**	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.

47 Exceptional items

(In ₹ Million)

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Reversal of Impairment/(Impairment) of loan given to Kalyani Mobility,Inc.[(a)]	**373.57**	(373.57)
Total :	**373.57**	(373.57)

(a) During the year the company has converted loan given to Kalyani Mobility,Inc. into additional paid in capital, considering this reversal of impairment of loan given to Kalyani Mobility,Inc. of ₹ 373.57 million has been recorded as Exceptional items.

During the previous year, 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 million as Exceptional items.

48 Ultimate Beneficiaries

A 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, 2024

a) Issue of Equity Shares

The Company has raised funds through right issue of equity shares for lending to following subsidiaries

(In ₹ Million)

Name of Investor	Date of investment received	Amount raised	Name of the beneficiary	Date of further investment into beneficiary	Amount Invested
Bharat Forge Ltd.	14th Sep,2023	498.72	Kalyani Mobility Inc.	14th Sep,2023	498.72
Bharat Forge Ltd.	01st Nov,2023	303.19	Kalyani Mobility Inc.	22th Dec,2023	83.19
			Electroforge Ltd.	21st Dec,2023	150.00
			Electroforge Ltd.	01st Feb,2024	20.00
			Electroforge Ltd.	09th Feb,2024	20.00
			Electroforge Ltd.	04th Mar,2024	30.00

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 ₹ Million)

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 ₹ Million)

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

B Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries)

For the year ended 31st March, 2024

a) Investments

The Company has investments in following subsidiaries for being further invested in step down subsidiaries of the Company

(In ₹ Million)

Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
Kalyani Mobility Inc.	14th Sep,2023	498.72	Harbinger Motors Inc.	19th Sep, 2023	498.72

49 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 31st March, 2024.

50 Ratio analysis :

Sr. No.	Discription	Footnote Ref.	Numerator	Denominator	31st March 2024	31st March 2023	Variance* %
(a)	Current ratio		Current assets	Current liabilities	1.23	1.05	17%
(b)	Debt-Equity Ratio	(i)	Total Debts	Shareholders' equity	0.30	1.20	-75%
(c)	Debt Service Coverage Ratio	(ii)	Earnings available for debt service	Debt Service	1.12	(16.77)	-107%
(d)	Return on equity ratio	(ii)	Profit/(Loss) for the year	Average shareholders' equity	(0.02)	(0.42)	-95%
(e)	Inventory Turnover Ratio	(ii)	Cost of goods sold	Average Inventory	2.04	1.06	93%
(f)	Trade Receivables Turnover Ratio		Revenue	Average trade receivable	1.88	1.89	-1%
(g)	Trade Payables Turnover Ratio		Purchases + Other expenses	Average trade payables	4.27	4.41	-3%
(h)	Net Capital Turnover Ratio	(ii)	Revenue	Working capital	3.31	(0.49)	-771%
(i)	Net Profit Ratio	(ii)	Profit for the year	Revenue	(0.10)	(4.48)	-98%
(j)	Return on capital employeed	(ii)	Earning before interest and taxes	Capital employed= Tangible Net Worth + Total Debt +Deferred Tax	0.01	(0.26)	-103%
(k)	Return on investment	(ii)	Earning before interest and taxes	Average shareholder's Equity	0.01	(0.39)	-103%

(i) During the year, the Company has issued additional share capital which resulted into improvement in Debt-equity ratio.

(ii) On account of overall improvement in operating activity resulted into movement in ratios.

51 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, 2024, 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.

52 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 : 24142953BKFRAH2876

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Krishan Kohli
Director and CEO
DIN: 08644811

Pankaj Sonalkar
Director
DIN: 02685465

Santosh Singh
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 6th May, 2024

Kalyani Rafael Advanced Systems Private Limited

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 financial statements of Kalyani Rafael Advanced Systems Private Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2024, and its profit and other comprehensive income, 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 SAs 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 on the financial statements.

Management's and Board of Directors Responsibilities for the Financial Statements

The Company's Management and 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 state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 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, the Management and 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 the Board of Directors 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 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 and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

Other Matter

a. The financial statements of the Company for the year ended 31 March 2023 were audited by the predecessor auditor who had expressed an unmodified opinion on 1 May 2023.

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 Section 143(11) 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 except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the 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 01 April 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. The qualification relating to the maintenance of books of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. 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".

2B. 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:

a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 27 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d. (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 37 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(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.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 38 to the financial statements, 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 Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) 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 (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting software for maintaining its books of account, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software:

i. The feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining the books of account.

ii. The feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software relating to property, plant and equipment, financial reporting process, purchase to payables, payroll, revenue to receivables and production to inventory throughout the year.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022
ICAI UDIN: 24137967BKFVUX4322

Ankit Agrawal
Partner
Membership No. 137967

Place: Pune, India
Date: May 5, 2024

Annexure A to the Independent Auditor's Report on the Financial Statements of Kalyani Rafael Advanced Systems Private Limited for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancy was noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

Quarter	Name of bank	Particulars	Amount as per books of account (Rs. in lakhs)	Amount as reported in the quarterly return/ statement (Rs. in lakhs)	Amount of difference (Rs. in lakhs)	Whether return/ statement subsequently rectified
June 2023	Axis Bank Limited	Trade Receivable	4,339.24	4250.17	89.07	Yes
June 2023	Axis Bank Limited	Inventory	1,174.33	1,107.10	67.23	Yes
September 2023	Axis Bank Limited	Trade Receivable	5,431.46	5401.36	30.10	Yes
September 2023	Axis Bank Limited	Inventory	1,704.68	1,445.81	258.87	Yes
December 2023	Axis Bank Limited	Trade Receivable	6,159.38	6467.43	(308.05)	Yes

Quarter	Name of bank	Particulars	Amount as per books of account (Rs. in lakhs)	Amount as reported in the quarterly return/ statement (Rs. in lakhs)	Amount of difference (Rs. in lakhs)	Whether return/ statement subsequently rectified
December 2023	Axis Bank Limited	Inventory	2,826.60	2,291.66	534.94	Yes
March 2024	Axis Bank Limited	Trade receivable	8,424.19	8,300.20	123.99	Yes
March 2024	Axis Bank Limited	Inventory	4192.33	4184.94	7.39	Yes

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or 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. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Goods and Service tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 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 on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	249.98	Assessment year 2021-22	Comissioner of Income Tax (Appeals)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(e) is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and 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 course of the audit.

(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 the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.

(b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.

(xv) In our opinion and 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 to its directors and hence, provisions of Section 192 of the Act 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. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has two CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP
Chartered Accountants
Firm’s Registration No.:101248W/W-100022
ICAI UDIN: 24137967BKFVUX4322

Ankit Agrawal
Partner
Membership No. 137967

Place: Pune, India
Date: May 5, 2024

Annexure B to the Independent Auditor's Report on the financial statements of Kalyani Rafael Advanced Systems Private Limited for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, 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 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 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 controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm’s Registration No.:101248W/W-100022
ICAI UDIN: 24137967BKFVUX4322

Ankit Agrawal
Partner
Membership No. 137967

Place: Pune, India
Date: May 5, 2024

Balance Sheet as at March 31, 2024

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
I. Assets			
1. Non-current assets			
a) Property plant and equipment	3A	685.14	803.08
b) Right-of-use assets	3C	192.54	236.26
c) Intangible assets	3B	30.28	43.30
d) Financial assets			
i) Other financial assets	4	530.99	26.74
e) Deferred tax assets (net)	35	43.84	41.03
f) Income Tax Assets (net)		24.41	-
g) Other non-current assets	5	34.67	0.58
Total Non Current Assets		**1,541.87**	**1,150.99**
2. Current assets			
a) Inventories	6	4,192.33	917.98
b) Financial assets			
i) Trade receivables	7	8,424.19	4,576.76
ii) Cash and cash equivalents	8	1,985.94	1,864.48
iii) Bank balances other than (ii) above	8	4,898.14	1,468.69
iv) Other financial assets	4A	2.39	36.63
c) Other current assets	5A	4,479.67	3,564.30
Total Current Assets		**23,982.66**	**12,428.84**
Total Assets (1 + 2)		**25,524.53**	**13,579.83**
II. Equity And Liabilities			
1. Equity			
a) Equity share capital	9	3,980.29	3,980.29
b) Other equity	10	367.15	(200.07)
		4,347.44	**3,780.22**
Liabilities			
2. Non-current liabilities			
a) Financial liabilities			
i) Lease liabilities		179.10	239.50
b) Provisions	11	3.71	7.21
Total Non-current liabilities		**182.81**	**246.71**
3. Current liabilities			
a) Financial liabilities			
i) Lease liabilities		45.32	14.66
ii) Trade Payables	12		
Total outstanding dues of micro enterprises and small enterprises		0.08	960.06
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,991.88	5,223.52
iii) Other Financial liabilities	13 A	26.37	-
b) Other current liabilities	13 B	7,879.95	3,324.88
c) Provisions	14	6.11	12.31
d) Current Tax Liabilities (net)	15	44.57	17.47
Total Current liabilities		**20,994.28**	**9,552.90**
Total Equity & Liabilities (1+2+3)		**25,524.53**	**13,579.83**

Corporate information & significant accounting policies — 1 & 2

See accompanying notes forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 10124W/W-100022

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Ankit Babulal Agrawal
Partner
Membership No.: 137967

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Director
DIN:05333963

Nikita Naik
Company Secretary
M. No. ACS61125

Place : Pune
Date : May 5, 2024

Place : Pune
Date : May 5, 2024

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

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Revenue from operations	16	27,262.58	13,130.50
II. Other income	17	283.41	139.59
III. Total income (I + II)		**27,545.99**	**13,270.09**
IV. Expenses			
a) Cost of materials consumed	18	4,146.57	2,416.20
b) Purchases of Stock-in-trade	19	23,703.68	9,238.71
c) Changes in inventories of finished goods and work in progress	20	(2,500.59)	70.86
d) Employee benefits expense	21	342.66	287.27
e) Finance costs	22	54.54	34.18
f) Depreciation and amortisation expense	23	226.94	234.34
g) Other expenses	24	834.23	813.36
(IV) Total Expenses		**26,808.03**	**13,094.92**
V. Profit before tax (III - IV)		**737.96**	**175.17**
VI. Tax Expenses			
- Current tax	35	174.09	48.24
- Deferred tax	35	(2.95)	(4.80)
Total Tax Expenses (VI)		**171.14**	**43.44**
VII. Profit for the year (V - VI)		**566.82**	**131.73**
VIII. Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss in subsequent period			
Remeasurements of the defined benefit liability		0.54	(2.99)
Income tax effect of above		(0.14)	0.83
Total other comprehensive (Loss)/ Income, net of income tax		**0.40**	**(2.16)**
IX. Total Comprehensive income for the year (VII + VIII)		**567.22**	**129.57**
X. Earnings per equity share - Basic and diluted (face value per equity share ₹ 10/-)	29	**1.42**	**0.33**
Corporate information & significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 10124W/W-100022

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Ankit Babulal Agrawal
Partner
Membership No.: 137967

Place : Pune
Date : May 5, 2024

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Director
DIN:05333963

Nikita Naik
Company Secretary
M. No. ACS61125

Place : Pune
Date : May 5, 2024

Cash Flow Statement for the year ended March 31, 2024

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars		Year ended March 31,2024	Year ended March 31, 2023
Cash flow from operating activities			
Profit before tax		737.96	175.17
Adjustments for :			
Depreciation and amortisation		226.94	234.34
Finance costs		54.54	34.18
Interest Income on financial assets measured at amortised cost		(236.17)	(75.98)
Net Gain on sale of Property, plant and equipment		-	(20.13)
Operating profit before working capital changes		**783.27**	**347.58**
Movements in working capital :			
(Increase) in other financial assets		(2.40)	(1.17)
(Increase) in other assets		(949.48)	(3,346.09)
(Increase) in trade receivables		(3,847.43)	(1,244.58)
(Increase)/Decrease in Inventories		(3,274.35)	391.03
Increase / (decrease) in other financial liabilities		26.37	3,288.86
(Decrease) in Provisions		(10.24)	(2.84)
Increase in trade payables		6,808.38	1,368.46
Increase in other current liabilities		4,554.03	32.07
Cash generated from operating activities		**4,088.15**	**833.32**
Income taxes paid (Net)		(171.50)	(24.27)
Net cash flows generated by operating activities	**(A)**	**3,916.65**	**809.05**
Cash flows from investing activities			
Purchase of Property, plant and equipment		(52.25)	(326.27)
Proceeds from sale of Property, plant and equipment		-	41.60
Proceeds from maturity of Fixed Deposits		820.21	2,202.48
Fixed Deposits placed during the year		(4,589.69)	(1,984.90)
Inter corporate deposit (redeemed/(placed))		-	230.00
Interest income		108.59	82.82
Net cash flows generated / (used in) by investing activities	**(B)**	**(3,713.14)**	**245.73**
Cash flows from financing activities			
Repayment of lease liabilities			
-Principal		(29.74)	(31.26)
-Interest		(30.06)	(24.63)
Finance costs		(24.03)	(9.56)
Net cash used in financing activities	**(C)**	**(83.83)**	**(65.45)**
Net increase in cash and cash equivalents (A+B+C)		**119.68**	**989.33**

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	**Year ended March 31,2024**	**Year ended March 31, 2023**
Cash and cash equivalents at the beginning of the year	**1,864.48**	**851.42**
Exchange fluctuation on foreign currency bank balances	1.78	23.73
Cash and cash equivalents at the end of the year (Refer Note 8A)	**1,985.94**	**1,864.48**

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.

2. Reconciliation of Financial Liabilities - Lease liabilities:	**Year ended March 31,2024**	**Year ended March 31,2023**
Opening balance	**254.16**	**285.43**
Additions	-	-
Disposals	-	-
Accretion of Interest	30.06	24.63
Payments	(59.80)	(55.90)
Closing Balance	**224.42**	**254.16**
Current	45.32	14.66
Non Current	179.10	239.50

Refer accompanying note 2.21 forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 10124W/W-100022

Ankit Babulal Agrawal
Partner
Membership No.: 137967

Place : Pune
Date : May 5, 2024

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Vikram Munje	**Rajinder Singh Bhatia**	**Nikita Naik**
Director	Director	Company Secretary
DIN: 02772991	DIN:05333963	M. No. ACS61125

Place : Pune
Date : May 5, 2024

Statement of Changes in Equity for the year ended March 31, 2024

[In Indian Rupees (Lakhs), unless otherwise stated]

A Equity share capital

Particulars	Number of shares	Amount
Balance at April 01, 2023	39,802,943	3,980.29
Changes in equity share capital during the year	-	-
Balance as at March 31, 2024	**39,802,943**	**3,980.29**
Balance at April 01, 2022	39,802,943	3,980.29
Changes in equity share capital during the year	-	-
Balance as at March 31, 2023	**39,802,943**	**3,980.29**

B Changes in other equity

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance at April 01, 2023	(200.07)	(200.07)
Profit for the year	566.82	566.82
Other comprehensive income for the year, net of income tax	0.40	0.40
Balance as at March 31, 2024	**367.15**	**367.15**
Balance at April 01, 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 B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 10124W/W-100022

Ankit Babulal Agrawal
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Director
DIN:05333963

Nikita Naik
Company Secretary
M. No. ACS61125

Place : Pune
Date : May 5, 2024

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 is formed 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 and also 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.

The Company also acts as manufacturer, importer, marketer, agent, distributors, collaborators, or otherwise deals 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 CIN of the Company is U29270PN2015PTC156252

2. Material Accounting Policies:

2.01 Statement of Compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) 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 financial statements are presented in lakhs INR except earnings per share data, number of equity shares and unless stated otherwise. All values are rounded to the nearest lakhs except when otherwise indicated.

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.

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.

2.04 Revenue 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, because it typically controls the goods or services before transferring them to the customer. 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). The normal credit period allowed by the Company is 45 days against goods.

b) Sale of Service: Revenue from Sale of Services is in nature of Maintenance, Repair and Overhaul (MRO) Services for defense equipments on customer product which normally takes 1 – 4 days for completion and MRO services revenue is recognized when services are rendered. The credit period allowed for MRO services is 45 days.

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.

d) 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.

2.05 Foreign Currency

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realized gains and losses and also exchange differences arising on translation at year end exchange rates of monetary assets and monetary liabilities outstanding at the end of the year are recognized 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. The maximum useful life considered as per Schedule II to the Companies Act is mentioned below

i) Buildings - 30 Years

ii) Tools & Equipments - 10 Years

iii) Plant & Machinery - 15 Years

iv) Hardware & Computers - 3 Years

v) Software - 6 Years

vi) Furniture - 10 Years

vii) Vehicles - 8 years

viii) Office Equipments - 5 years

ix) Lease improvement costs are amortised over the period of the lease term.

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.

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.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis

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.

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.

2.19.1 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.

Other consequential amendments

On account of the amendment to Ind AS 1 consequential amendment have been made in Ind AS 107, Financial Instrument Disclosures and Ind AS 34, Interim Financial Reporting

On account of the amendments to Ind AS 12, consequential amendments have been made in Ind AS 101, First-time Adoption of Indian Accounting Standards.

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, 2024		For the year ended March 31, 2023	
	Trading	**Manufacturing**	**Trading**	**Manufacturing**
Sale of products				
-Sale of goods	24,827.68	2,095.87	9,804.50	3,125.19
-Sale of service	339.03	-	200.81	
Total revenue	**25,166.71**	**2,095.87**	**10,005.31**	**3,125.19**
Geographical Markets				
a. Within India	749.77	16.36	718.35	195.01
b. Outside India	24,416.94	2,079.51	9,286.96	2,930.18
Total revenue from contracts with customers	**25,166.71**	**2,095.87**	**10,005.31**	**3,125.19**
Timing of revenue recognition				
Goods transferred at a point in time	24,827.68	1,648.15	9,804.50	1,865.10
Bill and Hold transaction	-	447.72	-	1,260.09
Services transferred at a point in time	339.03	-	200.81	
Total revenue from contracts with customers	**25,166.71**	**2,095.87**	**10,005.31**	**3,125.19**

b. Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments shall be disclosed

Revenue Reconciliation	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue recognised as per Statement of profit & loss	27,262.58	13,130.50
Adjustments	-	-
Contract Price	**27,262.58**	**13,130.50**

c. Refer note 13 B for details of contract liability and note 7 for trade receivables

d. The amount of INR 1,213.64 lakhs included in contract liabilities at 31 March 2023 has been recognised as revenue during the year ended 31 March 2024 (31 March 2023: INR 210.62 lakhs).

e. Revenue from one of the customers based out of Israel is Rs. 26,496.44 lakhs (March 31, 2023: Rs 12,178.69 lakhs) which is more than 10 percent of the total revenue for the year ended 31 March, 2024 and 31 March, 2023

f. Contract liability

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

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.

2.21 Leases

This note provides the information for leases where the company is a lessee. The company leases leasehold land. Rental contracts are typically made for fixed periods of 5 years. 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 judgment. The Company uses 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.

The following is the Right of use asset

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Leasehold land	192.54	236.26
Total	**192.54**	**236.26**

The corresponding lease liability as per Ind AS 116 is below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current	45.32	14.66
Non - Current	179.10	239.50
Total	**224.42**	**254.16**

Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the amounts relating to leases:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation/ Amortisation charge of right of use of assets:		
Leasehold land and Building	43.73	50.30

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense (included in finance costs)	30.06	24.63
Expense relating to short term leases (included in other expenses)	-	-
Expense relating to leases of low- value assets that are not shown above as short term leases (included in other expenses)	-	-

The total cash outflow for leases for the year ended 31 March, 2024 was INR 59.80 lakhs (31 March, 2023 INR 55.88 lakhs)

The effective interest rate for lease liabilities is 8.65% (31 March, 2023 INR 8.65%)

[In Indian Rupees (Lakhs), unless otherwise stated]

3A. Property, plant and equipment	As at March 31,2024	As at March 31, 2023
Carrying amounts of:		
Plant and equipment	393.44	491.45
Tools & Instruments	194.72	222.87
Computer equipments	17.83	4.05
Furniture and fixtures	29.53	31.90
Vehicles	11.99	15.03
Office equipment	2.73	2.73
Lease hold improvements	34.90	35.05
TOTAL - Property, plant and equipment	**685.14**	**803.08**

Cost	Plant and equipment	Tools & Instruments	Computer Equipments	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Balance as at April 1, 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**
Additions	1.01	2.89	38.29	4.44	-	0.84	2.07	**49.55**
Disposals	-	-	-	-	-	-	-	**-**
Balance as at March 31, 2024	**913.56**	**442.50**	**353.14**	**67.71**	**24.31**	**15.49**	**559.80**	**2,376.52**

* Adjustments includes transfers inter-se

Accumulated depreciation	Plant and equipment	Tools & Instruments	Computer Equipments	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Balance as at April 1, 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**
Depreciation expense	99.03	31.04	24.51	6.82	3.04	0.85	2.22	**167.49**
Disposals / adjustments	-	-	-	-	-	-	-	**-**
Balance as at March 31, 2024	**520.13**	**247.78**	**335.31**	**38.19**	**12.32**	**12.77**	**524.90**	**1,691.38**

* Adjustments includes transfers inter-se

[In Indian Rupees (Lakhs), unless otherwise stated]

3B. Intangible assets	As at March 31,2024	As at March 31, 2023
Carrying amounts of:		
Acquired computer software	30.28	43.30
TOTAL	**30.28**	**43.30**

Cost	Acquired computer software	Total
Balance as at April 1, 2022	**103.85**	**103.85**
Additions	47.10	47.10
Balance as at March 31, 2023	**150.95**	**150.95**
Additions	2.70	2.70
Balance as at March 31, 2024	**153.65**	**153.65**

Accumulated amortisation	Acquired computer software	Total
Balance as at April 1, 2022	**92.84**	**92.84**
Amortisation expense	14.81	14.81
Balance as at March 31, 2023	**107.65**	**107.65**
Amortisation expense	15.72	15.72
Balance as at March 31, 2024	**123.37**	**123.37**

3C. Right-of-use assets	As at March 31,2024	As at March 31, 2023
Carrying amounts of:		
Land and Building	192.54	236.27
TOTAL - Right-of-use assets	**192.54**	**236.27**

Cost	Land & Building	Total
Balance as at April 1, 2022	298.85	298.85
Additions	-	-
Deletions	-	-
Balance as at March 31, 2023	298.85	**298.85**
Additions	-	-
Deletions	-	-
Balance as at March 31, 2024	**298.85**	**298.85**

Accumulated amortisation	Land & Building	Total
Balance as at April 1, 2022	**12.28**	**12.28**
Amortisation expense	50.30	50.30
Deletions	-	-
Balance as at March 31, 2023	**62.58**	**62.58**
Amortisation expense	43.73	43.73
Deletions	-	-
Balance as at March 31, 2024	**106.31**	**106.31**

[In Indian Rupees (Lakhs), unless otherwise stated]

4 Other non-current financial assets (unsecured, considered good unless otherwise stated)

Particulars	As at March 31,2024	As at March 31, 2023
Security deposits	27.99	26.74
Bank deposits with more than 12 months remaining maturity	493.04	-
Interest accrued but not due on bank deposits above	9.96	-
TOTAL :	**530.99**	**26.74**

4A Other current financial assets (unsecured, considered good unless otherwise stated)

Financial instruments measured at amortised cost		
a) Security deposit	2.39	1.25
b) Interest accrued but not due on deposits	-	35.38
TOTAL :	**2.39**	**36.63**

5 Other non-current assets (unsecured, considered good unless otherwise stated)

Particulars	As at March 31,2024	As at March 31, 2023
a) Prepaid expenses	34.67	0.58
TOTAL :	**34.67**	**0.58**

5A Other current assets (unsecured, considered good unless otherwise stated)

a) Advance to suppliers	4,197.54	3,342.39
b) Balances with Government authorities other than income tax	272.20	201.06
c) Prepaid expenses	9.93	20.85
TOTAL :	**4,479.67**	**3,564.30**

Note: No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which a director is a director or a member either severally or jointly with any other person. For terms and conditions relating to related party advances, refer note 26.

6 Inventories

a) Raw materials	1,656.33	895.25
b) Work-in-progress	1,350.38	-
c) Stores & Spares	35.41	22.73
d) Finished Goods	1,150.21	-
TOTAL :	**4,192.33**	**917.98**

Notes:

1. There are no goods in transit as on 31 March, 2024 and 31 March, 2023
2. There are no write - downs and reversals in inventory for the year ended 31 March, 2024 and 31 March, 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

7 Trade Receivables

Particulars	As at March 31,2024	As at March 31, 2023
(i) Undisputed trade receivables - considered good	8,424.19	4,576.76
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-
(iii) Undisputed trade receivables - credit impaired	-	-
(iv) Disputed trade receivables - considered doubtful	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-
(vi) Disputed trade receivables - considered doubtful	-	-
TOTAL :	**8,424.19**	**4,576.76**

Trade receivables ageing schedule for the year ended as on March 31, 2024

		Outstanding for following periods from date of invoice					
	Particulars	Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
a)	Undisputed trade receivables - considered good	7,782.79	610.50	28.33	1.79	0.78	**8,424.19**
b)	Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
c)	Undisputed trade receivables – considered doubtful	-	-	-	-	-	-
d)	Disputed trade receivables considered good	-	-	-	-	-	-
e)	Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
f)	Disputed trade receivables considered doubtful	-	-	-	-	-	-
	TOTAL :	**7,782.79**	**610.50**	**28.33**	**1.79**	**0.78**	**8,424.19**

Trade receivables ageing schedule for the year ended as on March 31, 2023:

		Outstanding for following periods from due date of Payment					
	Particulars	Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
a)	Undisputed trade receivables - considered good	4,267.16	271.68	2.57	35.00	0.35	**4,576.76**
b)	Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
c)	Undisputed trade receivables – considered doubtful	-	-	-	-	-	-
d)	Disputed trade receivables considered good	-	-	-	-	-	-
e)	Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
f)	Disputed trade receivables considered doubtful	-	-	-	-	-	-
	TOTAL :	**4,267.16**	**271.68**	**2.57**	**35.00**	**0.35**	**4,576.76**

Notes:

1. Trade receivables are dues in respect of goods sold or services rendered in the normal course of business and are non-interest bearing.
2. The normal credit period allowed by the Company ranges from 30 to 45 days against goods and 45 days against services.
3. Refer Related Party note for disclosure of Related Party Transaction balances.

[In Indian Rupees (Lakhs), unless otherwise stated]

8 Cash and Bank Balances

Particulars	As at March 31, 2024	As at March 31, 2023
A) Cash and cash equivalent		
a) Balance with banks	1,983.72	1,862.84
b) Cash on hand	2.22	1.64
TOTAL :	**1,985.94**	**1,864.48**
B) Other Bank balances		
a) Bank Deposits with original maturity of more than three months and remaining maturity are less than 12 months (Refer Note below)	4,745.13	1,468.69
b) Interest accrued but not due on fixed deposits	153.01	-
TOTAL :	**4,898.14**	**1,468.69**

Note: 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.

9 Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised capital		
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 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 equity shares of ₹ 10 each	3,980.29	3,980.29
TOTAL :	**3,980.29**	**3,980.29**

* The Board vide its resolution dated September 3, 2016, approved issue of 10,350,000 equity shares of Rs. 10 each at par on rights basis to persons who at the date of offer i.e. September 3, 2016 ("Cut-off Date") were holders of equity shares of the Company. Accordingly, offer for subscription of 10,350,000 equity shares of Rs. 10 each was made to the shareholders as on Cut-off Date, against which the Company was in receipt of acceptance towards subscription of 10,260,000 equity shares of Rs.10 each along with the application money of Rs. 3.50 per share. The first and final call money against 10,260,000 equity shares of Rs.10 each was later called upon and these shares were fully paid.

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2024		As at March 31, 2023	
	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	-	-	-	-
Less: Shares forfeited / bought back 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 shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	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 Limited	19,503,442	49.00%	19,503,442	49.00%

(c) Details of Promoter Shareholding in the Company

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	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 Limited	19,503,442	49.00%	19,503,442	49.00%
Kalyani Technoforge Limited	398,030	1.00%	398,030	1.00%

(d) 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.

e) Information regarding issue if shares in the last five years

- The Company has not issued any shares without payment being received in cash

- The Company has not issued any bonus shares

- The Company has not undertaken any buy-back of shares

[In Indian Rupees (Lakhs), unless otherwise stated]

10 Other equity

Particulars		As at March 31, 2024	As at March 31, 2023
I	**Retained earnings**		
	Balance at the beginning of the year	(200.07)	(329.64)
	Profit for the year	566.82	131.73
	Remeasurements of defined benefits plans, net of tax	0.40	(2.16)
	Balance at the end of the year	**367.15**	**(200.07)**

11 Non-current provisions

Provision For employee benefits

a)	Leave encashment	2.10	5.70
b)	Gratuity (Refer Note 33(b))	1.61	1.51
	TOTAL :	**3.71**	**7.21**

12 Trade payables

Trade payables other than acceptances:

a)	Total outstanding dues of micro enterprises and small enterprises (Refer Note 28)	0.08	960.06
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	12,991.88	5,223.52
	TOTAL :	**12,991.96**	**6,183.58**

Trade payables ageing schedule for the year ended as on March 31, 2024 and March 31, 2023:

Particulars		Outstanding for following periods from date of invoice					
		Not Due	Less than 6 months	6 months - 1 year	1 -3 years	More than 3 years	Total
i)	Micro and small enterprises	-	0.08	-	-	-	0.08
		-	(-)	(960.06)	(-)	(-)	(960.06)
ii)	Others	376.76	10,312.06	861.58	1,441.41	0.07	12,991.88
		(153.71)	(225.34)	(4,831.88)	(11.99)	(0.60)	(5,223.52)
	TOTAL :	**376.76**	**10,312.14**	**861.58**	**1,441.41**	**0.07**	**12,991.96**
		(153.71)	**(225.34)**	**(5,791.94)**	**(11.99)**	**(0.60)**	**(6,183.58)**

* Figures in brackets represents end of previous year .

[In Indian Rupees (Lakhs), unless otherwise stated]

13 A Other current financial liabilities

Particulars		As at March 31, 2024	As at March 31, 2023
a) Employee payables		26.37	-
	TOTAL :	**26.37**	**-**

13 B Other current liabilities :

a) Statutory liabilities (other than income-tax)		29.46	35.42
b) Advance from customers (Contract liabilities)		7,850.49	3,289.46
	TOTAL :	**7,879.95**	**3,324.88**

Note: The advance from customers primarily relate to the advance consideration received on contracts entered with customer for which performance obligations are yet to be performed, therefore, revenue will be recognised when the goods are passed on to the customers. Refer note 26 for related party balances

14 Current provisions

Provisions			
a) Leave encashment		2.02	4.15
b) Gratuity (Refer Note 33(b))		4.09	8.16
	TOTAL :	**6.11**	**12.31**

15 Current tax liabilities (net)

Provision for Income tax (net of taxes paid)		44.57	17.47
	TOTAL :	**44.57**	**17.47**

16 Revenue from operations

Particulars		Year ended March 31, 2024	Year ended March 31, 2023
a) Revenue from sale of goods		26,923.55	12,929.69
b) Revenue from services		339.03	200.81
	TOTAL :	**27,262.58**	**13,130.50**

[In Indian Rupees (Lakhs), unless otherwise stated]

17 Other income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Interest income		
(i) Bank deposits	236.17	75.98
(ii) Others	2.39	-
b) Gain on disposal of Property, plant and equipment	-	20.13
c) Miscellaneous Income	13.62	43.48
d) Net gain from Foreign Exchange fluctuation	31.23	-
TOTAL :	**283.41**	**139.59**

18 Cost of materials consumed

Opening stock of raw materials	917.98	1,066.39
Add: Purchases	4,884.92	2,267.79
Less: Closing stock of raw materials	1,656.33	917.98
TOTAL :	**4,146.57**	**2,416.20**

19 Purchase of stock-in-trade

Purchases of stock-in-trade	23,703.68	9,238.71
TOTAL :	**23,703.68**	**9,238.71**

20 Changes in inventories of finished goods and work-in-progress

Inventories at the end of the year:		
Work-in-progress	1,350.38	-
Finished goods	1,150.21	-
Inventories at the beginning of the year:		
Work-in-progress	-	70.86
Finished goods	-	-
Net (Increase) / Decrease of inventories in finished goods and work in progress	**(2,500.59)**	**70.86**

[In Indian Rupees (Lakhs), unless otherwise stated]

21 Employee benefit expenses

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Salaries and wages	324.53	269.41
b) Contribution to provident and other funds (Refer note 33)	11.70	12.08
c) Staff welfare expenses	6.43	5.78
TOTAL :	**342.66**	**287.27**

22 Finance costs

a) Interest expenses - Gratuity	0.45	0.29
b) Other borrowing cost - Finance charges	24.03	9.26
c) Interest on lease liabilities	30.06	24.63
TOTAL :	**54.54**	**34.18**

23 Depreciation and amortization expense:

a) Depreciation of property, plant and equipment (Refer Note 3A)	167.49	169.23
b) Amortisation of intangible assets (Refer Note 3B)	15.72	14.81
c) Amortisation of right-of-use assets (Refer Note 3C)	43.73	50.30
TOTAL :	**226.94**	**234.34**

[In Indian Rupees (Lakhs), unless otherwise stated]

24 Other expenses

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Consumption of stores and spares	1.97	21.03
b) Power and fuel	31.35	32.75
c) Repairs & maintenance - others	9.79	13.27
d) Rates, insurance and taxes	25.46	19.10
e) Travelling and conveyance	77.50	63.57
f) Legal and professional fees	96.46	86.45
g) Payment to auditors (Refer note below)	18.00	17.30
h) Exhibition Expenses	0.03	81.07
i) IT Maintenance charges	42.38	21.18
j) Manpower outsourcing	33.03	32.44
k) Project transfer and training cost	150.54	132.96
l) Net loss on foreign currency transactions	-	142.13
m) Cost of Services- maintenance, repair and overhaul	264.88	51.31
n) Miscellaneous expenses	82.84	98.80
TOTAL :	**834.23**	**813.36**

Note: Payment to Statutory Auditors

Payment to Auditor's comprises:

i) For Audit	17.00	17.00
ii) Reimbursement of expenses	1.00	0.30
TOTAL :	**18.00**	**17.30**

*Payments to auditors for the year ended 31 March 2023 pertains to payments made to erstwhile auditors of the Company

[In Indian Rupees (Lakhs), unless otherwise stated]

25 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 Board of Directors of the company are the CODM for the purpose of segment reporting. 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.

A. Operating Segment

Operating segment is a component of the company whose operating results is regularly reviewed by the Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company's board of directors examine its performance and have identified single reportable operating segment, viz. 'Defence & Aerospace' for the purpose of making decision allocation of resources and assessing its performance. Board of directors primarily use revenue as a measure to assess the performance of the operating segment.

B. Information about major customers

Revenue from one of the customers based out of Israel is Rs. 26,496.44 lakhs (March 31, 2023: Rs 12,178.69 lakhs) which is more than 10 percent of the total revenue for the year ended 31 March, 2024 and 31 March, 2023.

C. Geographical segment : Entity -wide disclosures

The Company is domiciled in India. The amount of its revenue from external customers broke down by destination of shipment of goods is shown in Note 2.20. The Non-current assets of the company are located in India and accordingly management is of the view that seperate disclosue for these is not required.

[In Indian Rupees (Lakhs), unless otherwise stated]

26 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
Enterprises owned or significantly influenced by key management personnel or their relatives	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 (upto 31-10-2023)
	Vikram Manohar Munje - Director
	Rajinder Singh Bhatia - Director
	Tzvi Marmor - Director
	Alon Shlomy - Director
	Nikita Naik - Company Secretary

(ii) Related parties with whom transactions have taken place during the year

Sr. No.	Nature of transaction	Kalyani Strategic Systems Limited	Astra Rafael Comsys Pvt Ltd	Analogic Controls India Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Sale of goods	-	16.36	-	26,157.41	-	26,173.77
		(-)	(155.41)	(-)	(11,977.87)	(79.95)	(12,213.23)
2	Sale of services	-	-	-	339.03	-	339.03
		(-)	(-)	(-)	(200.82)	(-)	(200.82)
3	Sale of property, plant & equipment	-	-	-	-	-	-
		(-)	(-)	(-)	(40.47)	(-)	(40.47)
							-
4	Purchase of raw materials	-	-	-	5,560.73	-	5,560.73
		(-)	(-)	(1.75)	(2,649.09)	(-)	(2,650.84)
							-
5	Other expenses - Placement charges	11.16	-	-	-	-	11.16
		(-)	(-)		(-)	(-)	-
							-
6	Reimbursement of expenses received	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(40.50)	(40.50)
							-
7	Project transfer and training cost	-	-	-	150.54	-	150.54
		(-)	(-)	(-)	(132.96)	(-)	(132.96)

* Figures in brackets represents details for the year ended 31 March 2023

[In Indian Rupees (Lakhs), unless otherwise stated]

(iii) Balances outstanding

Sr. No.	Nature of Balances	Kalyani Strategic Systems Limited	Astra Rafael Comsys Pvt Ltd	Analogic Controls India Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Trade Receivable	-	0.11	-	8,146.41	-	8,146.52
		(-)	(8.01)	(-)	(4,443.35)	(-)	(4,451.36)
							-
2	Trade Payables	-	-	-	6,649.20	-	6,649.20
		(-)	(-)	(-)	(2,181.63)	(-)	(2,181.63)
							-
3	Other payables	12.05	-	-	-	-	12.05
		(-)	(-)	(-)	(130.45)	(-)	(130.45)
							-
4	Receivable for property, plant and equipment	-	-	-	-	-	-
		(-)	(-)	(-)	(40.47)	(-)	(40.47)
							-
5	Customer Advances outstanding	-	16.57	-	4,176.56	-	4,193.13
		(-)	(23.40)	(-)	(3,266.06)	(-)	(3,289.46)
	Total	**12.05**	**16.68**	**-**	**18,972.16**	**-**	**19,000.90**

* Figures in brackets represents details for the year ended 31 March 2023

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iv) Remuneration to Key Managerial Personnel

	March 31, 2024	March 31, 2023
Short term employment benefits	67.72	84.48
Post-employment benefits	6.10	-
Share based payments	-	-
Total	**73.82**	**84.48**

[In Indian Rupees (Lakhs), unless otherwise stated]

27 Contingent Liabilities & Commitments

Particulars	As at March 31, 2024	As at March 31, 2023
a) Contingent liabilities	249.98	-
b) Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	-	-

Note:

i) The company has received a transfer pricing demand order where an upward adjustment was proposed amonting to INR 688.05 lakhs having tax impact of INR 249.98 lakhs. The company has appealed against the said order. The management on basis of opinion of legal consultant believes that the ultimate outcome of the above proceeding will not have a material adverse effect on the company's financial position and results of operations.

ii) There are no open capital commitments as at 31 March, 2024.

28 Dues to Micro and Small Enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act (MSME), 2006

The identification of suppliers as micro and small enterprises covered under the “Micro Small and Medium Enterprises Development Act 2006” was done on the basis of the information to the extent provided by the supplier to the Group. Total outstanding to Micro and Small Enterprises, which were outstanding are given below:

Particulars	As at March 31, 2024	As at March 31, 2023
The amounts remaining unpaid to micro and small suppliers at the end of the year:		
i) Principal	0.08	960.06
ii) Interest due thereon	-	3.07
iii) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
– Principal paid beyond the appointed date	-	1,449.69
– Interest paid in terms of Section 16 of the MSMED Act	-	-
iv) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	23.43
v) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	
vi) Further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	10.07	10.07

[In Indian Rupees (Lakhs), unless otherwise stated]

29 Earnings per share (EPS)

a) Calculation of basic and diluted earnings per share

Particulars	As at March 31, 2024	As at March 31, 2023
	₹ Per Share	₹ Per Share
Basic earning per share	1.42	0.33
Diluted earning per share	1.42	0.33

b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars		As at March 31, 2024	As at March 31, 2023
i) Profit for the year attributable to equity shareholders	₹	56,682,000.00	13,172,626.34
ii) Weighted average number of equity shares	Nos.	39,802,943	39,802,943
iii) Weighted average number of equity shares used in the calculation of Diluted EPS		39,802,943	39,802,943
iv) Earning per share - Basic and diluted	₹	**1.42**	**0.33**

30 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. 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.

Calculation of Gearing ratio

	March 31, 2024	March 31, 2023
Net Financial Debt	(2,627.66)	(1,572.19)
Equity	4,347.44	3,780.22
Total Capital Employed	1,719.78	2,208.03
Gearing Ratio	#	#

Gearing ratio is not applicable since the Company has no Net Financial Debt.

[In Indian Rupees (Lakhs), unless otherwise stated]

31 Financial risk management objectives and policies

The company's principal financial liabilities comprise of lease liabilities and trade payables. The company's principal financial assets including trade and other receivables and cash and cash equivalent 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 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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 8,424.19 Lakhs and ₹ 4,576.76 Lakhs as of March 31, 2024 and March 31, 2023 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 and deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2024 and March 31, 2023.

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 entity. 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 against the respective functional currency of the Company.

[In Indian Rupees (Lakhs), unless otherwise stated]

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, 2024	As at March 31, 2023
Assets			
Trade receivables	INR	8,146.41	4,530.71
Cash & Bank balances	INR	1,720.00	1,509.39
Liabilities			
Trade payables	INR	11,666.02	5,294.73

The below table represents the unhedged foreign currency in respective currencies

Particulars	Currency in Lakhs	As at March 31, 2024	As at March 31, 2023
Assets			
Trade receivables	USD	97.71	55.10
Cash & Bank balances	USD	20.63	18.36
Liabilities			
Trade payables	USD	139.92	64.40

Sensitivity analysis

The Company's exposure to foreign currency mainly arises on account of transactions undertaken in currency other than its functional currency viz. USD.

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, 2024	USD	+10%	179.96
	USD	-10%	(179.96)
March 31, 2023	USD	+10%	74.37
	USD	-10%	(74.37)

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

[In Indian Rupees (Lakhs), unless otherwise stated]

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 Company'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.

Particulars	March 31, 2024		March 31, 2023	
	Less than 1 Year	More than 1 year	Less than 1 Year	More than 1 Year
Financial liabilities				
Trade payables	11,173.72	1,441.48	6,017.28	166.30
Employee payables	26.37	-	-	-
Lease Liabilities	45.32	179.10	14.66	239.50

[In Indian Rupees (Lakhs), unless otherwise stated]

32 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, 2024	March 31, 2023	March 31, 2024	March 31, 2023
FINANCIAL ASSETS					
Financial assets measured at amortised cost					
(a) Security deposits	Level 2	30.39	27.99	30.39	27.99
(b) Interest accrued on deposits	Level 2	-	35.38	-	35.38
(c) Cash in hand	Level 2	2.22	1.64	2.22	1.64
(d) Balance with banks in current account	Level 2	1,983.72	1,862.84	1,983.72	1,862.84
(e) Balances with banks in deposit accounts	Level 2	5,401.13	1,468.69	5,401.13	1,468.69
(f) Trade receivables	Level 2	8,424.19	4,576.76	8,424.19	4,576.76
Financial assets measured at fair value through Statement of Profit & Loss		**-**	-	**-**	-
TOTAL FINANCIAL ASSETS		**15,841.65**	**7,973.30**	**15,841.65**	**7,973.30**
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
(a) Employee payables	Level 2	26.37	-	26.37	-
(b) Trade Payable	Level 2	12,991.96	6,183.58	12,991.96	6,183.58
(c) Lease Liabilities	Level 2	224.42	254.16	224.42	254.16
TOTAL FINANCIAL LIABILITIES		**13,242.75**	**6,437.74**	**13,242.75**	**6,437.74**
				-	-

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.

[In Indian Rupees (Lakhs), unless otherwise stated]

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-of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed 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) price is active market for identical assets or labilities.

Level 2: Valuation technique for which the lowest level input that has a significant effect on the fair value measurement are observed , either directly or indirectly.

Level 3: Valuation technique for which the lowest level input has a significant effect on the fair value measurement is not based on observable market data.

33 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 ₹ 11.70 Lakhs (31 March 23- Rs 12.08 lakhs) for Provident Fund contributions 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, 2024

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	**Funded Plan**	
	Gratuity	
	March 31,2024	**March 31, 2023**
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Past service cost and (gains)/losses from settlements	-	-
Current Service Cost	3.22	3.18
Net interest expense	0.45	0.29
Components of defined benefit costs recognised in profit or loss	**3.67**	**3.47**
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(0.01)	(0.01)
Actuarial gains and loss arising from changes in financial assumptions	0.05	(0.82)
Actuarial gains and loss arising from experience adjustments	0.63	2.56
Actuarial gains and loss arising from demographic adjustments	(1.23)	1.29
Components of defined benefit costs recognised in other comprehensive income	**(0.55)**	**3.02**
Total	**3.12**	**6.49**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	7.32	11.18
2. Fair value of plan assets as at 31st March	1.61	1.51
3. Surplus/(Deficit)	(5.71)	(9.67)
4. Current portion of the above	**4.09**	**8.16**
5. Non current portion of the above	**1.61**	**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	**11.18**	**7.46**
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	-	-
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	3.22	3.18
- Past Service Cost	-	-

[In Indian Rupees (Lakhs), unless otherwise stated]

Particulars	Funded Plan	
	Gratuity	
	March 31,2024	**March 31, 2023**
- Interest Expense (Income)	0.57	0.38
4. Recognised in Other Comprehensive Income		
Remeasurement (gains) / losses		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	(1.23)	1.29
ii. Financial Assumptions	0.05	(0.82)
iii. Experience Adjustments	0.63	2.56
iv. Return on plan asset	(0.01)	(0.01)
5. Benefit payments	(7.09)	(2.87)
6. Present value of defined benefit obligation at the end of the year	**7.32**	**11.18**
III. Change in fair value of assets during the year ended 31 st March, 2024		
1. Fair value of plan assets at the beginning of the year	1.51	1.41
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	-	-
3. Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	0.11	0.09
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return	(0.01)	0.01
5. Contributions by employer (including benefit payments recoverable)	-	-
6. Benefit payments	-	-
2. Fair value of plan assets at the end of the year	**1.61**	1.51
IV. The Major categories of plan assets (As % of Total Plan Assets)		
- Funds Managed By Insurer	100%	100%
V. Actuarial assumptions		
1. Discount rate	7.00%	7.40%
2. Expected rate of return on plan assets	7.40%	6.30%
3. Attrition rate	38.00%	7.50%
4. Salary escalation rate	10%	10%

Maturity Profile of Defined Benefit Obligation:

Year Ending March 31	Expected Benefit Payment in lakhs (₹)
2025	0.69
2026	0.77
2027	1.23
2028	1.58
2029	1.05
2030-2034	4.11

The weighted average duration of Defined benefit obligation is 4.25 years (March 31, 2023 is 14.41 years).

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, 2024 ₹ In Lakhs	March 31, 2023 ₹In Lakhs	March 31, 2024 ₹ In Lakhs	March 31, 2023 ₹ In Lakhs
Defined Benefit Obligation	7.15	10.56	7.51	11.92

B. Effect of 1 % change in the assumed Salary Escalation Rate	1% Increase		1% Decrease	
	March 31, 2024 ₹ In Lakhs	March 31, 2023 ₹In Lakhs	March 31, 2024 ₹ In Lakhs	March 31, 2023 ₹ In Lakhs
Defined Benefit Obligation	7.44	11.82	7.21	10.62

C. Effect of 1 % change in the assumed Withdrawal Rate	1% Increase		1% Decrease	
	March 31, 2024 ₹ In Lakhs	March 31, 2023 ₹In Lakhs	March 31, 2024 ₹ In Lakhs	March 31, 2023 ₹ In Lakhs
Defined Benefit Obligation	7.31	11.06	7.34	11.31

VI. Experience Adjustments:	Year Ended	
	March 31, 2024 ₹ In Lakhs	March 31, 2023 ₹ In Lakhs
	Gratuity	
1. Defined Benefit Obligation	7.32	11.18
2. Fair value of plan assets	1.61	1.51
3. Surplus/(Deficit)	(5.71)	(9.67)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	0.69	1.74
5. Experience adjustment on plan assets [Gain/(Loss)]	0.01	0.01

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.

[In Indian Rupees (Lakhs), unless otherwise stated]

34 Ratios

The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	Variation	Explanation
(a) Current Ratio (in times)	Current assets	Current liabilities	1.14	1.30	-12%	-
(b) Debt-Equity Ratio (in times)	Total Debt (represents lease liabilities) [1]	Shareholder's Equity	0.05	0.07	-29%	Note 1
(c) Debt Service Coverage Ratio (in times)	Earnings available for debt service[2]	Debt Service [3]	27.02	4.84	458%	-
(d) Return on Equity (ROE) (in %)	Net Profits after taxes	Average Shareholder's Equity	14%	4%	250%	Note 1
(e) Inventory turnover ratio (in times)	Sales	Average Inventory	10.67	11.79	-9%	-
(f) Trade Receivables turnover ratio (in times)	Net Credit Sales	Average Trade Receivable	4.19	3.34	25%	Note 2
(g) Trade payables turnover ratio (in times)	Net Credit Purchases	Average Trade Payables	5.61	3.57	57%	Note 3
(h) Net capital turnover ratio (in times)	Sales	Working Capital	9.12	4.57	100%	Note 4
(i) Net profit ratio (in %)	Net Profits after taxes	Sales	0.02	0.01	100%	Note 5
(j) Return on Capital employed (in %)	Earning before interest and taxes	Capital Employed[4]	0.18	0.05	260%	Note 1
(k) Return on investment (in %) [5]	Income generated from investments	Time weighted average investments	NA	NA		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
[5] Return on investment ratio is not applicable as the Company does not have any investments in the current year and previous year

Explanations:

Note 1 : Due to increase in Profit for the current year owing to increase in operations
Note 2 : Due to increase in sales in current year
Note 3 : Due to increase in purchases and corresponding increase in trade payable balance for the current year
Note 4 : Due to Increase in the Sales and current assets in the current year
Note 5 : Due to Increase in Sales and Net Profit for current year

[In Indian Rupees (Lakhs), unless otherwise stated]

35 Deferred Tax Assets (net)

Nature of Timing Difference	As at March 31, 2024	As at March 31, 2023
Deferred Tax Liability		
Items related to OCI	(0.14)	0.28
Property, plant and equipment	-	-
Right of Use Assets related	46.89	-
Total (A)	**46.75**	**0.28**
Deferred Tax Asset		
Property, plant and equipment	33.39	35.72
Other deductible timing difference	2.60	4.01
Lease liabilities related	54.60	
MAT Credit	-	1.02
Total (B)	**90.59**	**40.75**
Deferred Tax Asset (Net) (A)+(B)	**43.84**	**41.03**

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Ind AS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting differences - e.g, leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Company previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-to-use assets as at 1 April 23 and thereafter. However, there was no impact on the balance sheet because the balances qualify for offset under paragraph 74 of Ind AS 12. There was also no impact on the opening retained earnings as at 1 April 2023 as a result of the change. The key impact for the Company relates to disclosure of the deferred tax assets and liabilities recognised

FY 2023-24	Opening Balance	Recognized in Profit & Loss	Recognized in Other Comprehensive Income	Total
Deferred Tax Asset / (Liability)				
Property, Plant & Equipment	35.72	(2.33)	-	33.39
Remeasurement Defined Benefit Obligation	0.28	-	(0.14)	0.14
Disallowances under Income Tax Act, 1961, allowed on payment basis	(0.97)	3.57	-	2.60
Right of Use Asset and Lease Liabilities (refer bifurcation above)	4.98	2.73	-	7.71
MAT Credit	1.02	(1.02)	-	-
Total	**41.03**	**2.95**	**(0.14)**	**43.84**

[In Indian Rupees (Lakhs), unless otherwise stated]

FY 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
Carry forward tax losses	-	-	-	-	-
Total	**35.40**	**4.80**	**0.83**	**-**	**41.03**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax (A)	737.96	175.17
Enacted tax rate (B)	25.17%	27.82%
Expected Tax Expenses (C = A * B)	185.73	48.73
Adjustments		
Prior year tax expenses	(20.70)	-
Tax effects of other adjustments	6.11	(0.49)
Deffered Tax effect	-	4.80
Total Adjustments - D	**(14.59)**	**(5.29)**
Tax expense recognised in profit or loss (E = C + D)	**171.14**	**43.44**

36 Corporate income tax expense

(i)	Income Tax recognised in Profit and loss	Year ended 31 March, 2024	Year ended 31 March, 2023
	Current Tax	194.79	42.02
	Reversal of provision for tax of earlier years	(20.70)	6.22
	Deferred Tax	(2.95)	(4.80)
	Total income tax expense	**171.14**	**43.44**
(ii)	**Income tax recognised on Other comprehensive income**		
	Income taxes related to items that will not be reclassified to profit or loss	(0.14)	0.83
	Total income tax recognised on Other comprehensive income	**(0.14)**	**0.83**

[In Indian Rupees (Lakhs), unless otherwise stated]

37 The Company have not advanced or loaned 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

38 The Company have 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 Group sha ll:

(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

39 Additional disclosures required by schedule III

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iii) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(v) The Company does not have any investments through more than two layer of investment companies as per section 2(87)(d) and section 186 of Companies Act, 2013

(vi) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) during the year.

(vii) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.

(viii) There are no transactions with struck off companies for the year ended March 31, 2024

40 The company has been sanctioned working capital limits of INR 10,000 lakhs during the year on basis of security of current assets. The quarterly returns or statements filed by the Company for working capital limits with Axis bank are not in agreement with the books of account of the Company are as per details mentioned below.

[In Indian Rupees (Lakhs), unless otherwise stated]

Quarter	Name of Bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return /statement	Amount of difference
June 23	Axis Bank Limited	Trade receivables	4,339.24	4,250.17	89.07
June 23	Axis Bank Limited	Inventory	1,174.33	1,107.10	67.23
Sep 23	Axis Bank Limited	Trade receivables	5,431.46	5,401.36	30.10
Sep 23	Axis Bank Limited	Inventory	1,704.68	1,445.81	258.87
Dec 23	Axis Bank Limited	Trade receivables	6,159.38	6,467.43	(308.05)
Dec 23	Axis Bank Limited	Inventory	2,826.60	2,291.66	534.94
Mar 24	Axis Bank Limited	Trade receivables	8,424.19	8,300.20	123.99
Mar 24	Axis Bank Limited	Inventory	4,192.33	4,184.94	7.39

41 The Company has analyzed as to whether its transactions in the current year with related parties are in accordance with the transfer pricing norms under the Income-tax Act, 1961. The Company has also undertaken necessary steps to comply with the regulations and the provision for tax for the year ended March 31, 2024 has been calculated accordingly. Management believes that these transactions are at arm's length.

42 In April 2024, there has been an escalation of ongoing Iran-Israel conflict. The Company has a significant customer whose operations are based out of Israel. The Company has considered internal and external information while finalizing various estimates in relation to the financial statement captions upto the date of approval of these financial statements by the Board of Directors. Further the Company has assessed that it would continue to be a going concern for a period of atleast 12 months basis the working capital position, balance of cash and cash equivalents and receipt of additional customer order. Accordingly, the financial statements have been prepared on a going concern basis and no adjustments are required to be made in respect of the carrying values of assets/liabilities. The Company will continue to closely monitor any material changes to the future economic conditions.

43 As per Section 135 of the companies Act,2014 a company meeting the applicability of the thresholds as mentioned in the act, needs to spend at least 2% of its average net profits for the immediately three financials years on corporate social responsibilities (CSR activities). The company does not meet the thresholds as mentioned in the act for carrying CSR activities and accordingly no expenditure has been incurred on account of the same.

44 There are no significant events subsequent to year ended 31 March 2024.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 10124W/W-100022

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Ankit Babulal Agrawal
Partner
Membership No.: 137967

Place : Pune
Date : May 5, 2024

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Director
DIN:05333963

Nikita Naik
Company Secretary
M. No. ACS61125

Place : Pune
Date : May 5, 2024

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Kalyani Strategic Systems Limited

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, 2024, 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, 2024, 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.

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 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 other accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Act. 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

   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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility for the part of the financial year. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24142953BKFRAE8606

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

"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, 2024

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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.

(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 (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) According to the information and explanation given to us, no proceedings have been initiated during the year or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory, except goods in transit has been physically verified by the management during the year. For inward goods in transit subsequent evidence receipts has been linked with inventory records. 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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets of the Company. According to the information and explanations given to us and on the basis of our examination of the records of the Company, During the year, the Company has not filed the cash flow statements/stock/book debts with the bank with regard to the securities provided against working capital facility on periodic basis.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

(a) During the year, the company has provided loans or provided advances in nature of loans or stood guarantee to the following companies:

(In ₹ Million)

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Aggregate amount granted/provided during the year:				
Fellow subsidiaries	NIL	NIL	120.00	NIL
Balance outstanding as at 31st March, 2024:				
Fellow subsidiaries	NIL	NIL	18.77	NIL

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the cases mentioned below. The loan of ₹ 18.77 million to BF Elbit Advanced Systems Private Limited is repayable on demand. As informed to us the Company has not demanded repayment of the loan during the year. Thus there has been no default on the part of the party to whom the money has been lent.

(In ₹ Million)

Name of the Entity	Amount ₹	Due date	Extent of delay	Remarks, if any
BF Elbit Advanced Systems Private Limited	1.56	31-03-2024	Not applicable	Amount of interest accrued and due on the loan has been converted into loan as on 31st March, 2024 net of withholding taxes.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act")

(In ₹ Million)

	All parties (₹)	Promoters (₹)	Related parties
Aggregate amount of loans/ advances in the nature of loans :			
Repayable on demand	18.77	NIL	18.77
Agreement does not specify any terms or period of repayment	NIL	NIL	NIL
Total :	**18.77**	**NIL**	**18.77**
Percentage of loans/ advances in the nature of loans to the total loans	100%	0%	100%

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the said order is not applicable to the Company.

(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 information and explanation given to us and the records of the Company examined by us, in our opinion, Undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Custom, Cess and other statutory dues have generally been regularly deposited by the Company 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, there were no undisputed dues in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Custom, 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.

(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. 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 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 has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). hence, the requirement to report on clause 3(x)(a) of the said order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) 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) As represented to us by the management, The Company has not received any whistle-blower complaints during the year.

(xii) 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, 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, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and 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 clause 3(xvi)(a) of the said order is not applicable to the Company.

(b) The Company has not conducted Non-Banking Financial or Housing Finance activities during the year. Accordingly, the clause 3(xvi)(b) of the said order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the clause 3(xvi)(c) of the said order is not applicable to the Company.

(d) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the Group. The Group has two CIC's as part of the Group.

(xvii) The Company has not incurred any cash losses in the current and immediately preceding financial year.

(xviii) There has been no resignation by the statutory auditors of the Company during the year. Accordingly, Clause 3(xviii) of the Order is not applicable.

(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) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) relating to ongoing projects requiring a transfer to a special account in compliance with second proviso to sub-section (6) of Section 135 of the Companies Act, 2013.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24142953BKFRAE8606

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

"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, 2024

We have audited the internal financial controls over financial reporting of **Kalyani Strategic Systems Limited** ("the Company") as of 31st March, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24142953BKFRAE8606

Sunit S. Shaha
Partner
Membership No. 142953

Place : Pune
Date : 6th May, 2024

Balance sheet as at 31st March, 2024

(In ₹ Million)

			Notes	As at 31st March, 2024	As at 31st March, 2023
I.	**ASSETS**				
1	**Non-current assets**				
	a)	Property, plant and equipment	4	**94.34**	66.85
	b)	Capital work in progress	4	**760.99**	10.02
	c)	Goodwill	5	**53.00**	-
	d)	Other Intangible assets	5	**14.33**	-
	e)	Intangible assets under development		**17.62**	-
	f)	Right of use assets	6	**148.29**	150.19
	g)	Financial assets			
		i) Investments in subsidiaries, joint ventures and associates	7	**341.23**	336.63
		ii) Other financial assets	8	**1.67**	1.21
	h)	Other assets	9	**681.30**	53.61
	i)	Deferred Tax Assets	10	**8.60**	4.74
	j)	Income tax assets (net)	11	**69.65**	-
				2,191.02	623.25
2	**Current assets**				
	a)	Inventories	12	**411.68**	70.39
	b)	Financial assets			
		i) Investments	13	**164.10**	2,972.77
		ii) Trade receivable	14	**3,116.38**	347.26
		iii) Cash and cash equivalents	15	**37.94**	6.87
		iv) Other bank balances	15	**3,059.67**	5,063.62
		v) Loans	16	**18.77**	17.20
		vi) Other financial assets	17	**46.86**	1.73
	c)	Other assets	18	**1,967.48**	117.95
				8,822.88	8,597.79
		TOTAL :		**11,013.90**	9,221.04
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
	a)	Equity share capital	19	**665.11**	665.11
	b)	Other equity	20	**967.85**	115.78
				1,632.96	780.89
2	**Non-current liabilities**				
	a)	Provisions	21	**7.26**	1.84
	b)	Other liabilities	22	**437.48**	5,383.85
				444.74	5,385.69
3	**Current liabilities**				
	a)	Financial liabilities			
		i) Borrowings	23	**-**	11.10
		ii) Trade payables	24		
		Dues to micro enterprises and small enterprises		**2.14**	-
		Dues to other than micro enterprises and small enterprises		**4,432.64**	328.83
		iii) Other financial liabilities	25	**32.21**	1.34
	b)	Provisions	26	**18.50**	3.16
	c)	Other liabilities	27	**4,450.71**	2,685.71
	d)	Income tax liabilities (net)	28	**-**	24.32
				8,936.20	3,054.46
		TOTAL :		**11,013.90**	9,221.04
		Significant accounting policies and notes forming an integral part of the Financial Statements	1 to 59		

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 : 24142953BKFRAE8606

Place: Pune
Date: 6th May, 2024

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Guruprasad Vaidya
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Soma Dutta
Company Secretary
Membership No. A57140

Place: Pune
Date: 6th May, 2024

Statement of profit and loss for the period ended 31st March, 2024

(In ₹ Million)

		Notes	Year ended 31st March, 2024	Year ended 31st March, 2023
I	**Revenue from operations**	29	**11,445.58**	318.19
II	**Other income**	30	**533.21**	197.76
III	**Total income**		**11,978.79**	515.95
IV	**Expenses**			
	Cost of raw materials and components consumed	31	**7,988.77**	11.89
	Purchases of stock in trade	32	**2,660.03**	272.07
	Changes in inventories of finished goods, stock in trade and work in progress	33	**(197.52)**	(10.50)
	Employee benefits expenses	34	**73.08**	19.48
	Finance cost	35	**1.62**	7.60
	Depreciation and amortization expense	36	**8.41**	5.58
	Other expenses	37	**261.14**	40.94
	Total expenses		**10,795.53**	347.06
V	**Profit before exceptional items**		**1,183.26**	168.89
VI	**Exceptional items gain/(loss)**		**(0.40)**	-
VII	**Profit before tax**		**1,182.86**	168.89
VIII	**Tax expenses**			
	Current tax		**331.89**	31.14
	Deferred tax		**(3.06)**	(4.92)
	MAT Credit Availed		**(18.18)**	(7.24)
	MAT Credit Utilised		**18.18**	7.24
			328.83	26.22
IX	**Profit for the period**		**854.03**	142.67
X	**Other comprehensive income**			
	(a) Items that will not be reclassified to profit and loss in the subsequent period			
	- Remeasurement of (losses)/gains of defined benefit plans		**(2.79)**	0.69
	- Income tax on above		**0.81**	(0.18)
			(1.98)	0.51
	(b) Items that will be reclassified to profit and loss in the subsequent period			
	- Foreign exchange (gain)/loss arising out of transactions of Foreign Operations		**0.02**	-
	- Income tax on above*		**-**	-
			0.02	-
	Total other comprehensive income		**(1.96)**	0.51
XI	**Total comprehensive income for the period**		**852.07**	143.18
XII	**Earnings per equity share [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)		**12.84**	2.99
	b) Diluted (In ₹)		**12.84**	2.99
	*Amount less than 0.01 Million			
	Significant accounting policies and notes forming an integral part of the Financial Statements	1 to 59		

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 : 24142953BKFRAE8606

Place: Pune
Date: 6th May, 2024

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Guruprasad Vaidya
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Soma Dutta
Company Secretary
Membership No. A57140

Place: Pune
Date: 6th May, 2024

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

(In ₹ Million)

			Year ended 31st March, 2024	Year ended 31st March, 2023
(A)	**Cash flow from operating activities**			
	Profit after exceptional items and before tax		**1,182.92**	168.88
	Add :			
	Depreciation and amortisation expense		**8.40**	5.58
	Investment Written Off		**-**	1.20
	Allowances for credit losses		**1.96**	0.05
	Interest Expenses		**0.27**	5.22
	Other interest		**0.13**	0.02
	Interest on Income Tax		**1.22**	1.56
	Other Borrowing Cost		**-**	0.80
	Fair Value Adjustment on Investments (Net)		**35.44**	(50.56)
	Non-cash exceptional items		**0.40**	-
	Unrealised foreign exchnage loss/(gain)		**0.43**	(3.03)
	Provision for diminishing in value of Inventory		**2.75**	6.25
	Sundry Balances/Advances written off		**0.14**	-
			1,234.06	135.97
	Less :			
	Interest Income from deposits		**(398.50)**	(69.96)
	Interest Income from loans given		**(6.74)**	(1.59)
	Profit on sale on short term investments		**(150.10)**	(69.16)
	Liabilities/Provisions no longer required written back		**(0.75)**	-
	Provision for Doubtful Debts/LD Written Back		**(11.87)**	-
	Other comprehensive income			
	Remeasurement of the net defined benefit liability/asset		**(2.79)**	0.69
	Foreign exchange (losses)/gains arising out of translation of foreign operations		**0.02**	-
	Operating profit/(loss) before working capital changes		**663.33**	(4.05)
	Movements in working capital :			
	Increase / (decrease) in Other non-current financial assets		**(0.46)**	(1.07)
	(Increase) / decrease in other non-current assets		**(960.70)**	62.45
	(Increase) / decrease in inventories		**(341.29)**	(69.01)
	(Increase) / decrease in trade receivable		**(2,770.38)**	(289.98)
	(Increase) / decrease in other current financial assets		**(45.13)**	0.19
	(Increase) / decrease in other current assets		**(1,849.54)**	(118.58)
	Increase / (decrease) in non-current Provisions		**5.41**	1.52
	Increase / (decrease) in other non-current liabilities		**(4,946.44)**	5,383.85
	Increase / (decrease) in trade payables		**4,106.79**	314.23
	Increase / (decrease) in other current financial liabilities		**30.85**	1.31
	Increase / (decrease) in current provisions		**15.33**	3.14
	Increase / (decrease) in other current liabilities		**1,765.00**	2,685.65
			(4,990.56)	7,973.70
	Cash generated from operations		**(4,327.23)**	7,969.65
	Direct taxes paid (net of refunds)		**(426.89)**	(7.62)
	Net cash from/(used in) operating activities	**(A)**	**(4,754.12)**	7,962.03

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

(In ₹ Million)

			Year ended 31st March, 2024	Year ended 31st March, 2023
(B)	**Cash flows from investing activities**			
	Purchase of Property, Plant and Equipment and intangible assets (including capital work in progress and capital advances)		**(538.80)**	(69.67)
	Payment of additional lease premium		**-**	(78.94)
	Purchase of Investments in subsidiaries and joint ventures		**5.00**	45.76
	Purchase of Units of Mutual Funds		**(3,262.50)**	(8,831.46)
	Sale of Investment in Mutual Funds		**6,035.72**	5,909.26
	(Investments In)/Liquidation of fixed deposits		**2,003.50**	(5,063.40)
	Profit on sale on short term investments		**150.10**	69.16
	Interest income		**398.50**	69.96
	Net cash used in investing activities	**(B)**	**4,791.52**	(7,949.33)
(C)	**Cash flows from financing activities**			
	Inter corporate loans given		**(1.57)**	(1.43)
	Repayment of intercorporate loans		**-**	-
	Interest received on Inter corporate loans given		**6.74**	1.59
	Repayment of short term borrowings		**(11.10)**	(63.99)
	Interest paid on borrowings		**(0.27)**	(5.22)
	Other interest		**(0.13)**	(0.02)
	Other Borrowing Cost		**-**	(0.80)
	Call money received on partly paid shares		**-**	60.19
	Net cash from/(used in) financing activities	**(C)**	**(6.33)**	(9.68)
(D)	**Net increase/(Decrease) in cash and cash equivalents (A+B+C)**		**31.07**	3.02
(E)	**Cash and cash equivalents at the beginning of the year**		**6.87**	3.84
	Cash and cash acquired thorugh Sheme of amalgamation		**-**	0.01
			6.87	3.85
(F)	**Cash and cash equivalents at the end of the year**		**37.94**	6.87

(In ₹ Million)

		As at 31st March, 2024	As at 31st March, 2023
Components of cash and cash equivalents			
Cash on hand*		**-**	0.01
Cheques in Hand		**0.01**	-
Balances with banks			
In Current accounts		**35.49**	6.86
Overdraft Facility		**2.44**	-
	TOTAL :	**37.94**	6.87

*Amount less than 0.01 Million

Significant accounting policies and notes forming an integral part of the Financial Statements 1 to 59

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 : 24142953BKFRAE8606

Place: Pune
Date: 6th May, 2024

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Guruprasad Vaidya
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Soma Dutta
Company Secretary
Membership No. A57140

Place: Pune
Date: 6th May, 2024

Statement of changes in equity for the year ended 31st March, 2024

a Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	**(In ₹ Million)**	Nos.	(In ₹ Million)
Balance at the beginning of the year	**66,510,734**	**665.11**	48,151,576	421.33
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting year	**66,510,734**	**665.11**	48,151,576	421.33
Changes in equity share capital during the current year				
Call money received on partly paid shares	**-**	**-**	-	60.19
Shares issued during the year	**-**	**-**	18,359,158	183.59
Balance at the end of the year	**66,510,734**	**665.11**	66,510,734	665.11

b Other equity

(In ₹ Lakhs)

	Reserves and Surplus				Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures	Foreign Exchange Gain/(Loss) arising out of translation of foreign operations	Total Other Equity
	Securities Premium	Retained earnings	Capital Reserve arising on Amalgamation	Total			
Balance at the end of the year 1st April, 2022	-	(30.47)	-	(30.47)	-	-	(30.47)
Changes in other equity due to prior period errors	-	-	-	-	-	-	-
Add :							
Acquired in Scheme of Amalgamation from Transferror Company	1.14	(200.89)	138.64	(61.11)	63.26	-	2.15
OCI Acquired in Scheme of Amalgamation from Transferror Company	-	0.92	-	0.92	-	-	0.92
Loss for the year	-	142.67	-	142.67	-	-	142.67
Other comprehensive income for the year	-	0.51	-	0.51	-	-	0.51
Balance at the end of the year 31st March, 2023	**1.14**	**(87.26)**	**138.64**	**52.52**	**63.26**	**-**	**115.78**
Changes in other equity due to prior period errors	**-**	**-**	**-**	**-**	**-**		**-**
Add :							
Loss for the year	**-**	**854.03**	**-**	**854.03**	**-**	**0.02**	**854.05**
Other comprehensive income for the year	**-**	**(1.98)**	**-**	**(1.98)**	**-**	**-**	**(1.98)**
Balance at the end of the period 31st March, 2024	**1.14**	**764.79**	**138.64**	**904.57**	**63.26**	**0.02**	**967.85**

c Other equity

		Year ended 31st March, 2024	Year ended 31st March, 2023
Equity share capital		**665.11**	665.11
Other equity		**967.85**	115.78
	TOTAL :	**1,632.96**	780.89

Significant accounting policies and notes forming an integral part of the Financial Statements	1 to 59		

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 : 24142953BKFRAE8606

Place: Pune
Date: 6th May, 2024

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Guruprasad Vaidya
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Soma Dutta
Company Secretary
Membership No. A57140

Place: Pune
Date: 6th May, 2024

Notes forming part of financial statements for the year ended 31st March, 2024

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 6th 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 2024, 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.

2 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.

3 Significant accounting policies:

3.1 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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest million.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

3.2 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.

3.3 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

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.

c) Foreign Opeartion

The assets and liabilities of foreign operations (branches), are translated into INR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign currency differences are recognised in OCI and accumulated in the equity (as exchange differences on translating the financial statements of a foreign operation). When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3.4 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 3.16).

3.5 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.

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:

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 recognized in the 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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 45)

b) Quantitative disclosures of fair value measurement hierarchy (note 47)

c) Investment in unquoted equity shares (note 7)

d) Financial instruments (including those carried at amortized cost) (note 46)

3.6 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 45.

a) Revenue from 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. 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. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at subsidiary 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. The normal credit term is 60 to 90 days upon delivery.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

c) Warranty :

The Company provides a warranty beyond fixing defects to ensure that the products are made available for pre-defined period during the tenure of warranty. These service-type warranties are usually sold bundled together with the product. Contracts for bundled sales of product and service-type warranty comprise two performance obligations because the product and service-type warranty are distinct within the context of the contract. Using the expected cost plus margin approach, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

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. 3.16.

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. Interest income is included in "other income" in the statement of profit and loss.

h) Dividend Income

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

i) 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.

j) 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.

3.7 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/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.

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.

Export incentives

Income from export incentives is accounted for on the export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

3.8 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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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.

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 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.

3.9 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)	Buildings - Other	3 years to 5 years
iii)	Plant and machineries	3 years to 15 years
iv)	Computer and data processing equipments	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
v)	Furniture and fixtures	10 years
vi)	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.

3.10 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.

Company amortises intangible assets on a straight line basis over the useful life of the asset as mentioned below:

Type of Asset	Estimated useful life (years)
Compute software	3 to 5

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized 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.

3.11 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 Group 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 accounting policies in Note 3.13 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 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.

3.12 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, 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 realizable value. The cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of work-in-progress and finished goods are determined on a weighted average basis.

Traded goods are valued at lower of cost and are determined on a weighted average basis and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

3.13 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.

3.14 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.

3.15 Retirement and other employee benefits :

a) Provident Fund :

The contributions to provident fund are recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

b) 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. 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

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.

3.16 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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 Group has not designated any debt instrument as at FVTPL.

Financial assets 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 Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as 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 Group 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 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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 recognizes 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 recognizing 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.

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.

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

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 analyzed.

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:

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 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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.

4 Property, plant and equipment :

(In ₹ Million)

	Freehold land	Leasehold improvements	Building	Plant and machinery	Furniture and Fixtures	Computers	Office equipment	Total	Capital work in progress
Gross block, at Cost :									
As at 31st March, 2022	27.33	-	30.51	1.02	0.13	-	0.14	59.13	8.58
Acquired in Scheme of Amalgamation from the Transferor Company	-	1.34	-	23.45	4.59	4.25	3.64	37.27	1.81
Additions	-	-	0.42	2.74	0.09	0.50	0.03	3.78	0.13
Disposals	-	-	-	-	-	-	-	-	(0.50)
As at 31st March, 2023	27.33	1.34	30.93	27.21	4.81	4.75	3.81	100.18	10.02
Additions	**-**	**-**	**2.85**	**21.56**	**0.29**	**8.88**	**0.27**	**33.85**	**750.97**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2024	**27.33**	**1.34**	**33.78**	**48.77**	**5.10**	**13.63**	**4.08**	**134.03**	**760.99**
Depreciation and Amortization :									
Upto 31st March, 2022	-	-	4.76	0.11	0.02	-	0.02	4.91	-
Transferred in Scheme of Amalgamation from the Transferor Company	-	1.21	-	11.29	4.20	4.11	2.98	23.79	-
Disposals	-	-	-	-	-	-	-	-	-
For the year	-	0.02	1.50	2.66	0.12	0.08	0.25	4.63	-
Upto 31st March, 2023	-	1.23	6.26	14.06	4.34	4.19	3.25	33.33	-
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**-**	**1.40**	**4.05**	**0.10**	**0.66**	**0.15**	**6.36**	**-**
Upto 31st March, 2024	**-**	**1.23**	**7.66**	**18.11**	**4.44**	**4.85**	**3.40**	**39.69**	**-**
Net Block :									
As at 31st March, 2023	27.33	0.11	24.67	13.15	0.47	0.56	0.56	66.85	10.02
As at 31st March, 2024	**27.33**	**0.11**	**26.12**	**30.66**	**0.66**	**8.78**	**0.68**	**94.34**	**760.99**

a) Capital work in progress Ageing Schedule

(In ₹ Million)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2024					
Projects in process	**750.96**	**-**	**2.20**	**7.83**	**760.99**
As at 31st March, 2023					
Projects in process	-	2.20	3.71	4.11	10.02

b) For details of expenditure capitalised to capital work in progress refer note no. 37(b)

c) The Company has not revalued any property, plant and equipment during the year.

d) For terms and conditions relating to intangible assets acquired from related party, refer note no. 55(B)

5 Intangible assets :

(In ₹ Million)

	Software	Goodwill	Total Intangible Assets	Intangibles under development
Gross block, at Cost :				
As at 31st March, 2022	-	-	-	-
Acquired in Scheme of Amalgamation from the Transferor Company	1.89	-	1.89	0.50
Additions	-	-	-	-
Disposals	-	-	-	(0.50)
As at 31st March, 2023	1.89	-	1.89	-
Additions	**14.48**	**53.00**	**67.48**	**17.62**
Disposals	-	-	-	-
As at 31st March, 2024	**16.37**	**53.00**	**69.37**	**17.62**
Depreciation and Amortization :				
Upto 31st March, 2022	-	-	-	-
Transferred in Scheme of Amalgamation from the Transferor Company	**1.89**	-	**1.89**	-
Disposals	-	-	-	-
For the year	-	-	-	-
Upto 31st March, 2023	1.89	-	1.89	-
Disposals	-	-	-	-
For the year	**0.15**	-	**0.15**	-
Upto 31st March, 2024	**2.04**	-	**2.04**	-
NET BLOCK :				
As at 31st March, 2023	-	-	-	-
As at 31st March, 2024	**14.33**	**53.00**	**67.33**	**17.62**

a) Intangible assets under development Ageing Schedule :

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2024					
Projects in process	**17.62**	-	-	-	**17.62**
As at 31st March, 2023					
Projects in process	-	-	-	-	-

b) The Company has not revalued any intangible assets during the year.

c) The Company entered into an Asset Purchase Agreement with its fellow subsidiary, BF Infrastructure Limited ('BFIL') [Refer note 55(B)]. The Company has determined the acquisition date fair value of the goodwill which was existing on the date of acquisition and has recognised goodwill of Rs. 53 million. This was determined based on the discounted cash-flow.

Key assumptions used for determining fair value of goodwill

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 23.25%

Terminal growth rate : 2.00%

The Company 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.

6 Right of use assets :

(In ₹ Million)

	Land	Total
Gross block, at Cost :		
As at 31st March, 2022	79.06	79.06
Additions	75.62	75.62
Disposals	-	-
As at 31st March, 2023	154.68	154.68
Additions	**-**	**-**
Disposals	**-**	**-**
As at 31st March, 2024	**154.68**	**154.68**
Depreciation and Amortization :		
Upto 31st March, 2022	3.54	3.54
Disposals	-	-
For the year	0.95	0.95
Upto 31st March, 2023	4.49	4.49
Disposals	**-**	**-**
For the year	**1.90**	**1.90**
Upto 31st March, 2024	**6.39**	**6.39**
NET BLOCK :		
As at 31st March, 2023	150.19	150.19
As at 31st March, 2024	**148.29**	**148.29**

7 Investments in subsidiaries, associates and joint ventures :

(In ₹ Million)

No of shares held			As at	As at
31st March, 2024	31st March, 2023		**31st March, 2024**	31st March, 2023
(At Cost)				
Equity Instruments, Unquoted :				
Investment in Subsidiaries :				
19,901,471	19,901,471	Equity shares having Face value of ₹ 10/- each, fully paid up, of Kalyani Rafael Advanced Systems Private Limited[(a)]	**199.01**	199.01
377	377	Equity shares having Face value of ₹ 10/- each, fully paid up, of Sagar-Manas Technologies Limited[(b)]*	**-**	-
8,000	-	Equity shares having Face value of AUD 1/- each, fully paid up, of Kalyani Strategic Systems Australia Pty Ltd[(c)]	**0.44**	-
		Less : Provision for impairment in the value of investment	**(0.40)**	-
8,000	**-**		**0.04**	**-**
500,000	-	Equity shares having Face value of ₹ 10/- each, fully paid up, of Zorya Mashproekt India Private Limited[(d)]	**5.00**	-
-	18,489,670	Equity shares having Face value of ₹ 10/- each, fully paid up, of Analogic Controls India Limited[(e)]	**-**	46.41
-	(18,489,670)	Less : Cancelled in the scheme of amalgamation	**-**	(46.41)
-	-		**-**	-
Investment in Associates :				
136,500	136,500	Equity shares having Face value of ₹ 10/- each, fully paid up, of Aeron Systems Private Limited[(f)]	**137.18**	137.18
Investment in joint ventures :				
-	120,000	Equity shares having Face value of ₹ 10/- each, fully paid up, of BF Premier Energy Systems Private Limited[(g)]	**-**	1.20
-	(120,000)	Less : Investment written off	**-**	(1.20)
-	-		**-**	-
Share application money paid, pending for allotment				
		Kalyani Strategic Systems Australia Pty. Ltd.[(c)]	**-**	0.44
		TOTAL :	**341.23**	336.63

*Amount less than 0.01 Million

(a) On 31st March, 2024 and on 31st March, 2023, 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) During the previous year, the Company formed it's wholly owned subsidiary in Australia and remitted share application money which was awaiting allotment as at 31st March, 2023. During the year, Kalyani Strategic Systems Australia Pty. Ltd. has allotted 8000 ordinary shares of 1 Australian Dollar each. The management has decided to liquidate the subsidiary. Accordingly, the subsidiary company has filed for deregistration on 21st March, 2024. Provision for impairment to the extent of irrecoverable cost of investment is considered.

(d) During the year, the company has made investment ₹ 5 million by acquiring 500,000 equity shares of ₹ 10 each i.e. 64.94% of equity share capital of the the investee company. Zorya Mashproekt India Private Limited is, therefore, considered to be a subsidiary in view of the control exercised by the Company. This entity is engaged in designing, manufacturing, maintaining for all types of gas turbines.

(e) During the previous year, 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 ₹ 46.41 Million.

(f) During the previous year, 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 ₹ 137.18 Million.

(g) During the previous year, BF Premier Energy Systems Private Limited had applied to the Registrar of Companies for removing its name pursuant 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. BF Premier Energy Systems Private Limited has filed notice of striking off and dissolution (Form SKT-7) pursuant to sub-section (5) of section 248 of the Companies Act, 2013 and rule 9 of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 on 23rd November, 2023.

8 Other financial assets (non-current) :

(Unsecured, good) (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Security Deposit	**1.07**	1.07
Balances in Fixed Deposits with banks[(a)]	**0.60**	0.14
TOTAL :	**1.67**	1.21
(a) Fixed deposits are under lien with bank, as margin for non fund bases credit facilities.	**0.60**	-

9 Other assets (non-current) :

(Unsecured, good) (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Capital advances	**333.01**	50.97
Prepaid expenses	**2.36**	2.64
Deferred acquisition cost[(a)]	**63.77**	-
Other balances with government authorities		
Good	**282.16**	-
Doubtful	**-**	0.57
Less : Allowances for credit losses	**-**	(0.57)
	282.16	-
TOTAL :	**681.30**	53.61

(a) Refer Note No. 18(a) for significant movment of deferred acquisition cost

10 Deferred Tax Liability/Assets :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Deferred tax asset		
Temporary differences for		
Other disallowances	**14.08**	6.40
Deferred tax liability		
Temporary differences for		
Depreciation	**(5.48)**	(1.66)
TOTAL :	**8.60**	4.74

11 Income tax assets (net) :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Taxes paid in advance (net of provisions)	**69.65**	-
TOTAL :	**69.65**	-

12 Inventories :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Raw materials[(a)]	**188.95**	45.18
Stock in Trade[(b)]	**0.57**	20.52
Work-in-progress	**22.54**	4.52
Finished Goods[(a)(c)]	**199.62**	0.17
TOTAL :	**411.68**	70.39

(a) Net of provision for slow-moving/non-moving inventory, ₹ 9.00 million (31st March, 2023 : ₹ 6.25 million)

(b) Out of the Stock in trade, 31st March, 2024 : NIL (31st March, 2023: ₹ 20.52 million) was in transit.

(c) Out of the Finished Goods of ₹ 190.87 million (31st March, 2023: NIL) was in transit.

13 Current Investment :

(In ₹ Million)

No of units 31st March, 2024	No of units 31st March, 2023		As at 31st March, 2024	As at 31st March, 2023
At Fair Value through profit and loss				
Units of Mutual Funds (Unquoted)				
-	273,093.58	Units of Axis Liquid Fund - Regular Growth	-	678.41
-	1,782,068.85	Units of ICICI Prudential Liquid Fund - Growth	-	589.25
	110,618.13	Units of Kotak Money Market Fund - Regular Plan - Growth	-	420.71
-	115,302.05	Units of Kotak Liquid Fund - Regular Plan - Growth	-	520.86
43,422.68	116,585.04	Units of Nippon India Money Market Fund - Growth Fund - Growth	**164.10**	409.52
-	64,919.38	Units of Nippon India Liquid Fund - Growth Fund - Growth	-	354.02
		TOTAL :	**164.10**	2,972.77

14 Trade receivable :

(Unsecured)

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Considered Good - Unsecured	**3,116.38**	347.26
Credit impaired	**-**	8.97
Less : Allowances for credit losses	**-**	(8.97)
	-	-
TOTAL :	**3,116.38**	347.26

For terms and conditions relating to related party receivable refer note no. 41

Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days.

Trade Receivables ageing schedule :

(In ₹ Million)

	Outstanding for following periods from due date of payment						
	Not Due	**Less than 6 months**	**6 months - 1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
As at 31st March, 2024							
Undisputed trade receivables - considered good	**511.94**	**2,097.62**	**477.23**	**0.11**	**29.48**	**-**	**3,116.38**
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 :	**511.94**	**2,097.62**	**477.23**	**0.11**	**29.48**	**-**	**3,116.38**
As at 31st March, 2023							
Undisputed trade receivables - considered good	-	280.60	45.88	20.78	-	-	347.26
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	1.60	1.26	6.11	8.97
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total :	-	280.60	45.88	22.38	1.26	6.11	356.23

15 Cash and bank balances :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents :		
Cash on hand*	**-**	0.01
Cheques on hand	**0.01**	-
Balances with banks		
Current accounts	**35.49**	6.86
Overdraft Facility	**2.44**	-
	37.94	6.87
Other bank balances :		
Deposits with less than twelve months maturity#(a)	**3,059.67**	5,063.62
	3,059.67	5,063.62
TOTAL :	**3,097.61**	5,070.49

* Amount less than 0.01 million

including interest accrued

(a) Fixed deposits are under lien with bank as margin for non fund based credit facilities	**8.51**	0.39

16 Loans (Current) :

(Unsecured, good)

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Inter-corporate loan to a fellow subsidiary(a)(b)(c)	**18.77**	17.20
TOTAL :	**18.77**	17.20

(a) Including interest due, thereon

(b) For terms and conditions relating to related party receivable refer note no. 41.

(c) For compliance with provisions with provision of 186(4) refer note no. 59.

17 Other financial assets (Current) :

(Unsecured, Good)

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Security Deposit	**0.96**	0.20
Other amounts receivable	**3.38**	0.01
Government grants(a)	**42.52**	1.52
TOTAL :	**46.86**	1.73

(a) Government grants includes export incentive receivable.

18 Other assets (Current) :

(Unsecured, Good) (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities	**1,822.26**	71.41
Advance to vendors	**36.60**	2.11
Prepaid Expenses	**6.81**	2.17
Deferred acquisition cost[a]	**100.14**	42.10
Other advances recoverable in cash or in kind or for value to be received	**1.67**	0.16
TOTAL :	**1,967.48**	117.95

(a) Changes in deferred acquisition cost are as under : (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	**42.10**	-
Recognised during the year	**141.69**	42.10
Expense recognised during the year	**(19.88)**	-
Balance at the end of the year	**163.91**	42.10

19 Equity share capital : (In ₹ Million)

			As at 31st March, 2024	As at 31st March, 2023
Authorised				
95,000,000	75,000,000	Equity shares of ₹ 10/- each	**950.00**	750.00
	20,000,000	Add : Increased by the Authorised share capital of the Transferor Company as per the Scheme of Amalgamation	**-**	200.00
95,000,000	95,000,000	**TOTAL :**	**950.00**	950.00
Issued, subscribed and fully paid-up				
66,510,734	66,510,734	Equity shares of ₹ 10/- each, fully paid up	**665.11**	665.11
66,510,734	66,510,734	**TOTAL :**	**665.11**	665.11

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	**(In ₹ Million)**	Nos.	(In ₹ Million)
At the beginning of the year	**66,510,734**	**665.11**	48,151,576	421.33
Call money received on partly paid shares	**-**	**-**	-	60.19
Shares issued during the year	**-**	**-**	18,359,158	183.59
Shares bought back during the year	**-**	**-**	-	-
Outstanding at the end of the year	**66,510,734**	**665.11**	66,510,734	665.11

(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, 2024		31st March, 2023	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid up				
Bharat Forge Limited#	**66,510,734**	**100.00**	66,510,734	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, 2024		31st March, 2023	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid up				
Bharat Forge Limited, the Holding Company#	**66,510,734**	**100.00**	66,510,734	100.00

including the shares held through nominees

(e) Shares held by Promoters as at 31st March, 2024

Name of the promoter	31st March, 2024		31st March, 2023		% Changes during the year
	No. of Shares	%	No. of Shares	%	
i) Equity shares of ₹ 10 each fully paid up					
Bharat Forge Limited#	**66,510,734**	**100**	66,510,734	100	-

Including shares held through Nominees

Shares held by Promoters as at 31st March, 2023

Name of the promoter	31st March, 2023		31st March, 2022		% Changes during previous year
	No. of Shares	%	No. of Shares	%	
i) Equity shares of ₹ 10 each fully paid up					
Bharat Forge Limited#	66,510,734	100	36,113,684	100	-
ii) Equity shares of ₹ 5 each fully paid up					
Bharat Forge Limited#	-	-	12,037,892	100	-100.00%

Including shares held through Nominees

(f) Equity shares allotted as fully paid-up pursuant to contracts without payment being received in cash

During the previous year, 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 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.

During the previous year, the Company has issued 13,718,250 equity shares of ₹ 10/- each at par to the Bharat Forge Limited its Holding Company on Private placement basis 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.

20 Other equity :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Securities Premium[(a)]		
As per last account	**1.14**	-
Add :		
Transferred as per the Scheme of Amalgamation from the Transferor Company	**-**	1.14
(Refer Note No. 53)	**1.14**	1.14
Surplus/(deficit) in the statement of profit and loss[(b)]		
As per last account	**(87.26)**	(30.47)
Add :		
Retained earning transferred in Scheme of Amalgamation from Transferor Company	**-**	(200.89)
OCI transferred in Scheme of Amalgamation from Transferor Company	**-**	0.92
Add :		
Profit/(Loss) for the period	**854.03**	142.67
Other comprehensive income for the period	**(1.98)**	0.51
	764.79	(87.26)
Capital Reserve arising on Amalgamation[(c)]		
As per last account	**138.64**	-
Add :		
Arising in Scheme of Amalgamation from Transferor Company	**-**	138.64
	138.64	138.64
Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures[(d)]		
As per last account	**63.26**	-
Add :		
Acquired in Scheme of Amalgamation from Transferor	**-**	63.26
	63.26	63.26
Foreign exchange (gain)/loss arising out of transactions of Foreign Operations[(e)]		
As per last account	**-**	-
Add:		
Arising during the year	**0.02**	**-**
	0.02	**-**
Closing balance	**967.85**	115.78

(a) Securities Premium

Securities premium is used to record the premium on the issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013. This reserve is transferred as per the Scheme of Amalgamation from the Transferror Company in FY 2022-23.

(b) Retained earnings

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

(c) Capital Reserve arising on Amalgamation

Capital reserve is arising in Scheme of Amalgamation from Transferor Company. It is on account of excess value of net assets aquired over consideration paid by company under businees combinations/amalgamation transactions in earlier year.

(d) Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures

Relates to financial instruments issued by Transferror Company, which was acquired by the company under businees combinations/amalgamation transactions in earlier year.

(e) Foreign exchange (gain)/loss arising out of transactions of Foreign Operations

Relates to exchange (gain)/loss arising out of transactions with overseas branch established for the purpose of undertaking servicing/warranty obligations.

21 Provisions (Non-current) :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Provisions for employee benefits :		
Gratuity	**5.15**	1.48
Compensated absences	**2.11**	0.36
TOTAL :	**7.26**	1.84

22 Other Liabilities (Non-current) :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Contract Liabilities[(a)]		
Deferred Revenue	**-**	0.04
Advances from customers[(b)]	**437.48**	5,383.81
TOTAL :	**437.48**	5,383.85

(a) Refer Note No. 27(a) for significant movment of contract liabilities

(b) Advance considerations have been 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.

23 Borrowings (Current) :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Secured :		
Overdraft		
From Axis Bank Limited[(a)]	**-**	0.01
From ICICI Bank Limited[(b)]	**-**	11.09
TOTAL :	**-**	11.10

(a) Overdraft from Axis Bank Limited is repayable on demand and carries interest at 3 MCLR plus 1%. 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.

(c) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(d) During the year, the Company has not filed the cash flow statements/stock/book debts with the bank with regard to the securities provided against working capital facility on periodic basis as the facility has not been utilised after June, 2023.

24 Trade payables :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Dues to micro enterprises and small enterprises	**2.14**	-
Dues to other than micro enterprises and small enterprises (including related party payables)	**4,432.64**	328.83
TOTAL :	**4,434.78**	328.83

For balances and terms and conditions relating to related party payable refer note no. 41

Trade payables are non-interest bearing and are generally settled on 45 to 90 days.

Trade payables ageing schedule

	Outstanding 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, 2024							
Undisputed dues to MSME	**-**	**1.88**	**0.26**	**-**	**-**	**-**	**2.14**
Undisputed dues to other than MSME	**125.77**	**3,288.25**	**1,017.59**	**0.38**	**0.12**	**0.53**	**4,432.64**
Disputed dues to MSME	**-**		**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**		**-**	**-**	**-**	**-**	**-**
	125.77	**3,290.13**	**1,017.85**	**0.38**	**0.12**	**0.53**	**4,434.78**
As at 31st March, 2023							
Undisputed dues to MSME	-	-	-	-	-	-	-
Undisputed dues to other than MSME	3.31	0.23	323.27	0.48	0.16	1.38	328.83
Disputed dues to MSME							-
Disputed dues to other than MSME							-
	3.31	0.23	323.27	0.48	0.16	1.38	328.83

25 Other financial liabilities (Current) :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Payable for capital goods	**14.61**	0.04
Payable on purchase on business (Refer Note 55(B))	**15.70**	
Other Amounts Payable	**1.90**	1.30
TOTAL :	**32.21**	1.34

For balances and terms and conditions relating to related party payable refer note no. 41

26 Provisions (Current) :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Provisions for employee benefits :		
Gratuity	**0.25**	0.20
Compensated absences	**0.42**	0.06
Other provisions :		
Liquidated damages[(a)(b)]	**17.83**	2.90
TOTAL :	**18.50**	3.16

(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	**2.90**	3.36
Arising during the year	**10.60**	2.83
Liability acquired [Refer note no. 55(B)]	**7.23**	-
Utilised during the year	**-**	(2.81)
Provision Written Back	**(2.90)**	(0.48)
Closing balance	**17.83**	2.90

(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.

27 Other liabilities (Current) : (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Statutory liabilities	**16.70**	1.04
Contract Liabilities[(a)]		
Deferred Revenue[(b)]	**520.76**	22.38
Advances from customers[(c)]	**3,913.25**	2,662.29
TOTAL :	**4,450.71**	2,685.71

(a) Changes in contract liabilities are as under (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	**8,068.52**	-
Changes due to business combinations	**-**	0.24
Advances received during the year	**792.82**	8,046.80
Revenue deferred during the year	**520.76**	22.31
Revenue recognised during the year	**(4,510.61)**	(0.83)
Balance at the end of the year	**4,871.49**	8,068.52

(b) Company provides service type warranty to ensure that productsa are available for pre-defined period during the tenure of warranty. This service type 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.

(c) Advance considerations have been 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.

28 Income tax liabilities (net) : (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Income tax provisions (net)	**-**	24.32
TOTAL :	**-**	24.32

29 Revenue from operations :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Sale of products		
- Sale of goods	**8,429.55**	20.31
- Sale of traded goods	**2,967.51**	293.28
Sale of services		
- Warranty services	**0.11**	0.13
- Tool development and product assembly	**4.80**	2.00
Other Operating Income		
- Export Incentive	**43.61**	2.47
TOTAL :	**11,445.58**	318.19
Revenue by geographical segment :		
- Within India	**20.80**	24.91
- Outside India	**11,424.78**	293.28
TOTAL :	**11,445.58**	318.19

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Revenue recognised as per Statement of Profit & loss		
Sale of products	**11,397.06**	313.59
Sale of services	**4.91**	2.13
Other Operating Income	**43.61**	2.47
	11,445.58	318.19
Add : Adjustments		
Deferment of revenue	**149.98**	-
Contract Price	**11,595.56**	318.19

30 Other income :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest received		
On loan to a fellow subsidiary	**6.74**	1.59
On deposits and others	**398.50**	69.99
Net gain on sale of financial instruments	**150.10**	69.16
Net gain/(loss) on fair valuation of financial instruments	**(35.44)**	50.56
Liabilities/provisions no longer required written back	**0.75**	3.73
Provision for doubtful debts written back	**8.97**	2.23
Provision for liquidated damages written back	**2.90**	0.48
Miscellaneous income	**0.69**	0.02
TOTAL :	**533.21**	197.76

31 Cost of material consumed :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Inventory at the beginning of the year	**45.18**	1.38
Add: Transferred in Scheme of Amalgamation from Transferor Company	**-**	20.43
Add: Purchases	**8,132.54**	35.26
Less: Inventory at the end of the year	**(188.95)**	(45.18)
TOTAL :	**7,988.77**	11.89

32 Purchases of stock in trade :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Purchases of stock in trade	**2,660.03**	272.07
TOTAL :	**2,660.03**	272.07

33 Changes in inventories of finished goods, stock in trade and work in progress :

(In ₹ Million)

		Year ended 31st March, 2024	Year ended 31st March, 2023
Inventories at the beginning of the year			
Stock in Trade		**20.52**	-
Work-in-progress		**4.52**	14.36
Finished Goods		**0.17**	0.35
		25.21	14.71
Inventories at the close of the year			
Stock in Trade		**0.57**	20.52
Work-in-progress		**22.54**	4.52
Finished Goods		**199.62**	0.17
		222.73	25.21
	TOTAL :	**(197.52)**	(10.50)

34 Employee benefit expenses :

(In ₹ Million)

		Year ended 31st March, 2024	Year ended 31st March, 2023
Salaries and wages		**64.36**	16.37
Contributions to provident and other funds		**3.68**	0.98
Gratuity expenses		**1.22**	1.02
Staff welfare expenses		**3.82**	1.11
	TOTAL :	**73.08**	19.48

The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on 13th November, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

35 Finance cost :

(In ₹ Million)

		Year ended 31st March, 2024	Year ended 31st March, 2023
Interest on borrowings		**0.27**	5.22
Interest on Income tax		**1.22**	1.56
Other interest		**0.13**	0.02
Other Borrowing Cost		**-**	0.80
	TOTAL :	**1.62**	7.60

36 Depreciation and amortization expenses :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Depreciation on property, plant and equipment	**6.36**	4.63
Amortization on intangible assets	**0.15**	-
Depreciation on right of use assets	**1.90**	0.95
TOTAL :	**8.41**	5.58

37 Other expenses :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Power and fuel	**0.91**	1.08
Repairs and maintenance - buildings	**1.14**	0.15
Repairs and maintenance - plant and machinery	**0.17**	0.14
Repairs and Maintenance - others	**0.11**	1.09
Rent (Refer note no. 52)	**0.19**	0.14
Rates and Taxes	**16.74**	8.42
Insurance	**0.91**	0.15
Corporate social responsibility (Refer note no. 50)	**0.69**	-
Legal and professional fees	**27.61**	10.17
Travelling and conveyance	**15.30**	1.89
Freight forwarding charges	**66.71**	0.37
Business development expenses	**24.97**	6.89
Exchange difference (Net)	**37.65**	(3.04)
Bad debts	**10.07**	-
Security services	**1.88**	0.71
Payment to auditors [Refer (a) below]	**1.32**	0.80
Allowances for credit losses	**1.96**	0.05
Liquidated damages (Refer note no. 26)	**10.60**	3.46
Amalgamation expenses	**-**	1.61
Share issue expenses	**-**	2.53
Research and development expenses	**22.03**	-
Miscellaneous expenses#	**20.18**	4.39
TOTAL :	**261.14**	41.00

Miscellaneous expenses include bank charges, general office expenses, printing and stationery etc.

(a) Payment to auditors :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
As auditor:		
- Audit fees	**0.98**	0.53
- Tax audit fees	**0.20**	0.15
- Certification and other income tax matters	**0.13**	0.12
Reimbursement of expenses	**0.02**	-
TOTAL :	**1.33**	0.80

(b) Capitalisation of expenditure

The Company has capitalised the following expenses of revenue nature to the cost of capital work in progress. Consequently, Income and expenses disclosed under the respective notes are net of amounts capitalised by the Company.

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Operating Expenses		
Security Services	**0.31**	-
Power and Fuel	**0.49**	-
Miscellaneous expenses	**3.76**	-
TOTAL :	**4.56**	-

38 Exceptional Items :

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Provision for impairment of investment in subsidiary[a]	**0.40**	-
TOTAL :	**0.40**	-

(a) The management has decided to liquidate it's wholly owned subsidiary in Australia, Kalyani Strategic Systems Australia Pty. Ltd. Accordingly, the subsidiary company has filed for deregistration on 21st March, 2024. Provision for impairment to the extent of irrecoverable cost of investment has been recorded as exceptional item.

39 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 ₹ 3.64 million (Previous Year: ₹ 0.9 million) 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 Company has a defined benefit gratuity plan for its employees. 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 employee'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. 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 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 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, 2024	Year ended 31st March, 2023
Mortality table	IALM(2012-14) Ult	IALM(2012-14) Ult
Discount rate	7.20%	7.50%
Rate of increase in compensation levels	11.00%	7.00%
Expected rate of return on plan assets	7.50%	7.20%
Expected average remaining working lives (in years)	6.75	12.31
Withdrawal rate	14.00%	5.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the beginning of the year	**2.05**	0.18
Add : Acquired in Scheme of Amalgamation from Transferror Company	**-**	1.57
Transfer In/(Out)	**0.42**	-
Interest expense	**0.16**	0.12
Past service cost	**0.36**	0.48
Current service cost	**0.53**	0.43
Benefits (paid)	**(0.21)**	(0.04)
Remeasurements on obligation [Actuarial (Gain) / Loss]	**2.79**	(0.69)
Present value of obligation as at the end of the year	**6.10**	2.05

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Fair value of plan assets at the beginning of the year	**0.37**	-
Add : Acquired in Scheme of Amalgamation from Transferror Company	**-**	0.35
Adjustment to opening	**0.18**	-
Interest Income	**0.05**	0.03
Contributions	**0.10**	-
Mortality Charges and Taxes*	**-**	-
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	**0.70**	0.38
Actual return on plan assets	**0.05**	0.03

*Amount less than 0.01 Million

Net Interest (Income/Expense) (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest (Income) / Expense – Obligation	**0.16**	0.12
Interest (Income) / Expense – Plan assets	**(0.05)**	(0.03)
Net Interest (Income) / Expense for the year	**0.11**	0.09

Remeasurement for the period [Actuarial (Gain)/loss] (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Experience (Gain) / Loss on plan liabilities	**1.88**	(0.97)
Demographic (Gain) / Loss on plan liabilities	**(0.84)**	-
Financial (Gain) / Loss on plan liabilities	**1.75**	0.29
Experience (Gain) / Loss on plan assets*	**-**	-
Financial (Gain) / Loss on plan assets*	**-**	-

*Amount less than 0.01 Million

Amount recognised in Statement of Other comprehensive Income (OCI)		(In ₹ Million)
	Year ended 31st March, 2024	Year ended 31st March, 2023
Opening amount recognised in OCI outside profit and loss account	**(1.76)**	(0.03)
Add : Acquired in Scheme of Amalgamation from Transferror Company	**-**	(1.04)
Remeasurement for the year - Obligation (Gain)/Loss	**2.79**	(0.69)
Remeasurement for the year - Plan assets (Gain)/Loss*	**-**	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**2.79**	(0.69)
Closing amount recognised in OCI outside profit and loss account	**1.03**	(1.76)

*Amount less than 0.01 Million

The amounts to be recognised in the Balance Sheet		(In ₹ Million)
	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the end of the period	**(6.10)**	(2.05)
Fair value of plan assets as at the end of the period	**0.70**	-
Net Asset / (liability) to be recognised in balance sheet	**(5.40)**	(2.05)

Expense recognised in the statement of profit and loss		(In ₹ Million)
	Year ended 31st March, 2024	Year ended 31st March, 2023
Past service cost	**0.36**	0.48
Current service cost	**0.53**	0.43
Net Interest (Income) / Expense	**0.11**	0.09
Transfer In/(Out)	**0.42**	**-**
Net periodic benefit cost recognised in the statement of profit and loss	**1.42**	1.00

Reconciliation of Net Asset/(Liability) recognised: (In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Net asset / (liability) recognised at the beginning of the period	**(1.68)**	(0.18)
Add : Acquired in Scheme of Amalgamation from Transferror Company	**-**	(1.22)
Company contributions	**0.10**	-
Adjustment to opening	**0.18**	-
Benefits directly paid by the Company	**0.22**	0.05
Expense recognised at the end of period	**(1.43)**	(1.02)
Mortality Charges and Taxes	**-**	
Amount recognised outside profit & loss for the period	**(2.79)**	0.69
Net asset / (liability) recognised at the end of the period	**(5.40)**	(1.68)

The Company expects to contribute ₹ 0.25 million to the gratuity fund in the next year (31st March, 2023 : 0.20 million)

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point (In ₹ Million)

Discount rate	**Present value of obligation**	
	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in discount rate by 100 basis points	**5.53**	1.91
Decrease in discount rate by 100 basis points	**6.82**	2.23

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point (In ₹ Million)

Salary growth rate	**Present value of obligation**	
	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in salary growth rate by 100 basis points	**6.71**	2.21
Decrease in salary growth rate by 100 basis points	**5.57**	1.92

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point (In ₹ Million)

Withdrawal rate	**Present value of obligation**	
	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in withdrawal rate by 100 basis points	**5.90**	2.05
Decrease in withdrawal rate by 100 basis points	**6.33**	2.07

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 following are the expected benefit payments to the defined benefit plan in future years:

(In ₹ Million)

Period/Year Ending	31st March, 2024	31st March, 2023
Within one year	**0.58**	0.32
After one year but not more than five years	**1.49**	0.54
After five years but not more than ten years	**1.96**	1.08

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 9.26 years (31st March, 2023 - 12.79 years)

(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 ₹ Million)

Sr. No.		As at 31st March, 2024	As at 31st March, 2023
1	Present Value of Obligation	**2.53**	0.42
2	Fair Value of Plan Assets*	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**(2.53)**	(0.42)

* The Company has not funded the liability as on 31st March, 2024.

40 Segment Information

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.

41 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 (Resigned w.e.f. 26th July, 2022) [a]
	iii)	Ms. Suchi Gandhi - Chief Financial officer (Appointed w.e.f. 29th July, 2022 and resigned w.e.f. 8th February, 2023) [a]
	iv)	Mr. Guruprasad Vaidya - Chief Financial officer (Appointed w.e.f. 9th October, 2023)[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
	iv)	Zorya Mashropekt India Pvt Ltd
Associate Company :	i)	Aeron Systems Private Limited (w.e.f. 23rd February, 2023)
Fellow Subsidiary Companies :	i)	BF Elbit Advanced Systems Private Limited
	ii)	Bf Infrastructure Limited
Joint Venture :	i)	BF Premier Energy Systems Private Limited (Refer note 43)
	ii)	Open Joint Stock Company Dastan Transnational Corporation Ltd.
Other related parties :	i)	Inmet Technology Solutions Private Limited
	ii)	Kalyani Strategic Management Services Private Limited
	iii)	Saarloha Advanced Materials Private Limited
	iv)	Cogknit Semantics Private Limited
	v)	KTMS Design and Engineering Private Limited
	vi)	Kudje Management Services Private Limited
	vii)	Peach Blossom Investment Private Limited

(ii) Related parties with whom transactions have taken place during the year

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
1	**Interest paid on intercorporate loan**	**Holding Company**		
		Bharat Forge Limited	**-**	2.48
2	**Intercorporate loan Repaid including interest payable**	**Holding Company**		
		Bharat Forge Limited	**-**	57.96
3	**Issue of Equity shares**	**Holding Company**		
		Bharat Forge Limited	**-**	183.59
4	**Final call money received on Equity Shares**	**Holding Company**		
		Bharat Forge Limited	**-**	60.19
5	**Investment in equity shares**	**Subsidiary Company**		
		Sagar-Manas Technologies Limited	**-**	0.01
		Zorya Mashropekt India Pvt Ltd	**5.00**	-
		Associate Company		
		Aeron Systems Private Limited	**-**	137.18
		Joint Venture		
		BF Premier Energy Systems Private Limited	**-**	0.20
6	**Investment Written off**	**Joint Venture**		
		BF Premier Energy Systems Private Limited	**-**	1.20
7	**Provision for impairment of investment**	**Subsidiary Company**		
		Kalyani Strategic Systems Australia Pty Limited	**0.40**	
8	**Share application money paid for investment in equity shares**	**Subsidiary Company**		
		Kalyani Strategic Systems Australia Pty Ltd	**-**	0.44
9	**Lease Rent paid**	**Holding Company**		
		Bharat Forge Limited	**0.10**	0.24
10	**Intercorporate loan given**	**Fellow Subsidiary Company**		
		BF Infrastructure Limited	**120.00**	-
11	**Repayment of intercorporate loan received**	**Associate Company**		
		Aeron Systems Private Limited	**-**	50.00
		BF Infrastructure Limited#	**120.00**	

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
12	**Interest received on intercorporate loans**	**Fellow Subsidiary Company**		
		BF Elbit Advanced Systems Private Limited	**1.74**	1.59
		BF Infrastructure Limited	**5.00**	-
13	**Expenses incurred/payments made by related parties on behalf of the Company**	**Holding Company**		
		Bharat Forge Limited	**76.58**	7.01
14	**Expenses incurred/payments made by the Company on behalf of the related parties**	**Holding Company**		
		Bharat Forge Limited	**5.98**	1.29
		Subsidiary Company		
		Sagar-Manas Technologies Limited	**0.13**	-
		Kalyani Rafael Advanced Systems Private Limited	**1.12**	-
		Kalyani Strategic Systems Australia Pty Limited	**0.15**	-
		Fellow Subsidiary Company		
		BF Infrastructure Limited	**8.92**	-
		Other related parties		
		Kudje Management Services Private Limited	**0.41**	-
		Cogknit Semantics Private Limited	**1.21**	-
		KTMS Design and Engineering Private Limited	**0.06**	-
		Joint Venture		
		BF Premier Energy Systems Private Limited	**-**	0.06
15	**Sale of Products**	**Holding Company**		
		Bharat Forge Limited	**15.26**	0.01
		Subsidiary Company		
		Kalyani Rafael Advanced Systems Private Limited	**-**	0.17
		Fellow Subsidiary Company		
		BF Infrastructure Limited	**0.23**	-
16	**Sale of Service**	**Holding Company**		
		Bharat Forge Limited	**0.04**	2.21
		Subsidiary Company		
		Kalyani Rafael Advanced Systems Private Limited	**-**	0.21

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
17	**Sale of traded goods**	**Other related parties**		
		Cogknit Semantics Private Limited	**1.68**	-
18	**Purchases of goods**	**Holding Company**		
		Bharat Forge Limited	**9,775.48**	341.39
		Fellow Subsidiary Company		
		BF Infrastructure Limited#	**37.97**	-
		Other related parties		
		Inmet Technology Solutions Private Limited	**1.69**	1.17
		Saarloha Advanced Materials Private Limited	**7.72**	0.22
19	**Purchases of Services**	**Holding Company**		
		Bharat Forge Limited	**-**	0.38
		Other related parties		
		Kalyani Strategic Management Services Limited	**1.50**	2.00
20	**Purchase of property, plant and equipment, intangible assets (including CWIP)**	**Fellow Subsidiary Company**		
		BF Infrastructure Limited#	**67.00**	0.70
		Other related parties		
		Inmet Technology Solutions Private Limited	**-**	1.07
		Peach Blossom Investment Private Limited	**2.33**	-
		KTMS Design and Engineering Private Limited	**702.32**	
21	**Purchase of current assets**	**Fellow Subsidiary Company**		
		BF Infrastructure Limited#	**45.37**	
22	**Purchase of current liabilities**	**Fellow Subsidiary Company**		
		BF Infrastructure Limited#	**48.30**	
23	**Corporate guarantee commission paid**	**Holding Company**		
		Bharat Forge Limited	**5.01**	-
24	**Capital Advance given**	**Other related parties**		
		KTMS Design and Engineering Private Limited	**373.87**	-

(iii) Balances outstanding

(In ₹ Million)

Sr. No.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2024	As at 31st March, 2023
1	**Intercorporate Loan receivable (including interest due thereon)**	**Fellow Subsidiary Company**		
		BF Elbit Advanced Systems Private Limited	**18.77**	17.20
2	**Trade Payables**	**Holding Company**		
		Bharat Forge Limited	**4,216.28**	317.70
		Other related parties		
		Saarloha Advanced Materials Pvt Ltd.	**9.10**	-
		Inmet Technology Solutions Private Limited	**-**	1.15
		Kalyani Strategic Management Services Ltd.	**-**	2.16
3	**Trade Receivables**	**Holding Company**		
		Bharat Forge Limited	**16.05**	-
		Associate Company		
		Aeron Systems Private Limited	**19.00**	20.00
		Fellow Subsidiary Company		
		Eternus Performance Materials Private Limited	**4.96**	-
		Other related parties		
		Cogknit Semantics Private Limited	**1.98**	-
4	**Other receivables**	**Subsidiary Company**		
		Kalyani Rafael Advanced Systems Private Limited	**1.21**	-
		Joint Venture		
		Sagar-Manas Technologies Limited	**0.20**	0.05
5	**Other amounts payable**	**Holding Company**		
		Bharat Forge Limited	**13.47**	-
		Fellow Subsidiary Company		
		BF Infrastructure Limited#	**15.70**	-
6	**Advance given for purchase of goods**	**Other related parties**		
		Inmet Technology Solutions Private Limited	**0.01**	-
7	**Advance given for Capital goods**	**Other related parties**		
		KTMS Design and Engineering Private Limited	**233.41**	-

(In ₹ Million)

Sr. No.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2024	As at 31st March, 2023
8	**Corporate guarantee provided to bank**	**Holding Company**		
		Bharat Forge Limited	**500.00**	500.00

* Amount is less than 0.01 million

Refer Note No. 55(B) for details.

(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 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.

42 Earnings per share (EPS)

	Year ended 31st March, 2024	Year ended 31st March, 2023
Profit /(Loss) for the year attributable to shareholders (In ₹ Million)	**854.05**	142.61
I Basic Earning Per Share		
Earnings per equity share [nominal value of share ₹ 10/-]		
Weighted Average Number of Shares	**66,510,734**	47,706,930
Basic Earning Per Share (In ₹)	**12.84**	2.99
II Diluted Earning Per Share		
Earnings per equity share [nominal value of share ₹ 10/-]		
Weighted Average Number of Shares	**66,510,734**	47,706,930
Diluted Earnings per equity share [nominal value of share ₹ 10/-] - fully paid shares	**12.84**	2.99

43 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, Maharashtra, India

c) Proportion of the ownership interest : 50%

d) Description of the method used to account for the investments : Cost

During the previous year, BF Premier Energy Systems Private Limited had applied to the Registrar of Companies for removing its name pursuant 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. BF Premier Energy Systems Private Limited has filed notice of striking off and dissolution (Form SKT-7) pursuant to sub-section (5) of section 248 of the Companies Act, 2013 and rule 9 of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 on 23rd November, 2023.

44 Unhedged foreign currency exposure

	Foreign Currency	**As at 31st March, 2024**	
		Foreign Currency	**₹ Million**
Financial Assets	USD	**28,355,588**	**2,364.85**
	EURO	**3,405,400**	**306.01**
	AUD	**68,491**	**3.71**
	AMD	**600,642**	**0.13**
Financial Liabilities	USD	**76**	**0.01**
	EURO	**213,000**	**19.14**
	AUD	**35,200**	**1.90**
	AMD	**174,963,681**	**37.15**

	Foreign Currency	As at 31st March, 2023	
		Foreign Currency	₹ Million
Financial Assets	USD	3,440,057	282.83
	EURO	391,483	35.08
Financial Liabilities	USD	8,115	0.67
	GBP	512	0.05

45 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.

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 no. 46 and 47 for further disclosures.

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 no. 39

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.

h) 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.

46 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 ₹ Million)

	Carrying value		Fair value	
	As at 31st March, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
I) Financial assets				
Measured at amortised costs				
Trade receivable	**3,116.38**	347.26	**3,116.38**	347.26
Loans	**18.77**	17.20	**18.77**	17.20
Other Financial Assets	**48.53**	2.94	**48.53**	2.94
Measured at FVTPL				
Investments in Mutual Funds	**164.10**	2,972.77	**164.10**	2,972.77
TOTAL :	**3,347.78**	3,340.17	**3,347.78**	3,340.17

(In ₹ Million)

	Carrying value		Fair value	
	As at 31st March, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
II) Financial liabilities				
Measured at amortised costs				
Borrowings	**-**	11.10	**-**	11.10
Trade payables	**4,434.78**	328.83	**4,434.78**	328.83
Other financial liabilities	**32.21**	1.34	**32.21**	1.34
TOTAL :	**4,466.99**	341.27	**4,466.99**	341.27

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.

47 Fair value hierarchy (In ₹ Million)

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 31st March, 2024				
Financial assets at FVTPL				
Investments in Mutual Funds	**-**	**164.10**	**-**	**164.10**
As at 31st March, 2023				
Financial assets at FVTPL				
Investments in Mutual Funds	-	2,972.77	-	2,972.77

48 Financial risk management disclosure

The Company's principal financial liabilities 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 loans, trade and other receivables, 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 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, borrowings, deposits and investment in mutual funds.

i) Equity price risk

The Company's investment in equity instruments comprise mainly of investments in subsidiaries and associates which are strategic long term investments. Reports on the financial infomation of these entities 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 ₹ 341.23 Millions (Previous Year : ₹ 336.63 Millions)

ii) 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 foreign currency exposures.

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 ₹ Million)

	Currency	Change in FC Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	**USD**	**5.00%**	**118.13**	**118.13**
		-5.00%	**(118.13)**	**(118.13)**
	Euro	**5.00%**	**15.30**	**15.30**
		-5.00%	**(15.30)**	**(15.30)**
	AMD	**5.00%**	**(1.85)**	**-**
		-5.00%	**1.85**	**-**
31st March, 2023	USD	5.00%	14.14	14.14
		-5.00%	(14.14)	(14.14)
	Euro	5.00%	1.75	1.75
		-5.00%	(1.75)	(1.75)

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.

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 approved Counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a regular basis and the said limits get revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the 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, 2024 and 31st March, 2023 is the carrying amounts as illustrated in respective notes.

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 Defence Ministries, governments, other sovereign agencies and public sector undertakings etc. Outstanding customer receivables are regularly monitored and reconciled.

As per simplified approach, The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. An impairment analysis is performed at each reporting date on an individual basis for all customers. The Company makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

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 ₹ Million)

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2024				
Trade payables	**4,434.78**	**-**	**-**	**4,434.78**
Other financial liabilities	**32.21**	**-**	**-**	**32.21**
	4,466.99	**-**	**-**	**4,466.99**
Year ended 31st March, 2023				
Borrowings	11.10			11.10
Trade payables	328.83	-	-	328.83
Creditors for Capital Expenses	1.34	-	-	1.34
	341.27	-	-	341.27

49 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
(i) Principal amount due to suppliers under MSMED Act, 2006* [Includes dues to payable for capital goods amounting to ₹ 6.21 million (31st March, 2023: ₹ 0.04 million)]	**8.35**	0.04
(ii) Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	**0.07**	0.01
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	**3.65**	1.68
(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	**0.06**	0.02
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	**1.42**	1.29

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.

50 Corporate Social Responsibility

The Company has adopted a CSR Policy in accordance with the provisions of section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company recognizes CSR spends as and when incurred. Relevant details for the financial year covered by these statements are as under.

(In ₹ Million)

	Year ended 31st March, 2024	Year ended 31st March, 2023
(a) Amount required to be spent by the Company during the year	**0.67**	-
(b) Amount spent during the year	**0.69**	-
(c) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	**-**	-
(d) Contributed to funds specified under Schedule VII	**-**	-
(e) The total of previous years shortfall amounts	**-**	-

Nature of activity :

As a part of CSR Activity, the company has installed of Solar Panel of 8.6 KW at Jnana Pramodini Nigdi Kendra, Navnagar Vidyalayay, Nigdi, Pune. The purpose of the activity is to generation of Green Energy. This will also get relief in the electricity bill of the school.

51 Capital and other commitments

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	**632.99**	1,042.64

52 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 ₹ Million)

	Leasehold Land
As at 1st April, 2022	75.52
Additions	75.62
Depreciation	(0.95)
As at 31st March, 2023	150.19
Additions	**-**
Depreciation	**(1.90)**
As at 31st March, 2023	**148.29**

ii) The amounts recognised in Statement of profit and loss : (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Depreciation expense of right-of-use assets	**1.90**	0.95
Payments towards short term leases	**0.19**	0.14
Total amount recognised in Statement of profit and loss	**2.09**	1.09

53 Income and deferred taxes

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

i) Profit and loss section

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Current income tax		
Current income tax charge	**332.00**	31.13
MAT Credit Availed	**(18.18)**	(7.24)
MAT Credit Utilised	**18.18**	7.24
Taxes for earlier years	**(0.11)**	0.01
Deferred tax		
Relating to origination and reversal of temporary differences	**(3.06)**	(4.92)
	328.83	26.22

ii) OCI section

(In (In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Deferred tax related to items recognised in OCI		
Remeasurement of (losses)/gains of defined benefit plans	**0.81**	-
Foreign exchange (gain)/loss arising out of transactions of Foreign Operations*	**-**	
	0.81	**-**

*Amount less than 0.01 Million

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2024 and 31st March 2023 :

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
Accounting profit before tax	**1,182.88**	168.83
At India's enacted tax rate of 29.12% (31st March 2023: 29.12%)	**344.00**	49.00
Deferred tax savings at India's enacted tax rate of 29.12% (31st March 2023 : 29.12%)	**(2.25)**	(4.74)
Tax effect due to non-taxable income for Indian tax purposes	**-**	(13.69)
Tax effect of non-deductible expenses	**10.36**	4.19
MAT Credit Utilisation	**(18.18)**	(7.24)
MAT Credit Availed	**-**	
Deferred tax asset of earlier years not recognised	**(4.99)**	(1.31)
Current tax for earlier years	**(0.11)**	0.01
At effective income tax rate of (15.63%) (31st March 2023: 15.63%)	**328.83**	26.22
Income tax expense reported in the statement of profit and loss	**328.83**	26.22

54 Capital management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

55 Business Combinations

(A) Scheme of Amalgamation with Analogic Controls India Limited

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, during the previous year. 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 ₹ Million)

Particulars	As at 1st April, 2022
A) Assets Transferred	
(a) Property, Plant and Equipment	**11.51**
(b) Capital Work-in-Progress	**1.45**
(c) Intangible assets	**-**
(d) Intangible assets under development	**-**
(e) Financial Assets	**-**
(i) Other non-current financial assets	**0.22**
(f) Other non current assets	**0.14**
(g) Income tax assets (net)	**0.15**
(h) Inventories	**18.62**
(i) Financial Assets	**-**
(i) Trade receivables	**5.77**
(ii) Cash and cash equivalents	**1.34**
(iii) Bank balances other than (ii) above	**0.48**
(iv) Other financial assets	**0.04**
(j) Other Current Assets	**0.92**
	40.64
B) Liabilities Transferred	
(a) Financial Liabilities	
(i) Borrowings	**11.09**
(ii) Trade payables	**-**
Dues of micro enterprises and small enterprises	**-**
Dues of creditors other than micro enterprises and small enterprises	**4.05**
(iii) Other financial liabilities	**1.30**
(b) Provisions	**1.74**
(c) Other Current Liabilities	**0.30**
(d) Income tax liabilities (net)	**-**
	18.48
C) Reserves Transferred	
(a) Securities Premium	**(1.14)**
(b) Retained earnings	**100.92**
(c) Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures	**63.26**
	163.04
D) Net worth of assets acquired net of liabilities and reserves transferred	**185.20**

ii) Details of revenue and expenses of transferror company included in the Statement of Profit and Loss

(In ₹ Million)

Particulars		For the year ended 31st March, 2023
A)	**Revenue from operations**	
	(a) Sale of products	**17.28**
	(b) Sale of services	**2.13**
		19.41
B)	**Other income**	**3.34**
	Total income :	**22.75**
C)	**Expenses**	
	(a) Cost of material consumed	**8.64**
	(b) Purchases of stock in trade	**-**
	(c) Changes in inventories of finished goods, stock in trade and work in progress	**10.02**
	(d) Employee benefits expenses	**11.47**
	(e) Finance cost	**1.09**
	(f) Depreciation and amortization expense	**3.95**
	(g) Other expenses	**15.40**
	Total expenses :	**50.57**
D)	**Profit/(Loss) before tax**	**(27.82)**

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 ₹ Million)

	Amount
Value of net identified assets acquired	185.20
Consideration of acquisition of equity share capital of transferror company	46.41
Capital reserve arising from the business combination	138.79

(B) Acquisition of business from M/s BF Infrastructure Limited during the year ended 31st March 31, 2024

The Company entered into a Asset Purchase Agreement with BF Infrastructure Limited, fellow subsidiary of the Company. As per the said agreement, the Company acquired the business of embedded systems from BF Infrastructure Limited. The effective date for the transfer of the said business is agreed to be 31st March, 2024. As per the said agreement, the seller has transferred liabilities, assets and intangibles. The Company has calculated fair value of acquired assets (including goodwill) and liabilities in accordance with Ind-AS 103 Business Combination. There is no resultant goodwill or capital reserve in this transaction.

The Consideration paid towards acquisition of "Embedded Systems" business as at the date of acquisition were:

(In ₹ Million)

Particulars			As at 31st March, 2024
A)	**Assets**		
	(a)	Property, plant and equipment	2.87
	(b)	Goodwill	62.54
	(c)	Intangible assets	13.66
	(d)	Inventories	44.80
	(e)	Trade receivable	36.74
	(f)	Other current assets	7.26
	(g)	Cash and cash equivalents	1.37
			169.24
B)	**Liabilities**		
	(a)	Borrowings	103.84
	(b)	Trade payable	12.87
	(c)	Other current liabilities	28.20
	(d)	Provisions	7.23
			152.14
C)	**Total identifiable net assets at fair value**		**17.10**
D)	**Goodwill arising on acquisition**		**-**
E)	**Purchase consideration transferred**		**17.10**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

Analysis of cash flows on acquisition

(In ₹ Million)

	Amount
Purchase Consideration Paid	17.10
Less: Net Cash acquired in business Combination	1.37
Net Cash Outflow on acquisition	**15.73**

56 Ratio analysis :

		Numerator	Denominator	31st March 2024	31st March 2023	Variance %
(a)	Current ratio (Refer note no. (i) below)	Current assets	Current liabilities	**0.99**	2.81	-64.92%
(b)	Debt - equity ratio (Refer note no. (ii) below)	Total debt	Shareholder's equity	**-**	0.01	-100.00%
(c)	Debt service coverage ratio (Refer note no. (ii) below)	Earnings available for debt services	Debt service	**531.85**	20.49	2495.29%
(d)	Return on equity ratio (Refer note no. (i) below)	Profit for the year	Average shareholders' equity	**0.71**	0.24	190.61%
(e)	Inventory turnover ratio (Refer note no. (i) below)	Cost of goods sold	Average Inventory	**43.36**	7.62	468.95%
(f)	Trade receivables turnover ratio (Refer note no. (i) below)	Revenue	Average trade receivable	**6.61**	1.58	316.98%
(g)	Trade payables turnover ratio (Refer note no. (i) below)	Purchases + Other expenses	Average trade payables	**4.64**	2.03	128.80%
(h)	Net capital turnover ratio (Refer note no. (i) and (iii) below)	Revenue	Working capital	**(101.02)**	0.06	-176081.18%
(i)	Net profit ratio (Refer note no. (i) below)	Profit/ (Loss) for the year	Revenue	**7.46%**	44.83%	-83.36%
(j)	Return on capital employed (Refer note no. (i) below)	Earning before interest and taxes	Capital Employed	**53.32%**	19.04%	180.10%
(k)	Return on investment in mutual funds (Refer note no. (i) below)	Income generated from investment	Time weighted average investments	**97.88%**	27.53%	255.55%

Notes :

(i) Till previous financial year, company had limited trading activity and hence the level of income, expenses, assets and liabilities was low compared to current financial year, except for the advance received from customers for execution of contract and the corresponding amounts of funds invested in mutual funds/term deposits. In the year ended 31st March , 2024, as the scale of activities has increased drastically which has resulted in significant change in all the ratios across all areas.

(ii) Repayment of overdraft facility has resulted in improvement in the ratio.

(iii) As majority of the orders from customers were to be executable over period more than one year, in the previous year, significant portion of the advance collected from customer was classified as non-current. As these will be executed in the next financial year, then same has been now classified as current. Also there has been increase in trade payables. All of this has resulted in negative net capital turnover ratio.

57 Loans and advances in the nature of loans given to subsidiaries

(In ₹ Million)

	As at 31st March, 2024	As at 31st March, 2023
BF Elbit Advanced Systems Private Limited*#		
Balance outstanding	**18.77**	17.20
Maximum amount outstanding during the year	**18.77**	17.20

*Refer note 39 for terms and conditions for loan given to subsidiary

#Repayable on demand

58 Disclosures required under Sec 186(4) of the Companies Act , 2013

(In ₹ Million)

Name of the borrowing entity	Purpose for which loan is granted	Rate of interest (p.a.)	As at 31st March, 2024	As at 31st March, 2023
BF Elbit Advanced Systems Private Limited*#	General Corporate Purpose	9.70%	**18.77**	17.20

*Refer note 39 for terms and conditions for loan given to subsidiary

#Repayable on demand

59 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, 2024, 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.

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 : 24142953BKFRAE8606

Place: Pune
Date: 6th May, 2024

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Guruprasad Vaidya
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Soma Dutta
Company Secretary
Membership No. A57140

Place: Pune
Date: 6th May, 2024

Lycan Electric Private Limited

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, 2024, 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, 2024, and its loss including other comprehensive loss, 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 are 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 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 is 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 scepticism 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 with reference to financials statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

   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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
FRN : W100637
UDIN : 24190217BKBHMI8341

Mukund P. Joshi
Partner
Membership No. 190217

Place : Pune
Date : 3rd May, 2024

"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, 2024

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, 2024 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. Accordingly, reporting under clause 3(iii) of the Order is not applicable.

(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 not 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. 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 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, 2024 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 a financial fraud of ₹ 0.97 million being amount embezzled by one of the employees during the period April 2023 to July 2023 was detected by the management. The management has initiated legal proceedings against the said employee for recovering the funds misappropriated. The said amount has been shown as recoverable from the employee and an appropriate provision has been recognized against the same.

(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 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. Hence, reporting under paragraph 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 its directors. 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) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the group. The group has two CIC's as part of the Group.

(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.

(₹ in millions)

	Current Financial Year ₹	**Preceding Financial Year** ₹
Cash losses incurred	**112.68**	10.73

(xviii) There has been no resignation of the statutory auditors during the year and accordingly Clause 3(xviii) of the said order is not applicable to the Company.

(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 draw your attention to note no. 1(b) of the financial statements. 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
FRN : W100637
UDIN : 24190217BKBHMI8341

Mukund P. Joshi
Partner
Membership No. 190217

Place : Pune
Date : 3rd May, 2024

"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, 2024

We have audited the internal financial controls over financial reporting of **Lycan Electric Private Limited** ("the Company") as of 31st March, 2024 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

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified during the year ended 31st March, 2024:

a) The Company did not have an appropriate internal control system for collection of cash which has resulted into embezzlement of funds by an employee of the Company.

b) The Company did not have an appropriate internal control system for reconciliation of balances on the accounts of trade receivables resulting into concealment of embezzlement of funds by an employee of the Company.

After knowing about the occurrence of financial fraud, the Company has implemented controls over the collection of cash from the customers and reconciliation of the trade receivables of the Company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weaknesses described above, on the achievement of the objectives of the controls criteria, the Company has not maintained adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above, in determining the nature, timing, and extent of audit tests applied in our audit of financial statements of the Company for the year ended 31st March, 2024, and these material weaknesses do not affect our opinion on the financial statements of the Company.

For P V Deo & Associates LLP
FRN : W100637
UDIN : 24190217BKBHMI8341

Mukund P. Joshi
Partner
Membership No. 190217

Place : Pune
Date : 3rd May, 2024

Balance Sheet as at 31st March 2024

(All amounts are in rupees millions unless otherwise stated)

	Notes	As at 31st March 2024	As at 31st March 2023
I. ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**17.36**	6.76
b) Intangible assets	4	**-**	-
c) Right-of-use-assets	5	**1.41**	2.89
d) Financial assets			
i) Other financial assets	6	**0.66**	0.60
e) Deferred tax assets (net)	7	**-**	-
f) Other non-current assets	8	**0.31**	0.51
g) Income tax assets	9	**0.20**	-
		19.94	10.76
2 Current assets			
a) Inventories	10	**8.03**	6.44
b) Financial assets			
i) Trade receivables	11	**0.74**	0.46
ii) Cash and cash equivalents	12	**0.28**	4.24
iii) Other financial assets	13	**0.43**	0.15
c) Other current assets	14	**27.36**	52.64
		36.84	63.93
Total :		**56.78**	74.69
II. EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	15	**1.33**	1.33
b) Other equity	16	**(131.18)**	(14.68)
		(129.85)	(13.35)
2 Non-current liabilities			
a) Financial liabilities			
i) Lease Liabilities	33	**-**	1.40
b) Provision	17	**0.46**	-
c) Other non-current liabilities	18	**2.00**	-
		2.46	1.40
3 Current liabilities			
a) Financial liabilities			
i) Lease liabilities	33	**1.40**	1.31
ii) Trade payables	18		
Dues to micro enterprises and small enterprises		**11.27**	-
Dues to other than micro enterprises and small enterprises		**45.82**	3.96
iii) Other financial liabilities	19	**21.66**	11.05
b) Other current liabilities	20	**103.98**	70.32
c) Provision	21	**0.04**	-
		184.17	86.64
Total :		**56.78**	74.69

Significant accounting policies and notes forming an integral part of the financial statements	**1 to 44**	

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Mukund P. Joshi
Partner
Membership No. 190217
UDIN : 24190217BKBHMI8341
Place: Pune
Date : 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Chandrakant Shelke
Director
DIN : 06676000

Premanand Risbud
Director
DIN : 09261672

Place: Pune
Date : 3rd May, 2024

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

(All amounts are in rupees millions unless otherwise stated)

		Notes	Year ended 31st March 2024	Year ended 31st March 2023
I	**Revenue from operations**	22	**346.28**	169.61
II	**Other income**	23	**1.66**	0.01
III	**Total income**		**347.94**	169.62
IV	**Expenses**			
	Purchases of stock-in-trade	24	**331.32**	126.27
	Changes in inventories of Stock-in trade and Spares	25	**(1.59)**	(6.44)
	Employee benefit expenses	26	**7.93**	12.45
	Finance costs	27	**0.98**	0.01
	Depreciation and amortization expenses	28	**3.66**	1.04
	Other expenses	29	**121.98**	48.06
	Total expenses		**464.28**	181.39
V	**Loss before tax**		**(116.34)**	(11.77)
VI	**Income tax expenses / (savings)**			
	Current tax		**-**	-
	Deferred tax		**-**	-
			-	-
VII	**Loss for the year**		**(116.34)**	(11.77)
VIII	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement gain/(loss) on defined benefit plans		**(0.16)**	-
	Total other comprehensive income, net of tax		**(0.16)**	-
IX	**Total comprehensive income for the year**		**(116.50)**	(11.77)
X	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	34	**(872.62)**	(88.26)
	b) Diluted (In ₹)	34	**(872.62)**	(88.26)
	Significant accounting policies and notes forming an integral part of the financial statements	**1 to 44**		

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Mukund P. Joshi
Partner
Membership No. 190217
UDIN : 24190217BKBHMI8341
Place: Pune
Date : 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Chandrakant Shelke
Director
DIN : 06676000

Premanand Risbud
Director
DIN : 09261672

Place: Pune
Date : 3rd May, 2024

Statement of changes in equity for the year ended 31st March, 2024

(All amounts are in rupees millions unless otherwise stated)

a Equity share capital

	As at 31st March, 2024		As at 31st March, 2023	
	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
Restated balance at the beginning of the current reporting period.	(2.91)	(2.91)
Loss for the year	(11.77)	(11.77)
Balance as at 31st March, 2023	(14.68)	(14.68)
Changes in equity share capital due to prior period errors.	-	-
Restated balance at the beginning of the current reporting period.	**(14.68)**	**(14.68)**
Loss for the year	**(116.34)**	**(116.34)**
Other comprehensive income for the year	**(0.16)**	**(0.16)**
Balance as at 31st March, 2024	**(131.18)**	**(131.18)**

c	**Total equity**	**129.85**

Significant accounting policies and notes forming an integral part of the financial statements	**1 to 44**

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Mukund P. Joshi
Partner
Membership No. 190217
UDIN : 24190217BKBHMI8341
Place: Pune
Date : 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Chandrakant Shelke
Director
DIN : 06676000

Premanand Risbud
Director
DIN : 09261672

Place: Pune
Date : 3rd May, 2024

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

(All amounts are in rupees millions unless otherwise stated)

			Year ended 31st March 2024	Year ended 31st March 2023
(A)	**Cash flow from operating activities**			
	Profit before tax		**(116.34)**	(11.77)
	Adjusted for :			
	Depreciation and amortization expenses		**3.66**	1.04
	Interest paid on lease liabilties		**0.21**	0.01
	Interest on security deposits		**(0.06)**	-
	Profit on sale of property, plant and equipment		**(0.06)**	-
	Assets Written off		**-**	0.66
	Provision for doubtful advances		**0.97**	-
	Other comprehensive income to be reclassified to profit and loss in subsequent periods		**(0.16)**	-
	Operating loss before working capital changes :		**(111.78)**	(10.06)
	Movements in working capital :			
	(Increase)/Decrease in inventories		**(1.59)**	(6.44)
	(Increase)/Decrease in trade receivables		**(0.28)**	(0.46)
	(Increase)/Decrease in other financial assets		**(0.28)**	(0.75)
	(Increase) / decrease in other assets		**24.51**	(52.63)
	Increase/ (Decrease) in trade payables		**53.13**	3.94
	Increase/ (Decrease) in provisions		**0.50**	-
	(Increase) / decrease in other financial liabilities		**12.61**	11.05
	Increase/ (Decrease) in other liabilities		**33.66**	70.32
			122.26	25.03
	Cash generation from operations :		**10.46**	14.97
	Direct taxes paid (net of refunds)		**(0.19)**	-
	Net Cash from operating activities :	**(A)**	**10.27**	14.97
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**(12.85)**	(6.95)
	Sale of property, plant and equipment		**0.14**	-
	Net cash used in investing activities :	**(B)**	**(12.71)**	(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		**(0.21)**	(0.01)
	Principal repayment of lease liability		**(1.31)**	(0.12)
	Cash used in financing activities :	**(C)**	**(1.52)**	(3.83)
(D)	**Net changes in cash and cash equivalents (A+B+C) :**		**(3.96)**	4.19
(E)	**Cash and cash equivalents at the beginning of the year**		**4.24**	0.05
(F)	**Cash and cash equivalents at the end of the year**		**0.28**	4.24

(All amounts are in rupees millions unless otherwise stated)

Components of cash and cash equivalents as at	Year ended 31st March 2024	Year ended 31st March 2023
Balances with banks in current accounts	**0.28**	4.24
	0.28	4.24

Significant accounting policies and notes forming an integral part of the financial statements	**1 to 44**	

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Mukund P. Joshi
Partner
Membership No. 190217
UDIN : 24190217BKBHMI8341
Place: Pune
Date : 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Chandrakant Shelke
Director
DIN : 06676000

Premanand Risbud
Director
DIN : 09261672

Place: Pune
Date : 3rd May, 2024

Notes forming part of the financial statements for the year ended 31st March, 2024

1 a. 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 a wholly owned subsidiary of Tork Motors Private Limited. The Company's CIN is U50200PN2015PTC156029.

The Company is engaged in the business of designing, manufacturing and distribution of electric operated vehicles.

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 3rd May, 2024.

b. Going Concern :

The Company has incurred a loss of ₹ 116.50 Million during the year ended 31st March, 2024 (31st March, 2023 ₹ 11.77 Million). It has accumulated losses of ₹ 131.18 Million as at 31st March, 2024 (31st March, 2023 ₹ 14.68 Million). The Company's current liabilities exceed the current assets by ₹ 147.29 Million as at 31st March, 2024 (31st March, 2023 ₹ 22.71 Million). Net worth of the Company is completely eroded as a result of the accumulated losses. However, the Holding Company has entered into a share subscription and shareholders agreement on 7th February, 2024 with an investor for infusion of additional equity and preference share capital of ₹ 1,800 Million. The Holding Company has completed compliance of the Conditions Precedent for the infusion of the First Tranche of investment of ₹ 500 Million and expects to receive the infusion of capital of ₹ 500 Million forming the First Tranche of investment by 15th May, 2024. The Holidng Company is also investing in the R&D of the new products and is also exploring possibilities of expansion of the retail network for sale of vehicles. The Board of Directors of the Holding Company is confident of generating satisfactory cash flow from operations during the year ending 31st March, 2025. Accordingly, these financial statements have been prepared following the going concern basis.

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the Million rupee.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

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.

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:

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 recognized in the 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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 36)

b) Quantitative disclosures of fair value measurement hierarchy (note 38)

c) Financial instruments (including those carried at amortized cost) (note 37)

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 judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 36.

a) 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. 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. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at subsidiary 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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method (‘POC method’) of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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. 2.14.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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.

Indirect taxs 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.

2.7 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

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, as follows :

Type of asset	Estimated useful life
Building	4 years

If ownership of the leased asset transfers to the Group 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 accounting policies in Note 2.11 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 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.

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.

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.

Inventories of research and development (R & D) activity are valued at cost or estimated realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

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.

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 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.

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.

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 Retirement and other employee benefits :

a) Provident fund :

The contributions to provident fund are recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

b) 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

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.

2.14 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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:

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.

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 analyzed.

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 amortized 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 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.

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 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

(All amounts are in rupees millions unless otherwise stated)

3 Property, plant and equipment :

	Plant & equipment	Computers	Leasehold Improvements	Motor Vehicle	Office equipment	Furniture & Fixture	Total	Capital work in progress
Gross block, at cost :								
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	-
Additions	**-**	**-**	**-**	**4.94**	**0.16**	**7.75**	**12.85**	**12.85**
Disposals	**-**	**-**	**-**	**(0.09)**	**-**	**-**	**(0.09)**	**-**
Capitalised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12.85)**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2024	**-**	**0.07**	**3.06**	**6.44**	**0.49**	**9.89**	**19.95**	**-**
Depreciation :								
Upto 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	-
Upto 31st March, 2023	-	0.01	0.27	0.05	0.01	0.09	0.43	-
Disposals	**-**	**-**	**-**	**(0.01)**	**-**	**-**	**(0.01)**	**-**
For the year	**-**	**0.02**	**0.76**	**0.50**	**0.07**	**0.82**	**2.17**	**-**
Upto 31st March, 2024	**-**	**0.03**	**1.03**	**0.54**	**0.08**	**0.91**	**2.59**	**-**
Net block :								
As at 31st March, 2023	-	0.06	2.79	1.54	0.32	2.05	6.76	-
As at 31st March, 2024	**-**	**0.04**	**2.03**	**5.90**	**0.41**	**8.98**	**17.36**	**-**

(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, 2022	1.22	1.22
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2023	1.22	1.22
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2024	**1.22**	**1.22**
Depreciation and amortization :		
Upto 31st March, 2022	0.53	0.53
Disposals	-	-
Adjustments	-	-
For the year	0.69	0.69
Upto 31st March, 2023	1.22	1.22
Disposals	-	-
Adjustments	-	-
For the year	-	-
Upto 31st March, 2024	**1.22**	**1.22**
Net block :		
As at 31st March, 2023	-	-
As at 31st March, 2024	**-**	**-**

(All amounts are in rupees millions unless otherwise stated)

5 Right of use assets :

	Buildings	Total
Gross block, at cost :		
As at 31st March, 2022	-	-
Additions	2.96	2.96
Disposals	-	-
Adjustments	-	-
As at 31st March, 2023	2.96	2.96
Additions	**-**	**-**
Disposals	**-**	**-**
Adjustments	**-**	**-**
As at 31st March, 2024	**2.96**	**2.96**
Depreciation and amortization :		
Upto 31st March, 2022	-	-
Disposals	-	-
Adjustments	-	-
For the year	0.07	0.07
Upto 31st March, 2023	0.07	0.07
Disposals	**-**	**-**
Adjustments	**-**	**-**
For the year	**1.48**	**1.48**
Upto 31st March, 2024	**1.55**	**1.55**
Net block :		
As at 31st March, 2023	2.89	2.89
As at 31st March, 2024	**1.41**	**1.41**

(All amounts are in rupees millions unless otherwise stated)

6 Other Financial Assets (Non Current)

(Unsecured, considered good)

	As at 31st March, 2024	As at 31st March, 2023
Security Deposits	**0.66**	0.60
	0.66	0.60

7 Deferred tax asset (net)

	As at 31st March, 2024	As at 31st March, 2023
Deferred tax asset		
Temporary differences for		
Business loss and unabsorbed depreciation	**33.44**	3.83
other disallowances	**0.46**	-
	33.90	3.83
Less: Deferred tax asset in excess of the liability derecognised	**(33.49)**	(3.82)
	0.41	0.01
Deferred tax liability		
Temporary differences for		
Depreciation	**(0.41)**	(0.01)
	-	-

8 Other non-current assets

(Unsecured, considered good)

	As at 31st March, 2024	As at 31st March, 2023
Capital advances	**-**	0.42
Prepaid expenses	**0.31**	0.09
	0.31	0.51

9 Income tax assets

	As at 31st March, 2024	As at 31st March, 2023
Taxes paid in advance	**0.20**	-
	0.20	-

10 Inventories

	As at 31st March, 2024	As at 31st March, 2023
Stores and Spares	**6.54**	1.64
Stock in Trade	**1.49**	4.80
	8.03	6.44
Amount recognised as expenses for inventories carried at net realisable value	**0.16**	

(All amounts are in rupees millions unless otherwise stated)

11 Trade Receivables

(Unsecured)

	As at 31st March, 2024	As at 31st March, 2023
Considered good	**0.74**	0.46
Credit impaired	**-**	-
	0.74	0.46

No Trade receivable are due from directors or other officers of the company either severally or jointly with any other person

Trade receivable are non interest bearing and are generally on terms of 30 to 60 days

Trade Receivables ageing schedule :

	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2024							
i) Undisputed Trade Receivables - considered good	-	**0.50**	**0.24**	-	-	-	**0.74**
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	-	-	-	-	-	-	-
	-	**0.50**	**0.24**	-	-	-	**0.74**
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

(All amounts are in rupees millions unless otherwise stated)

12 Cash and cash equivalents

	As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents		
Balances with banks		
In cash credit and current accounts	**0.28**	4.24
	0.28	4.24

13 Other Financial Assets (Current)

(Unsecured, considered good)

	As at 31st March, 2024	As at 31st March, 2023
Security Deposits	**0.42**	0.15
Other amounts receivable	**0.01**	-
Recoverable from employee@	**0.97**	-
Less : Provsion for doubtful advances	**(0.97)**	-
	0.43	0.15

@ Refer note no. 42

14 Other current assets

(Unsecured, considered good unless otherwise provided)

	As at 31st March, 2024	As at 31st March, 2023
Advance to Director	**-**	0.05
Prepaid expenses	**0.13**	0.11
Balances with government authorities	**26.47**	9.23
Advance to suppliers#	**0.76**	43.25
	27.36	52.64

Includes advances to related parties (Refer note 32)

(All amounts are in rupees millions unless otherwise stated)

15 Equity Share Capital

			As at 31st March, 2024	As at 31st March, 2023
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

(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 2024		As at 31st March 2023	
	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 2024		As at 31st March 2023	
	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 2024		As at 31st March 2023	
	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	31st March, 2024		31st March, 2023		% Changes during the year
	No. of Shares	%	No. of Shares	%	
Tork Motors Private Limited, the Holding Company#	**133,333**	**100**	133,333	100	**-**

including the shares held through nominees

Promoter Name	31st March, 2023		31st March, 2022		% Changes during the year
	No. of Shares	%	No. of Shares	%	
Tork Motors Private Limited, the Holding Company#	133,333	100	133,333	100	-

including the shares held through nominees

16 Other Equity

	As at 31st March, 2024	As at 31st March, 2023
Surplus in the statement of profit and loss		
Opening balance	**(14.68)**	(2.91)
Loss for the year	**(116.50)**	(11.77)
Closing balance	**(131.18)**	(14.68)

17 Provisions (Non-current)

	As at 31st March, 2024	As at 31st March, 2023
Provision for employee benefits		
Gratuity (Refer note 30)	**0.21**	
Compensated absences (Refer note 30)	**0.25**	-
	0.46	-

18 Other non-current liabilities

	As at 31st March, 2024	As at 31st March, 2023
Contract liabilities		
Deferred Revenue	**2.00**	
	2.00	-

(All amounts are in rupees millions unless otherwise stated)

18 Trade payables

	As at 31st March 2024	As at 31st March 2023
Total outstanding dues of micro enterprises and small enterprises	**11.27**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**45.82**	3.96
	57.09	3.96

*Trade payables includes related party payables. For terms and conditions refer note no. 32.

Trade payables are non-interest bearing and are generally on terms of 0 to 60 days.

Ageing schedule - trade payables

	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 2024						
i) MSME	**-**	**11.27**	**-**	**-**	**-**	**11.27**
ii) Other than MSME	**20.95**	**24.85**	**0.02**	**-**	**-**	**45.82**
iii) Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
iv) Disputed dues to Other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	20.95	**36.12**	**0.02**	**-**	**-**	**57.09**
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

(All amounts are in rupees millions unless otherwise stated)

19 Other financial liabilties (current)

	As at 31st March 2024	As at 31st March 2023
Payable towards capital purchases	**1.00**	-
Deposit received from dealers	**20.65**	11.05
Other amounts payable	**0.01**	-
	21.66	11.05

20 Other current liabilities

	As at 31st March 2024	As at 31st March 2023
Contract liabilities		
Advance from customers	**101.12**	64.85
Deferred Revenue	**2.01**	-
Statutory dues payable	**0.85**	5.47
	103.98	70.32

21 Provisions (Current)

	As at 31st March 2024	As at 31st March 2023
Provision for employee benefits		
Compensated absences (Refer note 30)	**0.04**	-
	0.04	-

(All amounts are in rupees millions unless otherwise stated)

22 Revenue from operations :

		Year ended 31st March 2024	Year ended 31st March 2023
Sale of Products			
Stock in Trade		**327.85**	162.72
Spares and components		**13.40**	1.54
Sale of Service			
Support service fees		**4.94**	5.35
Other operating revenue			
Insurance commission		**0.09**	-
	Total	**346.28**	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		**346.28**	169.61
Oustide India		**-**	-
	Total	**346.28**	169.61

Reconciliation of revenue recognised with contract price:			
Fixed Price Contract		**346.28**	169.61
Cost plus contract		**-**	-
	Total	**346.28**	169.61

23 Other income :

		Year ended 31st March 2024	Year ended 31st March 2023
Profit on sale of property, plant and equipment		**0.06**	-
Liabilities no longer required written back		**1.51**	0.01
Excess provision written back		**0.02**	-
Miscellaneous income		**0.07**	-
	Total	**1.66**	0.01

(All amounts are in rupees millions unless otherwise stated)

24 Purchases of stock-in-trade :

		Year ended 31st March 2024	Year ended 31st March 2023
Purchase of stock in trade		**311.25**	122.95
Purchase of Spares and components		**20.07**	3.32
(Refer note no. 32 for related party disclosure)			
	Total	**331.32**	126.27

25 Changes in inventories of Stock-in trade and Spares :

		Year ended 31st March 2024	Year ended 31st March 2023
Inventories at the beginning of the year			
Stock in Trade		**4.80**	-
Spares and components		**1.64**	-
		6.44	-
Inventories at the end of the year:			
Stock in Trade		**1.49**	4.80
Spares and components		**6.54**	1.64
		8.03	6.44
	Total	**(1.59)**	(6.44)

26 Employee benefit expenses :

		Year ended 31st March 2024	Year ended 31st March 2023
Salaries and wages		**7.05**	12.33
Contributions to provident fund and other funds		**0.43**	-
Gratuity		**0.05**	-
Staff welfare Expenses		**0.40**	0.12
	Total :	**7.93**	12.45

27 Finance costs :

		Year ended 31st March 2024	Year ended 31st March 2023
Interest on lease liabilities (Refer note no. 33)		**0.21**	0.01
Other interest		**0.77**	-
	Total :	**0.98**	0.01

(All amounts are in rupees millions unless otherwise stated)

28 Depreciation and amortization expenses

	Year ended 31st March 2024	Year ended 31st March 2023
Depreciation on property, plant and equipment	**2.18**	0.28
Amortization on intangible assets	**-**	0.69
Depreciation on right-of-use assets	**1.48**	0.07
Total :	**3.66**	1.04

29 Other expenses

	Year ended 31st March 2024	Year ended 31st March 2023
Freight Charges	**4.35**	1.57
Insurance	**2.61**	1.65
Rent	**1.91**	1.50
Rates and taxes	**0.24**	0.02
Power and fuel	**0.37**	0.06
Advertising Expenses	**97.45**	40.29
Travelling expenses	**0.33**	0.02
Communication Expenses	**0.54**	0.06
Repairs and maintenance - Building	**1.18**	0.09
Repair & Maintenance - others	**2.47**	0.06
Legal & Professional fees	**1.60**	0.44
Audit Fees (Refer details below)	**0.30**	0.23
Registration Charges	**0.34**	0.12
Security expenses	**1.21**	0.33
Assets written off	**-**	0.66
Provision for doubtful advances	**0.97**	-
EV subsidy wirtten off	**2.87**	-
Miscellaneous expenses	**3.24**	0.96
Total :	**121.98**	48.06

Payment to auditors

	Year ended 31st March 2024	Year ended 31st March 2023
As auditor:		
- Statutory Audit fee	**0.23**	0.18
- Tax Audit	**0.07**	0.05
Total :	**0.30**	0.23

(All amounts are in rupees millions unless otherwise stated)

30 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 ₹ 425.01 thosands (Previous Year: ₹ Nil) 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 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) 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, 2024
Mortality table	**IALM(2012-14) ult**
Discount rate	**7.20%**
Expected rate of return on plan assets	-
Salary growth Rate	**10.00%**
Expected average remaining working lives (in years)	**6.54**
Withdrawal rate	
Age upto 30 years	**15.00%**
Age 31 - 40 years	**15.00%**
Age 41 - 50 years	**15.00%**
Age above 50 years	**15.00%**

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	Year ended 31st March, 2024
Present value of obligation as at the beginning of the year	-
Transfer in/(out)	**0.05**
Interest expense	-
Current service cost	-
Benefits (paid)	-
Remeasurements on obligation [actuarial (Gain) / Loss]	**0.16**
Present value of obligation as at the end of the year	**0.21**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

	Year ended 31st March, 2024
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, 2024
Interest (income) / expense – obligation	-
Interest (income) / expense – plan assets	-
Net interest (income) / expense for the year	-

Remeasurement for the period [actuarial (gain)/loss]

	Year ended 31st March, 2024
Experience (gain) / loss on plan liabilities	**0.16**
Demographic (gain) / loss on plan liabilities	**-**
Financial (gain) / loss on plan liabilities	**-**
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, 2024
Opening amount recognised in OCI outside profit and loss account	**-**
Remeasurement for the period-obligation (gain)/loss	**0.16**
Remeasurement for the period-plan assets (gain)/loss	**-**
Total remeasurement cost/(credit) for the period recognised in OCI	**0.16**
Closing amount recognised in OCI outside profit and loss account	**0.16**

The amounts to be recognised in the balance sheet

	Year ended 31st March, 2024
Present value of obligation as at the end of the period	**0.21**
Fair value of plan assets as at the end of the period	**-**
Surplus/(Deficit)	**(0.21)**
Current Liability	**-**
Non-Current Liability	**0.21**
Net asset / (liability) to be recognised in balance sheet	**(0.21)**

(All amounts are in rupees millions unless otherwise stated)

Expense recognised in the statement of profit and loss

	Year ended 31st March, 2024
Current service cost	-
Net interest (income) / expense	-
Benefits (paid)	-
Transfer in/(out)	**0.05**
Net periodic benefit cost recognised in the statement of profit and loss	**0.05**

Reconciliation of net asset/(liability) recognised:

	Year ended 31st March, 2024
Net asset / (liability) recognised at the beginning of the period	-
Company contributions	-
Benefits (paid)	-
Expense recognised at the end of period	**(0.05)**
Amount recognised outside profit & loss for the period	**(0.16)**
Mortality charges and taxes	-
Adjustment to fund	-
Net asset / (liability) recognised at the end of the period	**(0.21)**

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount rate	**Year ended 31st March, 2024**
Increase in discount rate by 100 basis points	**0.20**
Decrease in discount rate by 100 basis points	**0.23**

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

Salary growth rate	**Year ended 31st March, 2024**
Increase in salary growth rate by 100 basis points	**0.22**
Decrease in salary growth rate by 100 basis points	**0.20**

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

Withdrawal rate	**Year ended 31st March, 2024**
Increase in withdrawal rate by 100 basis points	**0.21**
Decrease in withdrawal rate by 100 basis points	**0.21**

(All amounts are in rupees millions unless otherwise stated)

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:

Year Ending	31st March, 2024
Within the next 12 months (next annual reporting period)	-
After 1 year but not more than 5 Years	0.06
After 5 year but not more than 10 Years	0.75

(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, 2024
Present value of obligation	0.29
Fair value of plan assets	-
Net asset/(liability) recognized in the balance sheet	(0.29)

(All amounts are in rupees millions unless otherwise stated)

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 is engaged in the business of designing, manufacturing and distribution of electric 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.

32 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) Mr. Kapil Shelke (Director)
	ii) Mr. Chandrakant Shelke (Director)
	iii) Mrs. Soniya Shelke (Director)
	iv) Mrs. Meera Shelke (Director)
	v) Mr. Permanand Mahesh Risbud (Director & Chief Financial Officer)
d. Entity having significant influence	i) Bharat Forge Limited (up to 22nd Notvember, 2021)
d. 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

(All amounts are in rupees millions unless otherwise stated)

(ii) Related parties with whom transactions have taken place during the period

Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	Year ended 31st March, 2023
Purchase of stock in trade	**Holding Company**		
	Tork Motors Private Limited	**330.65**	124.55
Sale of stock in trade	**Holding Company**		
	Tork Motors Private Limited	**0.17**	-
Purchase of property, plant and equipment	**Holding Company**		
	Tork Motors Private Limited	**4.35**	1.37
Purchase of services	**Holding Company**		
	Tork Motors Private Limited	**-**	1.79
Reimbursement of expenses received	**Holding Company**		
	Tork Motors Private Limited	**0.17**	-
Reimbursement of expenses paid	**Holding Company**		
	Tork Motors Private Limited	**0.11**	51.86
Repayment of loan	**Holding Company**		
	Tork Motors Private Limited	**-**	3.58
Professional Fees Paid	**Other related parties**		
	HM Risbud & Co	**0.18**	0.03
	MJ Risbud & Co	**-**	0.05

Terms and conditions of transactions with related parties

(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.

(iii) Balances outstanding

Nature	Name of the related parties and nature of relationships	As at 31st March, 2024	As at 31st March, 2023
Advance given for pruchases	**Holding Company**		
	Tork Motors Private Limited	**-**	43.09
Advance from customer	**Holding Company**		
	Tork Motors Private Limited	**-**	0.35
Trade Payable	**Holding Company**		
	Tork Motors Private Limited	**1.94**	-
	Other related parties		
	HM Risbud & Co	**0.07**	0.03

(All amounts are in rupees millions unless otherwise stated)

33 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	
	As at 31st March, 2024	As at 31st March, 2023
Carrying value as at the beginning of the year	**2.89**	-
Additions	**-**	2.96
Depreciation	**(1.48)**	(0.07)
Carrying value as at the end of the year	**1.41**	2.89

ii) Below are the carrying amounts of lease liability and the movements during the period:

	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	**2.71**	-
Additions	**-**	2.83
Accretion of interest	**0.21**	0.01
Payments	**(1.52)**	(0.13)
Balance as at 31st March 2024	**1.40**	2.71
Current	**1.40**	1.31
Non - current	**-**	1.40

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

	As at 31st March, 2024	As at 31st March, 2023
Depreciation expense of right-of-use assets	**1.48**	0.07
Interest expense on lease liabilities	**0.21**	0.01
Payments towards short term leases	**1.91**	1.50
	3.60	1.58

The Company had total cash outflows for leases of ₹ 1.52 million (31st March, 2023: 0.13). The Company had non-cash addition of ₹ Nil (31st March, 2023: 2.83 million) to right-of-use assets and lease liabilities.

(All amounts are in rupees millions unless otherwise stated)

34 Earnings per share (EPS) :

	Year ended 31st March 2024	Year ended 31st March 2023
Numerator for basic and diluted EPS		
Profit / (Loss) for the year attributable to shareholders (₹ in Millions)	**(116.34)**	(11.77)
Weighted average number of equity shares in calculating basic EPS (In Nos.)	**133,333**	133,333
EPS - basic (in ₹)	**(872.62)**	(88.26)
EPS - diluted (in ₹)	**(872.62)**	(88.26)

35 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, 2024 Rs. NIL (Previous Year : Rs. NIL)

c) Changes in Contract Liabilities during the year :

	Year ended 31st March 2024	Year ended 31st March 2023
Balance at the beginning of the year	**64.85**	-
Increased due to invoicing during the year excluding the amounts recognised as revenue during the year	**99.29**	64.85
Decreased due to adjustment against revenue out of advance received during the year	**(63.02)**	-
Balance at the end of the year	**101.12**	64.85

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, 2024 and 31st March, 2023, other than those meeting the exclusion criteria mentioned above.

36 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.

(All amounts are in rupees millions unless otherwise stated)

37 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, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
Financial assets				
Measured at amortised costs				
Security deposits	**1.09**	0.75	**1.09**	0.75
Cash and cash equivalents	**0.28**	4.24	**0.28**	4.24
Trade receivables	**0.74**	0.46	**0.74**	0.46
Total:	**2.11**	5.45	**2.11**	5.45
Financial liabilities				
Measured at amortised costs				
Lease liabilities	**1.40**	2.71	**1.40**	2.71
Trade payables	**57.09**	3.96	**57.09**	3.96
Payable towards capital purchases	**1.00**	-	**1.00**	-
Deposit received from dealers	**20.65**	11.05	**20.65**	11.05
Other amounts payable	**0.01**	-	**0.01**	-
Total:	**80.15**	17.72	**80.15**	17.72

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.

38 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.

39 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, 2024 and 31st March, 2023.

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, 2024 and 31st March, 2023 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.

(All amounts are in rupees millions unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2024				
Lease liabilities	**1.40**	-	-	**1.40**
Trade payables	**57.09**	-	-	**57.09**
Payable towards capital purchases	**1.00**	-	-	**1.00**
Deposit received from dealers	**20.65**	-	-	**20.65**
Other amounts payable	**0.01**	-	-	**0.01**
	80.15	-	-	**80.15**

	Less than 1 year	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2023				
Lease liabilities	1.31	1.40	-	2.71
Trade payables	3.96	-	-	3.96
Deposit received from dealers	11.05	-	-	11.05
	16.32	1.40	-	17.72

40 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 2024

	Year ended 31st March 2024	Year ended 31st March 2023
Accounting loss before tax	**(116.34)**	(11.77)
At India’s enacted tax rate of 25.17% (31 March 2023 : 25.17%)	**-**	-
Deferred tax savings on current year accounting loss	**33.49**	3.82
Deferred tax savings not recognised on prudent basis	**(33.49)**	(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 ₹ 32.04 Million (Previous year : ₹ 3.09 Million) and on account of unabsorbed depreciation and other disallowances aggregating to ₹ 1.86 Million (Previous year : ₹ 0.48 Million) under the Income Tax Act, 1961 on the considerations of prudence.

41 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

	As at 31st March, 2024	As at 31st March, 2023
Principal amount due to suppliers under MSMED Act, 2006	**10.50**	-
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	**0.77**	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	**16.56**	-
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	**0.20**	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	**0.77**	-
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	**0.17**	-

Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.

42 Embezzlement of funds :

In August, 2023 a financial fraud with respect to the funds of the Company came to the light of the management. The fraudulent transactions covered a period from April, 2023 to July, 2023. The Company has filed a First Information Report (FIR) against Mr. Tejas Somnath Vasave, an ex employee, with the police. The investigation into the FIR is currently underway. The management, through the internal investigation, has identified the embezzlement of funds of ₹ 0.97 million. The management is confident of recovering the funds misappropriated from the said employee and the amount shown as recoverable from the employee. However, as a matter of financial prudence, the Company has considered provision for the doubtful advances in the Statement of Profit and Loss.

(All amounts are in rupees millions unless otherwise stated)

43 Ratio analysis :

	Particulars	Numerator	Denominator	31st March 2024	31st March 2023	Variance %
(a)	Current ratio (Refer note no. (i) below)	Current assets	Current liabilities	**0.20**	0.74	(0.73)
(b)	Return on Equity Ratio	Profit for the year	Average shareholders' equity	**89.60%**	157.80%	(0.43)
(c)	Inventory Turnover Ratio (Refer note no. (ii) below)	Cost of goods sold	Average Inventory	**45.57**	37.21	0.22
(d)	Trade Receivables Turnover Ratio (Refer note no. (ii) below)	Revenue	Average trade receivable	**576.91**	734.74	(0.21)
(e)	Trade Payables Turnover Ratio (Refer note no. (ii) below)	Purchases + Other expenses	Average trade payables	**14.85**	87.62	(0.83)
(f)	Net Capital Turnover Ratio (Refer note no. (i) below)	Revenue	Working capital (Current Assets-Current liabilities)	**-2.35**	-7.47	(0.69)
(g)	Net Profit Ratio	Profit for the year	Revenue	**-33.60%**	-6.94%	3.84
(h)	Return on Capital Employeed	Earning before interest and taxes	Capital Employed (Net Worth + Defered tax liabilities + Lease liabilities)	**91.34%**	110.84%	(0.18)

Notes :

(i) The Company has incurred lossed during the year. Thus, there has been reduction in the working capital of the Company.

(ii) Since the Company has started in business activities during the previous year only and those were carried on for part of the year. Thus following ratios for the current year are not comparable with that of previous year.

Inventory Turnover Ratio

Trade Receivables Turnover Ratio

Trade Payables Turnover Ratio

(iii) The above ratio analysis does not contain comparison in respect of the following ratios as these are not applicable to the Company

Debt Equity ratio

Debt service coverage ratio

Net capital turnover ratio

Return on Investment

44 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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(c) 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.

(d) 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.

(e) The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period.

(f) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(g) During the year ended 31st March, 2024, 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.

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Mukund P. Joshi
Partner
Membership No. 190217
UDIN : 24190217BKBHMI8341
Place: Pune
Date : 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Director
DIN : 02880431

Chandrakant Shelke
Director
DIN : 06676000

Premanand Risbud
Director
DIN : 09261672

Place: Pune
Date : 3rd May, 2024

Sagar-Manas Technologies Limited

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, 2024, 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, 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, 2024, 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 are 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 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 with reference to financials statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

   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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility for the part of the financial year. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24160187BKABYU9770

Hrushikesh Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

"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, 2024

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, 2024. 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, 2024. 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, 2024. 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, 2024 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, 2024 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 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) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the group. The group has Two CIC's as a part of the Groups.

(xvii) The Company has incurred the following amounts of cash losses during the financial year covered by this report.

	FY 2023-24 ₹ in Hundreds	FY 2023-24 ₹ in Hundreds
Cash losses incurred	**1,483.74**	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
UDIN : 24160187BKABYU9770

Hrushikesh Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

"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, 2024

We have audited the internal financial controls over financial reporting of **Sagar-Manas Technologies Limited** ("the Company") as of 31st March, 2024 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24160187BKABYU9770

Hrushikesh Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 6th May, 2024

Balance sheet as at 31st March, 2024

(In ₹ Hundreds)

		Notes	As at 31st March, 2024	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
			46.56	46.56
	TOTAL :		**46.56**	46.56
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	a) Equity share capital	4	**75.00**	75.00
	b) Other equity	5	**(2,590.70)**	(1,108.96)
			(2,515.70)	(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		**2,502.26**	1,020.52
	b) Other current liabilities	7	**60.00**	60.00
			2,562.26	1,080.52
	TOTAL :		**46.56**	46.56
	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

Hrushikesh Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYU9770

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Ajay Sharma
Director
DIN: 09528137

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 6th May, 2024

Statement of profit and loss for the year ended 31st March, 2024

(In ₹ Hundreds)

		Notes	Year ended 31st March, 2024	Period ended 31st March, 2023
I.	**Income**			
	Revenue from operations		-	-
	Other Income	8	**2.00**	-
	Total Revenue		**2.00**	-
II.	**Expenses**			
	Other expenses	9	**1,483.74**	1,108.96
	Total expenses		**1,483.74**	1,108.96
III.	**Loss before tax**		**(1,481.74)**	(1,108.96)
IV.	**Tax expenses**		-	-
V.	**Loss for the period**		**(1,481.74)**	(1,108.96)
VI.	**Other comprehensive income**		-	-
VI.	**Total comprehensive income for the period (V+VI)**		**(1,481.74)**	(1,108.96)
VII.	**Earnings per equity share [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	12	**(197.57)**	(147.86)
	b) Diluted (In ₹)	12	**(197.57)**	(147.86)
	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

Hrushikesh Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYU9770

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Ajay Sharma
Director
DIN: 09528137

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 6th May, 2024

Statement of changes in for the year ended 31st March, 2024

a Equity share capital (In ₹ Hundreds)

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.		Nos.	
Balance at the beginning	**750**	**75.00**	-	-
Changes in equity share capital due to prior period errors	-	-	-	-
Issue of equity share capital during the period	-	-	750.00	75.00
Restated balance at the beginning	**750**	**75.00**	750.00	75.00
Changes in equity share capital				
As at end of the year	**750**	**75.00**	750.00	75.00

b Other equity (In ₹ Hundreds)

	Reserves and Surplus		Other Comprehensive Income		
	Retained Earnings	Total	Equity instruments through other comprehensive income	Debt instruments through other comprehensive income	Total Other Equity
Loss for the year	(1,108.96)	(1,108.96)		-	(1,108.96)
Balance as at 31st March, 2023.	(1,108.96)	(1,108.96)		-	(1,108.96)
Changes in other equity due to prior period errors		-	-	-	-
Restated balance at the beginning of the current reporting period	**(1,108.96)**	**(1,108.96)**	-	-	**(1,108.96)**
Profit for the year	**(1,481.74)**	**(1,481.74)**	-	-	**(1,481.74)**
Other comprehensive income for the year					
Balance as at 31st March, 2024	**(2,590.70)**	**(2,590.70)**	-	-	**(2,590.70)**

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

Hrushikesh Kulkarni
Partner
Membership No. 160187
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Place : Pune
Date : 6th May, 2024

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Ajay Sharma
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DIN: 09528137

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 6th May, 2024

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

(In ₹ Hundreds)

			Year ended 31st March, 2024	Period ended 31st March, 2023
(A)	**Cash flow from operating activities**			
	Loss before tax		**(1,481.74)**	(1,108.96)
	Operating loss before working capital changes		**(1,481.74)**	(1,108.96)
	Movements in working capital :			
	Increase / (decrease) in trade payables		**1,481.74**	1,020.52
	Increase / (decrease) in Other current liabilities		**-**	60.00
			1,481.74	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**		**46.56**	-
(F)	**Cash and cash equivalents at the end of the period**		**46.56**	46.56

Components of cash and cash equivalents (In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Balances with banks in current accounts	**46.56**	46.56
TOTAL :	**46.56**	46.56

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

Hrushikesh Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYU9770

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Ajay Sharma
Director
DIN: 09528137

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 6th May, 2024

Notes forming part of the financial statements for the year ended 31st March, 2024

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. Corporate Identity Number of the Company is U29100PN2022PLC209117.

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.

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 6th May, 2024.

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest Hundred rupees.

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.

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:

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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 13)

b) Quantitative disclosures of fair value measurement hierarchy (note 15)

c) Financial instruments (including those carried at amortized cost) (note 14)

2.5 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 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 judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 13.

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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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. 2.11.

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.

h) Dividends :

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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 cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

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.

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 derecognition 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 derecognised.

2.9 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.

2.10 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.

2.11 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 into three categories:

i Financial assets at amortised cost

ii Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Lease receivables under Ind AS 116

iii 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

iv Financial assets that are measured at 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 recognizes 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 recognizing 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.

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 analyzed.

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:

i Financial assets measured as at amortized 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 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.

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 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

3 Cash and cash equivalents: (In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Balances with banks		
In current accounts	**46.56**	46.56
TOTAL :	**46.56**	46.56

4 Equity share capital

(In ₹ Hundreds)

		As at 31st March, 2024	As at 31st March, 2023
Authorised			
750	Equity shares of ₹ 10/- each	**75.00**	75.00
Issued, Subscribed and fully paid-up			
750	Equity shares of ₹ 10/- each	**75.00**	75.00
Total issued, subscribed and fully paid-up share capital :		**75.00**	75.00

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	In ₹ Hundreds	Nos.	In ₹ Hundreds
Equity Shares				
At the beginning of the period	**750**	**75.00**	-	-
Shares issued during the period	**-**	**-**	750	75.00
Shares bought back during the period	**-**	**-**	-	
Outstanding at the end of the period	**750**	**75.00**	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, 2024		As at 31st March, 2023	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Kalyani Strategic Systems Limited, the Holding Company#	**383**	**51%**	383	51%
Dastan Transitional Corp Open Joint Stock Company	**367**	**49%**	367	49%
	750	**100%**	750	100%

Including shares held through Nominees

(In ₹ Hundreds)

(d) Shares held by Promoters at the end of the year

Promoter Name	As at 31st March, 2024		As at 31st March, 2023		% Changes during the year
	No. of Shares	% of Holding	No. of Shares	% of Holding	
Kalyani Strategic Systems Limited, the Holding Company#	**383**	**51%**	383	51%	**-**

Including shares held through Nominees

5 Other equity

(In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Retained earnings		
Loss as per last account	**(1,108.96)**	-
Loss for the year	**(1,481.74)**	(1,108.96)
Closing balance	**(2,590.70)**	(1,108.96)

6 Trade payables :

(In ₹ Hundreds)

	As at 31st March, 2024	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#	**2,502.26**	1,020.52
TOTAL :	**2,502.26**	1,020.52

#For terms and conditions relating to related party payables, refer note no. 10

Trade payables ageing schedule (In ₹ Hundreds)

	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, 2024						
Undisputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Undisputed dues to other than MSME	**-**	**2,023.74**	**478.52**	**-**	**-**	**2,502.26**
Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	-	**2,023.74**	**478.52**	**-**	**-**	**2,502.26**
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, 2024	As at 31st March, 2023
Statutory liabilities	**60.00**	60.00
TOTAL :	**60.00**	60.00

8 Other Income

(In ₹ Hundreds)

	Year ended 31st March, 2024	Period ended 31st March, 2023
Balances written back	**2.00**	-
	2.00	-

9 Other expenses

(In ₹ Hundreds)

	Year ended 31st March, 2024	Period ended 31st March, 2023
Rates & taxes	**68.00**	19.00
Professional fees	**707.74**	-
Preliminery Expenses	-	478.52
Audit Fees	**708.00**	600.00
Miscellaneous expenses	-	11.44
TOTAL :	**1,483.74**	1,108.96

Payment to auditors

(In ₹ Hundreds)

	Period ended 31st March, 2024	Period ended 31st March, 2023
As auditor:		
- Audit fee#	**350.00**	350.00
- Income tax matters	**250.00**	250.00
- GST on previous bills	**108.00**	
TOTAL :	**708.00**	600.00

Including GST

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 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 2.14. 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.

11 Related party disclosures :

(i) Names of the related parties and related party relationship

Holding Company :	Kalyani Strategic Systems Limited
Enterprises having significant influence in the Company :	Open Joint Stock Company Dastan Transnational Corporation Limited

(ii) Related parties with whom transactions have taken place during the year (In ₹ Hundreds)

SN	Nature of transaction	Name of the related parties and nature of relationships	Year ended 31st March, 2024	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	**1,251.00**	478.52

(iii) Balances outstanding (In ₹ Hundreds)

SN	Nature of transaction	Name of the related parties and nature of relationships	As at 31st March, 2024	As at 31st March, 2023
1	Trade payable	**Holding Company**		
		Kalyani Strategic Systems Limited	**1,962.26**	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.

12 Earnings per share (EPS) :

	Year ended 31st March, 2024	Period ended 31st March, 2023
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders (In ₹ Hundreds)	**(1,481.74)**	(1,108.96)
Weighted average number of equity shares in calculating basic EPS	**750**	750
EPS - Basic - (in ₹)	**(197.57)**	(147.86)
EPS - Diluted - (in ₹)	**(197.57)**	(147.86)

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.

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 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.

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)

	Carrying value		Fair value	
	As at 31st March, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
I) Financial assets				
Measured at amortised costs				
Cash and cash equivalents	**46.56**	46.56	**46.56**	46.56
Total	**46.56**	46.56	**46.56**	46.56
II) Financial liabilities				
Measured at amortised costs				
Trade payables	**2,502.26**	1,020.52	**2,502.26**	1,020.52
Total	**2,502.26**	1,020.52	**2,502.26**	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.

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, 2024				
Trade payables	**2,502.26**	**-**	**-**	**2,502.26**
	2,502.26	**-**	**-**	**2,502.26**
As at 31st March, 2023				
Trade payables	1,020.52	-	-	1,020.52
	1,020.52	-	-	1,020.52

17 Income tax :

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2024 :

(In ₹ Hundreds)

	As at 31st March, 2024	As at 31st March, 2023
Accounting loss before tax	**(148.17)**	(110.90)
At India's enacted tax rate of 15.00%	**-**	-
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 15%	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

18 Ratio analysis :

	Numerator	Denominator	31st March, 2024	31st March, 2023	Variance %
(a) Current ratio (refer Note No. ii)	Current Assets	Current Liabilities	**0.02**	0.04	-57.83%
(b) Trade payables turnover ratio (refer Note No. ii)	Purchases + Other expenses	Average trade payables	**0.59**	1.09	-45.43%
(c) Return on capital employed	Earning before interest and taxes	Capital Employed	**0.59**	1.07	-45.08%

Notes :

(i) Since the company is in the process of setting up of business, componets affecting the ratios are not available during the current financial year, hence following rations can not be derived.

Return on equity ratio

Net capital turnover ratio

inventory Turnover Ratio

Debt Equity ratio

Debt service coverage ratio

Trade receivable turnover ratio

Return on Investment

Net profit ratio

(ii) The Company is in the setting up of the business hence the it has negative current ratio and trade payable ratio.

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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(c) During the year ended 31st March, 2024 the Company was not a party to any scheme which need approval from competent authorities in terms of sections 230 to 237 of the Companies Act, 2013.

(d) The company did not have any transactions with companies struck off under section 248 or section 560 of the Companies Act, 2013.

(e) 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.

(f) The Company does not have any charge which is yet to be registered with registrar of companies beyond the statutory period.

(g) 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

Hrushikesh Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYU9770

Place : Pune
Date : 6th May, 2024

On behalf of the Board of Directors,

Ajay Sharma
Director
DIN: 09528137

Leeni Srivastava
Director
DIN: 09528136

Place : Pune
Date : 6th May, 2024

Tork Motors Private Limited

Registered Office
Plot No. 4/25, Sector No.10, PCNTDA, Bhosari, Pune 411 026 IN

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 standalone financial statements of **Tork Motors Private Limited** ("the Company") which comprise the standalone balance sheet as at 31st March, 2024, 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 standalone 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, 2024, and its loss including other comprehensive loss, 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, consolidated financial statements and our auditors' reports, thereon. The Board's Report including annexures to Board's Reports are expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements do not cover the other information and we do 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 scepticism 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 with reference to standalone financials statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g).

    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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024, 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, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

    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 as at 31st March 2024 on its financial position in its standalone 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.

vi. Based on our examination, the Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit Log) facility. The accounting software did not have the audit trail features enabled throughout the year. The Company is in the process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637
UDIN : 24160187BKABYX9170

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 3rd May, 2024

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF TORK MOTORS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2024

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 Company follows a policy of physically verifying the fixed assets in a manner which would ensure that all its fixed assets are verified in a phased manner, over a period of three years. The fixed assets have been physically verified by the Management as per the said policy, during the financial year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of the fixed 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, 2024 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.

(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 normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company, except as disclosed in note 22 to the financial statements.

(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) 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, 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 not 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 amounts payable in respect of income-tax, sales-tax, service tax, value added tax, goods and services tax and any other statutory dues were outstanding as at 31st March, 2024 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) 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) According the information and explanation given to us and procedures performed by us and overall examination of the financial statements of the company we report that company has used the funds raised on short term basis aggregating to Rs 191.62 million for long term purposes.

(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) The Company has made private placement of Equity Shares of Rs 10/- each fully paid up. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of Section 23(1)(b), 42 and 62 of the Companies Act, 2013 and utilized funds raised by way of preferential allotment for the purposes for which they were raised.

(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) According to the information and explanations provided to us, the Group (as per the provisions of Core Investment Companies (Reserve Banks) Directions, 2016) has more than one CIC as part of the group. The group has two CIC's as a part of the Group.

(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	**905.68**	379.94

(xviii) There has been no resignation of the statutory auditors during the year and accordingly Clause 3(xviii) of the said order is not applicable to the Company.

(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 invite your attention to Note no. 1(b) and Note No. 51 of the standalone financials statement forming part of financials statement. 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
UDIN : 24160187BKABYX9170

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 3rd May, 2024

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF TORK MOTORS PRIVATE LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2024

We have audited the internal financial controls over financial reporting of **Tork Motors Private Limited** ("the Company") as of 31st March, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility For Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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
UDIN : 24160187BKABYX9170

Hrushikesh S. Kulkarni
Partner
Membership No. 160187

Place : Pune
Date : 3rd May, 2024

Standalone Balance Sheet as at 31st March, 2024

In ₹ Million

			Notes	As at 31st March, 2024	As at 31st March, 2023
I.	**ASSETS**				
1	**Non-current assets**				
	a)	Property, plant and equipment	3	**157.24**	193.92
	b)	Capital work-in-progress	3	**0.00**	15.08
	c)	Intangible assets	4	**127.65**	164.31
	d)	Intangible assets under development	4	**9.00**	-
	e)	Right-of-use-assets	5	**28.80**	53.40
	f)	Financial assets			
		i) Investment in subsidiary	6	**1.33**	1.33
		ii) Other financial assets	7	**3.74**	5.69
	g)	Deferred tax assets (net)	8	**-**	-
	h)	Income tax assets	9	**0.49**	5.70
	i)	Other non-current assets	10	**130.77**	126.20
				459.02	565.63
2		**Current assets**			
	a)	Inventories	11	**50.29**	98.87
	b)	Financial assets			
		i) Trade receivables	12	**3.60**	1.86
		ii) Cash and cash equivalents	13	**0.17**	15.54
		iii) Other bank balances	13	**1.34**	1.20
		iv) Other financial assets	14	**35.86**	47.05
	c)	Other current assets	15	**6.90**	21.86
				98.16	186.38
		Total :		**557.18**	752.01
II.	**EQUITY AND LIABILITIES**				
	A)	**EQUITY**			
		a) Equity share capital	16	**0.42**	0.42
		b) Other equity	17	**(910.26)**	12.69
				(909.84)	13.11
	B)	**LIABILITIES**			
1	**Non-current liabilities**				
	a)	Financial liabilities			
		i) Borrowings	18	**86.38**	80.20
		ii) Lease Liabilities	46	**20.52**	38.32
		ii) Other financial liabilities	19	**32.50**	-
	b)	Provisions	20	**24.88**	7.77
	c)	Other non-current liabilities	21	**-**	0.75
				164.28	127.04
2	**Current liabilities**				
	a)	Financial liabilities			
		i) Borrowings	22	**492.04**	263.14
		ii) Lease liabilities	46	**9.12**	12.35
		iii) Trade payables	23		
		Total outstanding dues of micro enterprises and small enterprises		**35.19**	-
		Total outstanding dues of creditors other than micro enterprises and small enterprises		**714.71**	211.15
		iv) Other financial liabilities	24	**13.91**	64.46
	b)	Provisions	25	**25.76**	12.33
	c)	Other current liabilities	26	**12.01**	48.43
				1,302.74	611.86
		Total :		**557.18**	752.01
Significant accounting policies and notes forming an integral part of the standalone financial statements			**1 to 52**		

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYX9170

Place: Pune
Date: 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN: 02880431

Chandrakant Shelke
Director
DIN: 06676000

Premanand Risbud
Director
DIN: 09261672

Place: Pune
Date: 3rd May, 2024

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

In ₹ Million

		Notes	For the year ended 31st March, 2024	For the year ended 31st March, 2023
I.	**Revenue from operations**	27	**582.24**	312.05
II.	**Other income**	28	**0.81**	3.93
	Total income		**583.05**	315.98
III.	**Expenses**			
	Cost of raw materials and components consumed	29	**899.11**	438.40
	(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	30	**16.41**	(21.37)
	Employee benefit expenses	31	**328.45**	142.15
	Finance costs	32	**62.78**	27.37
	Depreciation and amortisation expenses	33	**100.85**	88.23
	Other expenses	34	**184.96**	110.86
	Total expenses		**1,592.56**	785.64
IV.	**Loss before tax**		**(1,009.51)**	(469.66)
V.	**Tax expenses**			
	Current tax		**-**	0.16
	Deferred tax		**-**	-
			-	0.16
VI	**Loss for the year**		**(1,009.51)**	(469.82)
VII	**Other comprehensive income**			
	Items not be reclassified subsequently to profit/loss in subsequent period (Net of taxes)			
	Remeasurement gain/(loss) on defined benefit plans		**(3.47)**	(0.47)
	Income tax effect		**-**	-
	Total other comprehensive income, net of tax		**(3.47)**	(0.47)
VIII	**Total comprehensive loss for the year**		**(1,012.98)**	(470.29)
IX	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	38	**(24,181.78)**	(11,254.62)
	b) Diluted (In ₹)	38	**(24,181.78)**	(10,447.24)
	Significant accounting policies and notes forming an integral part of the standalone financial statements	**1 to 52**		

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

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Director
DIN: 09261672

Place: Pune
Date: 3rd May, 2024

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

In ₹ Million

		Year ended 31st March, 2024	Year ended 31st March, 2023
(A)	**Cash flow from operating activities**		
	Loss before tax	**(1,009.51)**	(469.66)
	Add :		
	Depreciation	**100.85**	88.23
	Interest income on bank deposits	**(0.08)**	(0.05)
	Other interest income	**(0.46)**	(0.44)
	Gain on sale of investments	**-**	(0.22)
	Interest on lease liabilities	**3.91**	4.93
	Finance cost other than interest on lease liability	**58.86**	22.44
	Loss on property, plant and equipmet written off	**19.97**	2.47
	Provision for doubtful EV subsidy receivable	**2.09**	-
	Provision for doubtful debts	**0.90**	-
	Compensation option granted during the year	**89.97**	21.10
	Remeasurement of ROU	**-**	-
	Other comprehensive income		
	Remeasurement gain/(loss) on defined benefit plans	**(3.47)**	(0.47)
	Operating loss before working capital changes	**(736.97)**	(331.67)
	Movements in working capital :		
	(Increase)/Decrease in Inventories	**48.58**	(76.31)
	(Increase)/Decrease in trade receivable	**(2.63)**	7.86
	(Increase)/Decrease in other financial assets	**11.41**	(46.96)
	(Increase)/Decrease in other assets	**10.39**	(24.41)
	Increase/(Decrease) in provisions	**30.53**	16.80
	Increase/(Decrease) in trade payables	**538.75**	144.03
	Increase/(Decrease) in other financial liabilities	**(18.05)**	64.46
	(Decrease)/Increase in other liabilities	**(37.18)**	45.55
	Cash generated from operations	**(155.17)**	(200.65)
	Direct taxes paid (net of refunds)	**5.18**	(5.66)
	Net cash flow from operating activities (A)	**(149.99)**	(206.31)
(B)	**Cash flows from investing activities**		
	Purchase of property, plant and equipment and intangible assets (including capital advances)	**(25.37)**	(141.24)
	(Investments in)/Prroceds from maturity of Fixed Deposits with Banks	**-**	(0.70)
	Investment in fixed deposits	**(0.03)**	-
	Proceeds from sale of financial instruments	**-**	74.77
	Interest received	**-**	0.05
	Net cash (used) in investing activities (B)	**(25.40)**	(67.12)

In ₹ Million

		Year ended 31st March, 2024	Year ended 31st March, 2023
(C)	**Cash flows from financing activities**		
	Proceeds from/(Repayment of) intercorporate loans (Net)	**6.18**	51.94
	Proceeds from borrowings from the bank	**228.90**	263.14
	Interest and other borrowing costs paid	**(58.86)**	(22.44)
	Proceeds from loan given to subsidiary	**-**	3.58
	Payment on interest on lease liabilities	**(3.91)**	(4.93)
	Repayment of lease liability	**(12.35)**	(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	**0.06**	**-**
	Net cash (used) in financing activities (C)	**160.02**	275.27
(D)	**Net increase in cash and cash equivalents (A+B+C)**	**(15.37)**	1.84
(E)	**Cash and cash equivalents at the beginning of the year**	**15.54**	13.70
(F)	**Cash and cash equivalents at the end of the year**	**0.17**	15.54

Components of cash and cash equivalents as at

Particulars	**As at 31st March, 2023**	As at 31st March, 2023
Balances with banks:		
In cash credit and current accounts	**0.17**	15.54
Deposits with Banks having original maturity of less than three months	**-**	-
Total	**0.17**	15.54

The accompanying notes form an integral part of the financial statements. **1 to 52**

As per our attached report of even date

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYX9170

Place: Pune
Date: 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN: 02880431

Chandrakant Shelke
Director
DIN: 06676000

Premanand Risbud
Director
DIN: 09261672

Place: Pune
Date: 3rd May, 2024

Statement of changes in equity for the year ended 31st March, 2024

a Equity share capital

In ₹ Million

	As at 31st March, 2024		As at 31st March, 2023	
	Nos.	**Amount**	Nos.	Amount
Equity shares of ₹ 10/- each				
At the beginning of the period	**41,746**	**0.42**	41,746	0.42
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period	**41,746**	**0.42**	41,746	0.42
Issued during the year	**1**	**-**		-
At the end of the period	**41,747**	**0.42**	41,746	0.42

b Other equity

	Reserves and Surplus			**Total**
	Security premium account	**Employees Stock Option Reserve**	**Retained Earnings**	
As at 31st March, 2022	688.85	17.19	(244.16)	461.88
Changes in other equity due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	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**
Addition during the year	**0.06**			**0.06**
Loss for the period			**(1,009.51)**	**(1,009.51)**
Other Comprehensive Income			**(3.47)**	**(3.47)**
Compensation Option granted during the year		**89.97**		**89.97**
As at 31st March, 2024	**688.91**	**128.26**	**(1,727.43)**	**(910.26)**

In ₹ Million

c **Total equity**

	Year ended 31st March, 2024	Year ended 31st March, 2023
Equity share capital	0.42	0.42
Other equity	(910.26)	12.69
Total :	(909.84)	13.11

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

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYX9170

Place: Pune
Date: 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN: 02880431

Chandrakant Shelke
Director
DIN: 06676000

Premanand Risbud
Director
DIN: 09261672

Place: Pune
Date: 3rd May, 2024

Notes forming part of the standalone financial statements for the year ended 31st March, 2024

1 a. Corporate information:

Tork Motors Private Limited ("the Company") was incorporated was incorporated on 23rd 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 3rd May, 2024.

b. Going Concern :

The Company has incurred a loss of ₹ 1,012.98 Million during the year ended 31st March, 2024 (31st March, 2023 ₹ 470.29 Million). It has accumulated losses of ₹ 1,727.43 Million as at 31st March, 2024 (31st March, 2023 ₹ 714.45 Million). The Company's current liabilities exceed the current assets by ₹ 1,204.58 Million as at 31st March, 2024 (31st March, 2023 ₹ 425.48 Million). Net worth of the Company is completely eroded as a result of the accumulated losses. However, the Company has entered into a share subscription and shareholders agreement on 7th February, 2024 with an investor for infusion of additional equity and preference share capital of ₹ 1,800 Million. The Company has completed compliance of the Conditions Precedent for the infusion of the First Tranche of investment of ₹ 500 Million and expects to receive the infusion of capital of ₹ 500 Million forming the First Tranche of investment by 15th May, 2024. The Company is also investing in the R&D of the new products and is also exploring possibilities of expansion of the retail network for sale of vehicles. The Board of Directors is confident of generating satisfactory cash flow from operations during the year ending 31st March, 2025. Accordingly, these financial statements have been prepared following the going concern basis.

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).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

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 realized or intended to be sold or consumed in the 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 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.

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:

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 recognized in the 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.

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 40)

b) Quantitative disclosures of fair value measurement hierarchy (note 42)

c) Investment in unquoted equity shares (note 6)

d) Financial instruments (including those carried at amortized cost) (note 43)

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 disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 40.

a) 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. 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. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at subsidiary 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.

In case of bill and hold arrangements, revenue is recognized when 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. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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 time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

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 liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 recognized 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 utilized except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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.

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, as follows :

Type of asset	Estimated useful life
Land and building	4 years

If ownership of the leased asset transfers to the Group 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 accounting policies in Note 2.12 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 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.

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, 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.

Finished goods are valued at lower of cost and net realizable value. The cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of work-in-progress and finished goods are determined on a weighted average basis.

Inventories of research and development (R & D) activity are valued at cost or estimated realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

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.

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 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.

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.

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) Provident fund :

The contributions to provident fund are recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

b) 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

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.

2.15 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 into three categories:

i. Financial assets at amortised cost

ii. Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

iii. Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

c) Financial assets at amortised cost

A 'Financial asset' 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) Financial assets at FVTOCI

A 'Financial asset' is classified 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.

Financial assets 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 recognises 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 financial assets is reported as interest income using the EIR method.

e) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, 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.

Financial assets 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 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 instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii. Lease receivables under Ind AS 116

iii. 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

iv. Financial assets that are measured at 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:

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.

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 analyzed.

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 amortized 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. 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.

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 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 Share based payments :

Employees of one of the components of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 49.

For options which are granted post acquisition date, the cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equitysettled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected w ithin t he g rant d ate f air v alue. A ny o ther c onditions a ttached t o an a ward, but w ithout an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

When the terms of an equity-settled award are modified, the mimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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.

3 Property, plant and equipment :

In ₹ Million

	Plant and machinery	Furniture	Computers	Office equipment	Motor vehicle	Leasehold improvements	Total	Capital work in progress
Gross block, at cost :								
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
Additions	**3.77**	**0.71**	**2.15**	**0.16**	**0.28**	**1.00**	**8.07**	**12.57**
Disposals	-	-	-	-	-	-	-	**(16.78)**
Capitalised	-	-	-	-	-	-	-	**(8.07)**
Adjustments	-	-	-	-	-	-	-	**(2.80)**
As at 31st March, 2024	**182.79**	**6.52**	**19.05**	**7.61**	**7.72**	**27.41**	**251.10**	**0.00**
Depreciation and amortization :								
Upto 31st March, 2022	9.59	0.74	6.20	0.96	0.10	0.98	18.57	-
Depreciation for the year	26.15	0.49	2.44	0.66	0.60	3.33	33.67	-
Disposals	(0.21)	(0.15)	(2.14)	(0.24)	(0.01)	(0.38)	(3.13)	-
Adjustments	0.07	-	-	(0.07)	-	-	0.00	-
Upto 31st March, 2023	35.60	1.08	6.50	1.31	0.69	3.93	49.11	-
Depreciation for the year	**31.53**	**0.61**	**4.28**	**1.34**	**0.92**	**6.07**	**44.75**	-
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Upto 31st March, 2024	**67.13**	**1.69**	**10.78**	**2.65**	**1.61**	**10.00**	**93.86**	-
Net block :								
As at 31st March, 2023	143.42	4.73	10.40	6.14	6.75	22.48	193.92	15.08
As at 31st March, 2024	**115.66**	**4.83**	**8.27**	**4.96**	**6.11**	**17.41**	**157.24**	**0.00**

Capital work-in-progress : Ageing Schedule

As at 31st March, 2024

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

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

4 Intangible assets :

In ₹ Million

	Softwares	Development Cost	Patents	Total Intangible assets	Intangibles under development
Gross block, at cost :					
As at 31st March, 2022	13.35	48.31	-	61.66	-
Additions	3.11	160.74	0.06	163.91	13.31
Capitalised	-	-	-	-	(163.91)
Disposals	(0.16)	-	-	(0.16)	-
Adjustments	-	-	-	-	150.60
As at 31st March, 2023	16.30	209.05	0.06	225.41	-
Additions	**3.93**	**-**	**0.59**	**4.52**	**12.80**
Capitalised	**-**	**-**	**-**	**-**	**(4.51)**
Disposals	**(0.95)**	**-**	**-**	**(0.95)**	**(2.08)**
Adjustments	**(0.14)**	**-**	**-**	**(0.14)**	**2.79**
As at 31st March, 2024	**19.14**	**209.05**	**0.65**	**228.84**	**9.00**
Depreciation and amortization :					
Upto 31st March, 2022	5.64	16.55	-	22.19	-
Depreciation for the year	3.96	35.10	-	39.06	-
Disposals	(0.15)	-	-	(0.15)	-
Upto 31st March, 2023	9.45	51.65	-	61.10	-
Depreciation for the year	**1.22**	**39.09**	**0.02**	**40.33**	**-**
Disposals	**(0.24)**	**-**	**-**	**(0.24)**	**-**
Upto 31st March, 2024	**10.43**	**90.74**	**0.02**	**101.19**	**-**
Net block :					
As at 31st March, 2023	6.85	157.40	0.06	164.31	-
As at 31st March, 2024	**8.71**	**118.31**	**0.63**	**127.65**	**9.00**

Intangibles under development : Ageing Schedule

As at 31st March, 2024

	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	**9.00**	**-**	**-**	**-**	**9.00**

As at 31st March, 2023

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

5 Right of use assets :

In ₹ Million

	Buildings	Total
Gross block, at cost :		
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
Additions	**-**	**-**
Disposals	**(22.92)**	**(22.92)**
Adjustments	**-**	**-**
As at 31st March, 2024	**50.07**	**50.07**
Depreciation and amortization :		
Upto 31st March, 2022	2.04	2.04
Depreciation for the year	15.50	15.50
Disposals	-	-
Adjustments	2.05	2.05
Upto 31st March, 2023	19.59	19.59
Depreciation for the year	**15.77**	**15.77**
Disposals	**-**	**-**
Adjustments	**(14.09)**	**(14.09)**
Upto 31st March, 2024	**21.27**	**21.27**
Net block :		
As at 31st March, 2023	53.40	53.40
As at 31st March, 2024	**28.80**	**28.80**

6 Investment in subsidiary

In ₹ Million

As at 31st March, 2024	As at 31st March, 2023		As at 31st March, 2024	As at 31st March, 2023
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 Other financial assets (Non-current)

(Unsecured, good)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Security deposits	**3.74**	5.59
Bank Deposits having maturity of more than twelve months	**-**	0.10
Total	**3.74**	5.69

8 Deferred tax asset (net)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Deferred tax asset		
Temporary differences for		
Unabsorbed depreciation	**56.53**	31.37
Other disallowances	**15.33**	1.60
	71.86	32.97
Less: Deferred tax asset in excess of the liability derecognised	**(63.76)**	(19.81)
	8.10	13.16
Deferred tax liability		
Temporary differences for		
Depreciation	**8.10**	13.16
Total	**-**	-

9 Income tax assets

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Taxes paid in advance	**0.49**	5.70
Total	**0.49**	5.70

10 Other non-current assets

(Unsecured, good)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Security Deposit	**32.50**	-
Capital advances	**12.20**	8.88
Balances with government authorities	**85.97**	117.32
Prepaid expenses	**0.10**	-
Total	**130.77**	126.20

11 Inventories

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Raw Material and Components (includes items lying with third parties and items in transit)	**41.10**	73.27
Finished Goods (includes items lying with third parties and items in transit)(Refer Note below)	**9.19**	25.60
Total	**50.29**	98.87
a) Includes goods in transit of Finished goods	**-**	9.30
b) Includes goods in transit of Raw Material and Components	**-**	0.65
c) Amount recognised as expenses for inventories carried at net realisable value		

12 Trade receivables

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Unsecured		
Considered Good (including related party receivable)	**3.60**	1.86
Credit Impaired	**0.90**	-
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit Impaired	**(0.90)**	
Total	**3.60**	1.86

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

Trade receivable are non interest bearing and are generally on terms of 30 to 60 days

For terms and conditions relating to related party receivables, refer note 38

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, 2024							
Undisputed Trade Receivables – considered good	-	**3.03**	**0.24**	**0.33**	-	-	**3.60**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	**0.90**	-	-	**0.90**
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	**3.03**	**0.24**	**1.23**	-	-	**4.50**
Less : Impairment allowance	-	-	-	**(0.90)**	-	-	**(0.90)**
Total :	-	**3.03**	**0.24**	**0.33**	-	-	**3.60**
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	-	-	-	-	-	-	-
	-	0.42	1.44	-	-	-	1.86
Less : Impairment allowance							
Total :	-	0.42	1.44	-	-	-	1.86

13 Cash and bank balances

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Cash and cash equivalents		
Balances with banks		
In cash credit and current accounts	**0.17**	15.54
Total	**0.17**	15.54
Other bank balances		
Deposits with maturity of more than three months but less than twelve months*	**1.34**	1.20
Total	**1.34**	1.20

* Interest accrued is included in the carrying value of deposits with original maturity of less than three months for FY 2022-23

14 Other financial assets (Current)

(Unsecured)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
EV Subsidy receivable	**15.49**	47.05
Less: Impairment allowance	**(2.09)**	
	13.40	47.05
Balance with government authorities		
GST refund claims	**18.85**	-
Other receivable	**3.61**	-
Total	**35.86**	47.05

15 Other current assets

(Unsecured, good)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Advances to suppliers	**5.14**	19.65
Prepaid expenses	**1.76**	2.21
Total	**6.90**	21.86

16 Equity Share Capital

In ₹ Million

			As at 31st March, 2024	As at 31st March, 2023
Authorised				
50,000	(50,000)	Equity shares of ₹ 10/- each	**0.50**	0.50
25,000	(25,000)	0.1% Cumulative Compulsorily Convertible Preference Shares of ₹ 100	**2.50**	2.50
		Total :	**3.00**	3.00
Issued, Subscribed and fully paid-up				
41,747	(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, 2024		As at 31st March, 2023	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	**41,746**	**0.42**	41,746	0.42
Issued during the year	**1**	**0.00**	-	-
Outstanding at the end of the year	**41,747**	**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, 2023	
	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		% of Holding
	No.	% of Holding	No.	% of Holding	
Equity shares of ₹ 10 each fully paid					
Kalyani Powertrain Limited	**26,838**	**64.29%**	26,838	64.29%	**0.00**

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

Name of the promoters	**As at 31st March, 2024**		
	No. of shares	**% of total shares**	**% change during the year**
Kapil Shelke	**9,936**	**23.80%**	**0.00%**
Bhavish Aggarwal	**1,328**	**3.18%**	**0.00%**

Name of the promoters	As at 31st March, 2023		
	No. of shares	% of total shares	% change during the year
Kapil Shelke	9,936	23.80%	0.00%
Bhavish Aggarwal	1,328	3.18%	0.00%

17 Other equity

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
a) **Securities premium reserve**		
As per last account	**688.85**	688.85
Add: Addition during the year	**0.06**	-
Less: Premium paid on conversion of preference shares into equity	**-**	-
	688.91	688.85
b) **Employees Stock Option Reserve**		
As per last account	**38.29**	17.19
Add: Addition during the year	**89.97**	21.10
	128.26	38.29
c) **Deficit in the statement of profit and loss**		
As per last account	**(714.45)**	(244.16)
Net loss for the year	**(1,009.51)**	(469.82)
Items of other comprehensive income :		
Re-measurement of defined benefit obligations	**(3.47)**	(0.47)
Re-measurement of Leased Premises Obligations	-	-
Closing balance	**(1,727.43)**	(714.45)
Total	**(910.26)**	12.69

18 Borrowings (Non-current)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Unsecured		
Intercorporate deposit from related party	**86.38**	80.20
Total	**86.38**	80.20

Terms and conditions for intercorporate loan from the Holding Company

	As at 31st March, 2024	As at 31st March, 2023
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 the end of the financial year (In ₹ Millions)	**57.11**	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 the end of the financial year (In ₹ Millions)	**29.27**	27.01

19 Other financial liabilities (Non-Current)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Derivative Liability	**32.50**	-
Total	**32.50**	-

20 Provisions (non-current)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Provision for employee benefits		
Gratuity	**12.49**	5.12
Compensated absences	**12.39**	2.65
Refer note no. 34		
Total	**24.88**	7.77

21 Other non-current liabilities

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Contract liabilities		
Deferred Revenue	**-**	0.75
Total	**-**	0.75

22 Borrowings (Current)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Secured		
Bank overdraft[(a)(b)]	**391.55**	263.14
Cash Credit[(c)]	**100.49**	-
Total	**492.04**	263.14

(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.

(b) The company has availed Overdraft facility from HSBC Bank during the current financial year vide sanction letter dated 15th September, 2023. The same is secured by paripasu charge on Current assets of the Company. Rate of Interest is may be mutually agreed this is applicable is MCLR rate + spread.*

(c) The Company has availed Cash Credit facility from Indusland Bank during the current financial year vide sanction letter dated 17th April, 2023. The same is secured by paripasu charge on Current assets of the Company. Rate of Interest is may be mutually agreed this is applicable is MCLR rate + spread.

(d) The Company have filed the quarterly statements with banks with regard to the securities provided against working capital facilities on periodic basis. The statements filed by the company with banks are not in agreement of books of account. Following are the reasons for material discrepancies:

Qtr.	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference**
Jun, 23	ICICI Bank	Current assets	412.01	413.33	-1.32

** Material discrepancies are mainly due to back dated debtors has written off

* No quarterly statements has been filed with HSBC bank for quarter the ended June, September, December and March-24

23 Trade payables

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Total outstanding dues of micro enterprises and small enterprises	**35.19**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**714.71**	211.15
Total	**749.90**	211.15

*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.

	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, 2024						
Undisputed dues to MSME	**-**	**28.17**	**7.02**	**-**	**-**	**35.19**
Undisputed dues to other than MSME	**28.51**	**648.04**	**37.53**	**0.63**	**-**	**714.71**
Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
Disputed dues to other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	28.51	**676.21**	**44.55**	**0.63**	**-**	**749.90**

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						
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

24 Other financial liabilities (Current)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Creditors for Capital Expenses	**13.82**	13.44
Other Amounts Payable	**0.09**	51.02
Total	**13.91**	64.46

For terms and conditions relating to related party transactions, refer note no. 38

25 Provisions (Current)

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Provision for employee benefits		
Gratuity	**0.74**	0.56
Compensated absences	**2.38**	0.53
Refer note no. 34		
Other provisions		
Provision for warranty[(a)(b)]	**22.64**	11.24
Total	**25.76**	12.33

(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, 2024	As at 31st March, 2023
Opening Balance	**11.24**	-
Arising during the year	**29.59**	27.09
Utilised during the year	**(18.19)**	(15.85)
Provision Written Back	**-**	-
Closing balance	**22.64**	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 six 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.

26 Other current liabilities

In ₹ Million

	As at 31st March, 2024	As at 31st March, 2023
Statutory dues payable	**11.05**	4.17
Deferred Revenue	**0.75**	0.89
Cotract liabilities (Advance from customers)	**0.21**	43.37
Total	**12.01**	48.43

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 recognised when the goods are passed on to the customers.

27 Revenue from Operations

In ₹ Million

	For the year ended 31st March 2024	For the year ended 31st March 2023
Sale of products	**577.85**	296.52
Services - Others	**2.18**	15.52
Other operating revenues	**2.21**	0.01
	582.24	312.05

Disaggregated revenue information:

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2024 and 31st March, 2023 by offerings and contract type.

Revenue by contract type :		
Fixed price contracts	**582.24**	312.05
Cost plus contract	**-**	-
	582.24	312.05
Revenue by geographical segment :		
Domestic	**582.24**	312.05
Overseas	**-**	-
	582.24	312.05

28 Other Income

In ₹ Million

	For the year ended 31st March 2024	For the year ended 31st March 2023
Interest received		
On bank deposits	**0.08**	0.05
On income tax refund	**0.27**	-
On others	**0.46**	0.44
Fair Value gain on mark to market investments	**-**	-
Net gain on sale of financial investments	**-**	0.22
Net gain foreign exchange fluctuations	**-**	1.35
Liabilities written bank	**-**	1.87
Total	**0.81**	3.93

29 Cost of raw materials and components

In ₹ Million

	For the year ended 31st March 2024	For the year ended 31st March 2023
Opening stock of raw material	**73.27**	18.33
Add : Purchases of raw materials	**866.94**	493.34
	940.21	511.67
Less : Closing stock of raw material	**(41.10)**	(73.27)
Total	**899.11**	438.40

30 (Increase) in inventories of finished goods, work-in progress, traded goods

In ₹ Million

		For the year ended 31st March 2024	For the year ended 31st March 2023
Inventories at the beginning of the year			
Finished Goods		**25.60**	4.23
	Sub-total	**25.60**	4.23
Inventories at the end of the year			
Finished Goods		**9.19**	25.60
	Sub-total	**9.19**	25.60
(Increase)/Decrease in Inventories		**16.41**	(21.37)

31 Employee benefit expenses

In ₹ Million

	For the year ended 31st March 2024	For the year ended 31st March 2023
Salaries and wages	**223.46**	110.85
Contributions to provident and other funds	**5.47**	3.75
Gratuity	**4.36**	2.08
Share based payments	**89.97**	21.10
Staff welfare expenses	**5.19**	4.37
Total	**328.45**	142.15

32 Finance costs

In ₹ Million

	For the year ended 31st March 2024	For the year ended 31st March 2023
Interest paid		
On inter corporate borrowings*	**6.87**	6.51
On lease liability	**3.91**	4.93
On bank overdraft	**42.16**	12.93
Other interest	**5.84**	-
Other borrowing costs	**4.00**	3.00
Total	**62.78**	27.37

*For terms and conditions relating to related party transactions, refer note no. 38

33 Depreciation and amortization expenses

In ₹ Million

	For the year ended 31st March 2024	For the year ended 31st March 2023
Depreciation on property, plant and equipment	**44.75**	33.67
Amortization on intangible assets	**40.33**	39.06
Depreciation on right-of-use assets	**15.77**	15.50
Total	**100.85**	88.23

34 Other expenses

In ₹ Million

	For the year ended 31st March 2024	For the year ended 31st March 2023
Contract labour charges	**6.37**	6.28
Power and fuel	**2.86**	2.10
Rent	**3.39**	3.04
Rates and taxes	**10.16**	6.41
Insurance	**2.12**	0.86
Legal and professional fees	**35.70**	17.32
Repairs and maintenance - Building	**11.30**	6.51
Repairs and maintenance - Others	**3.48**	4.96
Security expenses	**3.70**	3.15
Travelling expenses	**13.74**	10.29
Warranty expenses	**18.19**	15.85
Payment to auditors (Refer note below)	**0.72**	0.58
Communication expenses	**5.86**	2.28
Printing & Stationery	**0.33**	0.55
Advertisment and marketing expenses	**22.06**	15.31
Commission and Brokerage	**-**	0.03
Subscription expenses	**8.67**	2.59
Bank charges	**0.36**	0.28
Advances written off	**-**	6.75
Liabilities written off	**0.37**	-
Loss on property, plant and equipmet written off	**19.97**	2.47
Provision for doubtful EV subsidy receivable	**2.09**	-
EV subsidy receivable written off	**9.30**	
Provision For Doubtful Debts	**0.90**	
Miscellaneous expenses	**3.32**	3.25
Total	**184.96**	110.86

Payment to auditors

	For the year ended 31st March 2024	For the year ended 31st March 2023
As auditor:		
- Audit fee	**0.55**	0.45
- Tax Audit	**0.15**	0.13
Total	**0.70**	0.58

35 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 ₹ 5.46 millions (Previous Year: ₹ 3.65 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) 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.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2024	Year ended 31st March, 2023
Mortality table	**IALM(2012-14) ult**	IALM(2012-14) ult
Discount rate	**7.20%**	7.40%
Expected rate of return on plan assets	**-**	-
Salary growth Rate	**10.00%**	10.00%
Expected average remaining working lives (in years)	**6.43**	6.49
Withdrawal rate		
Age upto 30 years	**15.00%**	15.00%
Age 31 - 40 years	**15.00%**	15.00%
Age 41 - 50 years	**15.00%**	15.00%
Age above 50 years	**15.00%**	15.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the beginning of the year	**5.68**	3.29
Transfer in/(out)	**(0.05)**	-
Interest expense	**0.41**	0.22
Current service cost	**4.00**	1.70
Benefits (paid)	**(0.28)**	(0.17)
Remeasurements on obligation [actuarial (Gain) / Loss]	**3.47**	0.64
Present value of obligation as at the end of the year	**13.23**	5.68

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
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)

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest (income) / expense – obligation	**0.41**	0.22
Interest (income) / expense – plan assets	**-**	-
Net interest (income) / expense for the year	**0.41**	0.22

Remeasurement for the period [actuarial (gain)/loss]

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Experience (gain) / loss on plan liabilities	**3.31**	1.09
Demographic (gain) / loss on plan liabilities	**-**	(0.30)
Financial (gain) / loss on plan liabilities	**0.16**	(0.14)
Experience (gain) / loss on plan assets	**-**	-
Financial (gain) / loss on plan assets	**-**	-

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Opening amount recognised in OCI outside profit and loss account	**(0.37)**	(1.01)
Remeasurement for the period-obligation (gain)/loss	**3.47**	0.64
Remeasurement for the period-plan assets (gain)/loss	**-**	-
Total remeasurement cost/(credit) for the period recognised in OCI	**3.47**	0.64
Closing amount recognised in OCI outside profit and loss account	**3.10**	(0.37)

The amounts to be recognised in the balance sheet

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation as at the end of the period	**13.23**	5.68
Fair value of plan assets as at the end of the period	**-**	-
Surplus/(Deficit)	**(13.23)**	(5.68)
Current Liability	**0.74**	0.56
Non-Current Liability	**12.49**	5.12
Net asset / (liability) to be recognised in balance sheet	**(13.23)**	(5.68)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Current service cost	**4.00**	1.70
Net interest (income) / expense	**0.41**	0.22
Benefits (paid)		
Transfer in/(out)	**(0.05)**	-
Net periodic benefit cost recognised in the statement of profit and loss	**4.36**	1.92

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Net asset / (liability) recognised at the beginning of the period	**(5.67)**	(3.29)
Company contributions	**-**	0.17
Benefits (paid)	**0.28**	
Expense recognised at the end of period	**(4.36)**	(1.91)
Amount recognised outside profit & loss for the period	**(3.47)**	(0.64)
Mortality charges and taxes	**-**	-
Adjustment to fund	**-**	-
Net asset / (liability) recognised at the end of the period	**(13.22)**	(5.67)

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

In ₹ Million

Discount rate	**Year ended 31st March, 2024**	Year ended 31st March, 2023
Increase in discount rate by 100 basis points	**12.44**	5.35
Decrease in discount rate by 100 basis points	**14.11**	6.05

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

In ₹ Million

Salary growth rate	**Year ended 31st March, 2024**	Year ended 31st March, 2023
Increase in salary growth rate by 100 basis points	**13.84**	5.95
Decrease in salary growth rate by 100 basis points	**12.65**	5.42

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

In ₹ Million

Withdrawal rate	Year ended 31st March, 2024	Year ended 31st March, 2023
Increase in withdrawal rate by 100 basis points	**13.15**	5.64
Decrease in withdrawal rate by 100 basis points	**13.30**	5.72

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 ₹ Million

Year Ending	31st March, 2024	31st March, 2023
Within the next 12 months (next annual reporting period)	**0.74**	0.56
After 1 year but not more than 5 Years	**6.93**	2.67
After 5 year but not more than 10 Years	**24.21**	103.78

(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 ₹ Million

	Year ended 31st March, 2024	Year ended 31st March, 2023
Present value of obligation	**14.77**	3.18
Fair value of plan assets	**-**	-
Net asset/(liability) recognized in the balance sheet	**(14.77)**	(3.18)

36 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.

37 Related party disclosures :

(i) Names of the related parties and related party relationship

a) Ultimate Holding Company	Bharat Forge Limited
b) Holding Company	Kalyani Powertrain Limited
c) Subsidiary Company	Lycan Electric Private Limited
d) Key management personnel	Kapil Shelke, Managing Director
	Premanand Risbud, Director
	Chandrakant Shelke, Director
	Keerthi Kiran Gautham, Director
	Sunil Kulkarni, Director
	Krishan Kohli, Director
	Santosh Singh, Director
e) Entities controlled by relatives of key managerial persons	Siddhatek Enterprise
	Tirupati Engineers
	H M Risbud & Co.
	M J Risbud & Co.
f) Enterprises under common control	Kalyani Technoforge Limited

(ii) Related parties with whom transactions have taken place during the period

In ₹ Million

SN	Nature of transaction	Name of the related parties and nature of relationships	Note Ref.	Year ended 31st March, 2024	Year ended 31st March, 2023
1	**Purchase of goods**	**Ultimate Holding Company**			
		Bharat Forge Limited	(a)	**4.77**	17.71
		Holding Company			
		Kalyani Powertrain Limited	(a)	**638.81**	145.55
		Entities controlled by relatives of key managerial persons			
		Siddhatek Enterprise	(a)	**0.61**	1.32
		Tirupati Engineers	(a)	**5.15**	5.92
		Entities under common control			
		Kalyani Technoforge Limited	(a)	**0.14**	8.19
		Subsidiary Company			
		Lycan Electric Private Limited	(b)	**0.17**	-

In ₹ Million

SN	Nature of transaction	Name of the related parties and nature of relationships	Note Ref.	Year ended 31st March, 2024	Year ended 31st March, 2023
2	**Purchase of services**	**Entities controlled by relatives of key managerial persons**			
		Siddhatek Enterprise	(c)	**-**	0.09
		Tirupati Engineers	(c)	**-**	1.41
3	**Sale of goods**	**Holding Company**			
		Kalyani Powertrain Limited	(d)	**212.91**	127.23
		Subsidiary Company			
		Lycan Electric Private Limited	(e)	**335.00**	125.92
4	**Sale of services**				
		Ultimate Holding Company			
		Bharat Forge Limited	(f)	**0.59**	
		Subsidiary Company	(f)		
		Lycan Electric Private Limited		**-**	2.20
5	**Purchase of property, plant and equipment**	**Entities controlled by relatives of key managerial persons**			
		Siddhatek Enterprise	(g)	**-**	2.70
		Tirupati Engineers		**-**	0.20
		Key managerial personnel			
		Kapil Shelke	(g)	**0.23**	-
6	**Rent paid**	**Entities controlled by relatives of key managerial persons**	(h)		
		Tirupati Engineers		**1.86**	2.03
7	**Professional fees**	**Entities controlled by relatives of key managerial persons**			
		H M Risbud & Co.	(i)	**0.49**	0.22
		M J Risbud & Co.	(i)	**0.03**	0.11
8	**Intercorporate deposit taken**	**Holding Company**			
		Kalyani Powertrain Limited	(j)	**-**	77.00
9	**Repayment of intercorporate deposit taken**	**Ultimate Holding Company**			
		Bharat Forge Limited	(j)	**-**	28.00

In ₹ Million

SN	Nature of transaction	Name of the related parties and nature of relationships	Note Ref.	Year ended 31st March, 2024	Year ended 31st March, 2023
10	**Interest on intercorporate deposit**	**Ultimate Holding Company**			
		Bharat Forge Limited	(j)	**-**	2.95
		Holding Company			
		Kalyani Powertrain Limited	(j)	**6.87**	3.56
11	**Reimbursement of expenses received**	**Subsidiary Company**			
		Lycan Electric Private Limited	(k)	**0.11**	51.86
12	**Reimbursement of expenses Paid**	**Entities controlled by relatives of key managerial persons**			
		H M Risbud & Co.	(k)	**-**	0.02
		Lycan Electric Private Limited	(k)	**0.17**	-
13	**Repayment of loan received**	**Subsidiary Company**			
		Lycan Electric Private Limited	(j)	**-**	3.58
14	**Managerial remuneration**	**Key managerial personnel**			
		Kapil Shelke	(l)	**4.46**	3.81
		Premanand Risbud	(l)	**4.15**	3.19

Notes :

a) The Company has purchased material for the purchase of manufacturing as well as for providing services to end customers and dealers.

b) The Company has obtained Miscellenious support services from its subsidary company.

c) The Company has obtained support services from the related entities during the preceeding Previous Year.

d) Material Procured has been sold to holding company.

e) The Company sold spares and other material to its subsidary for providing services to end customer.

f) The Company has provided engineering services during the previous year as well as preceeding previous year to the related parties.

g) The Company has procured some PPE's during the current year as well as Preceeding Previous year. The Procurement is at Arm Length Price.

h) The Company has taken premises from related party on rental basis for short term business purpose.

i) The Company has taken professional services for the functioning of business from the entities controlled by KMP's

j) The Company has taken ICD from its holding company to finance its working capital needs.(Refer Note No.18 for terms and conditions).

k) Expenses Incurred by/for related parties on behalf of the company same are reimbursable at cost on demand.

l) Managerial remunaration paid to directors are against services rendered as a employees to the company.

(iii) Closing balance of related parties

In ₹ Million

SN	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2024	As at 31st March, 2023
1	**Trade payables**	**Ultimate Holding Company**		
		Bharat Forge Limited	**23.71**	22.74
		Holding Company		
		Kalyani Powertrain Limited	**496.50**	168.49
		Entities controlled by relatives of key managerial persons		
		H M Risbud & Co.	**0.05**	-
		Tirupati Engineers	**9.21**	-
		M J Risbud & Co.	**0.02**	-
		Siddhatek Enterprise	**0.97**	-
		Entities under common control		
		Kalyani Technoforge Limited	**5.29**	6.57
		Subsidiary Company		
		Lycan Electric Private Limited	**-**	43.44
2	**Trade receivables**	**Holding Company**		
		Kalyani Powertrain Limited	**-**	99.19
		Ultimate Holding Company		
		Bharat Forge Limited	**0.64**	-
		Subsidiary Company		
		Lycan Electric Private Limited	**1.94**	-
3	**Intercorporate loan taken (including interest accrued thereon)**	**Holding Company**		
		Kalyani Powertrain Limited	**86.38**	80.20
4	**Advance received**	**Subsidiary Company**		
		Lycan Electric Private Limited	**-**	43.09
5	**Advance received**	**Holding Company**		
		Kalyani Powertrain Limited	**-**	50.00

In ₹ Million

SN	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2024	As at 31st March, 2023
6	**Managerial remuneration payable**	**Key Managerial Personnel**		
		Kapil Shelke	**0.29**	0.20
		Premanand Risbud	**0.26**	0.19

38 Earnings per share (EPS) :

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Loss for the year attributable to shareholders In ₹ Million	**(1,009.51)**	(469.82)
I Basic Earning Per Share		
Weighted average number of equity shares in calculating basic EPS (In Nos.)	**41,746.25**	41,746.00
Basic Earning Per Share [nominal value of share ₹ 10/-] -	**(24,181.78)**	(11,254.62)
II Diluted Earning Per Share		
Weighted average number of equity shares in calculating basic EPS (In Nos.)*	**41,746.25**	41,746.00
Dilutive Earning Per Share [nominal value of share ₹ 10/-] -	**(24,181.78)**	(10,447.24)

*As at 31st March 2024 : 2,101 (31st March 2023 : 2,101) ESOP Shares were excluded from weighted average number of Ordinary Shares for the computation of diluted earnings per share as these were anti dilutive.

39 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) Judgements

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

1) 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 a few 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.

2) 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) 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

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 plans 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.

3) 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.

4) **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.

5) **Provision for inventories**

The 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 realisable 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. The management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

6) **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.

7) **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.

40 Financial instruments by categories

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities :

In ₹ Million

	Carrying value		Fair value	
	As at 31st March, 2024	As at 31st March, 2023	**As at 31st March, 2024**	As at 31st March, 2023
Financial assets				
Measured at amortised costs				
Security deposits	**3.74**	5.59	**3.74**	5.59
Bank Deposits having maturity of more than twelve months	**-**	0.10	**-**	0.10
Trade receivables	**3.60**	1.86	**3.60**	1.86
Cash and cash equivalents	**0.17**	15.54	**0.17**	15.54
Other bank balances	**1.34**	1.20	**1.34**	1.20
Other financial assets	**35.86**	47.05	**35.86**	47.05
Total:	**44.71**	71.34	**44.71**	71.34
Financial liabilities				
Measured at amortised costs				
Lease liabilities	**29.64**	50.67	**29.64**	50.67
Borrowings	**578.42**	343.34	**578.42**	343.34
Trade payables	**749.90**	211.15	**749.90**	211.15
Other financial liabilities	**46.41**	64.46	**46.41**	64.46
Total:	**1,404.37**	669.62	**1,404.37**	669.62

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and 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.

41 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.

42 Financial risk management objective and policies :

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, 2024 and 31st March, 2023.

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, 2024 and 31st March, 2023 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, 2023 - 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 ₹ Million

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2024	5.00%	0.0031	0.0031
	-5.00%	(0.0031)	(0.0031)
31st March, 2023	5.00%	0.4300	0.4300
	-5.00%	(0.4300)	(0.4300)

iv) **Unhedged foreign currency exposure :**

	As at 31st March, 2024		As at 31st March, 2023	
	Foreign Currency in Thousands	**In ₹ Millions**	Foreign Currency in Thousands	In ₹ Millions
Liabilities :				
Trade payables	**USD 83.37**	**0.06**	**USD 0.00**	-
		0.06		**0**

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, 2024 and 31st March, 2023 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 ₹ Million

	Less than 1 year	**1 year to 5 years**	**> 5 years**	**Total**
Year ended 31st March, 2024				
Lease liabilities	**9.12**	**20.52**	**-**	**29.64**
Borrowings	**578.42**	**-**	**-**	**578.42**
Trade payables	**704.72**	**45.18**	**-**	**749.90**
Derivative Liability		**32.50**		**32.50**
Other financial liabilities	**13.91**	**-**	**-**	**13.91**
	1,306.17	**98.20**	**-**	**1,404.37**
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 financial liabilities	64.46	-	-	64.46
	631.30	38.32	-	669.62

43 Capital commitment :

In ₹ Millions

	As at 31st March, 2024	As at 31st March, 2023
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**11.64**	5.91

44 Contingent liabilities :

In ₹ Millions

	As at 31st March, 2024	As at 31st March, 2023
(a) Dues under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952[(a)]	-	0.70

The Company had received a demand from the Employees' Provident Fund Organisation ("EPFO") in the preceeding previous year 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.

(b) The Company has received some notices from E Samadhan Portal for Micro and small enterprises. The creditors has raised demand for the payments against the goods or services rendered by the entities. The Company had already recorded the principal liabilities along with the interest payable under Micro, Small and Medium Enterprises Development Act, 2006. The Company has not accepted the claimed for any other payments excepts accounted for in the books.

45 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.

i) The carrying amount of right-of-use assets recognised and the movements during the period:

In ₹ Millions

	As at 31st March, 2024	As at 31st March, 2023
Carrying value as at the beginning of the year	**53.40**	57.98
Additions	**-**	7.67
Other Adjustments	**(22.92)**	3.25
Depreciation	**(15.77)**	(15.50)
As at 31st March, 2024	**14.71**	53.40

ii) The carrying amount of lease liability and the movements during the period:

In ₹ Millions

	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	**50.67**	56.05
Additions during the period	**-**	-
Adjustments	**(8.68)**	5.32
Accretion of interest	**3.91**	4.93
Rent payments	**(16.26)**	(15.63)
Balance at the end of the year	**29.64**	50.67
Current	**9.12**	12.35
Non - current	**20.52**	38.32

iii) The amounts recognised in statement of profit and loss : In ₹ Millions

	As at 31st March, 2024	As at 31st March, 2023
Depreciation expense of right-of-use assets	**15.77**	15.50
Interest expense on lease liabilities	**3.91**	4.93
Payments towards short term leases	**3.39**	3.04
	23.07	23.47

iv) The Company had total cash outflows for leases of ₹ 19.65 million (31st March, 2023: ₹ 18.67 million). The Company also had non-cash outflow of ₹ Nil/- (31st March, 2023: Nil/-) relating to right-of-use assets and lease liabilities.

46 Loans and advances in the nature of loans given to subsidiaries In ₹ Millions

	As at 31st March, 2024	As at 31st March, 2023
Lycan Eletectric Private Limited		
Balance outstanding	**-**	-
Maximum amount outstanding during the year	**-**	3.58

*Refer note 38 for terms and conditions for loan given to subsidiary.

47 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, 2024 ₹ 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, 2024	As at 31st March, 2023
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, 2024	As at 31st March, 2023
Balance at the beginning of the year	**45.01**	-
Revenue recognised from contract liabilities at the beginning of the year	**(45.01)**	-
Increased due to advances received during the year/deferred revenue	**0.96**	45.01
Decreased due to refund of advance received	**-**	-
Balance at the end of the year	**0.96**	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, 2024, other than those meeting the exclusion criteria mentioned above, is ₹ 0.75 Mio (Previous year : 1.64 Mio). Out of this, the Company expects to recognize revenue of ₹ 0.75 Mio (Previous year : 1.64 Mio) 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, 2024	As at 31st March, 2023
Revenue recognised as per Statement of Profit & loss		
Sale of products	**577.85**	296.52
Sale of services	**2.18**	15.52
Other operating revenues	**2.21**	0.01
	582.24	312.05
Add : Adjustments		
Deferred Revenue	**0.75**	1.64
Contract Price	**582.99**	313.69

48 Share based payments :

The Company provides share-based payment schemes to its employees. During the year ended 31st March 2024, 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 23th 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 2024	31st March 2023
Expense arising from equity-settled share-based payment transactions	**89.97**	21.10
Total expense arising from share-based payment transactions	**89.97**	21.10

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

In ₹ Millions

	31st March 2024		31st March 2023	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 April	**2,101**	**₹ 10**	1,198	₹ 10
Granted during the year		**-**	1,027	-
Forfeited during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Expired during the year		**-**	(124)	-
Outstanding at 31 March	**2,101**	**₹ 10**	2,101	₹ 10
Exercisable at 31 March	**2,101**	**-**	1,198	-

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.

49 Income and deferred taxes :

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

In ₹ Millions

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Accounting loss before tax	**(1,009.51)**	(469.66)
At India's enacted tax rate of 26% (31st March, 2023: 26%)	**-**	-
Deferred tax savings on current year accounting loss	**8.10**	-
Tax effect of non-deductible expenses	**-**	-
Tax effect on non-taxable income	**-**	-
Deferred tax savings not recognised on prudent basis	**(8.10)**	-
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 ₹ 362.53/- Mio (Previous year : ₹ 160.89/- Mio) and on account of unabsorbed depreciation and other disallowances aggregating to ₹ 71.86 Mio (Previous year : ₹ 32.97/- Mio) under the Income Tax Act, 1961 on the considerations of prudence.

50 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

In ₹ Millions

	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Principal amount due to suppliers under MSMED Act, 2006	**29.06**	-
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	**5.84**	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	**47.64**	-
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	**1.79**	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	**5.84**	-
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	**-**	-

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.

51 Ratio analysis :

In ₹ Millions

		Numerator	Denominator	31st March 2024	31st March 2023	Variance %
(a)	Current ratio (Refer note no. (i) below)	Current assets	Current liabilities	0.08	0.30	-75.26%
(b)	Debt - equity ratio (Refer note no. (ii) below)	Total debt	Shareholder's equity	-0.64	26.19	-102.43%
(c)	Debt service coverage ratio (Refer note no. (i) below)	Earnings available for debt services	Debt service	-10.99	(9.06)	21.31%
(d)	Return on equity ratio (Refer note no. (i) below)	Loss for the year	Average shareholders' equity	2.25	(1.98)	-213.92%
(e)	Inventory turnover ratio (Refer note no. (i) below)	Cost of goods sold	Average inventory	12.28	6.87	79%
(f)	Trade receivables turnover ratio	Revenue	Average trade receivable	213.27	53.89	296%
(g)	Trade payables turnover ratio (Refer note no. (i) below)	Net Purchases	Average trade payables	2.15	4.28	-50%
(h)	Net capital turnover ratio (Refer note no. (i) below)	Revenue	Working capital	-0.48	(0.73)	-34%
(i)	Net profit ratio (Refer note no. (i) below)	Loss for the year	Revenue	-1.73	(1.51)	15%
(j)	Return on capital employeed (Refer note no. (i) below)	Earning before interest and taxes	Capital employed	108%	-694%	-116%
(k)	Return on investments	Income generated from investment	Time weighted average investments	-	26.57	-100%

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.

52 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) The Code on Social Security, 2020 ('Code') relating to employees' benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules have been released by The Ministry of Labour and Employment on November 13, 2020. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(c) During the year ended 31st March, 2024, 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.

(d) 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.

(e) 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.

(f) The Company has following cases where the charge is required to be registed with Registrar of Companies but the same is not yet registered.

The Company obtained overdaft facility from the HSBC Bank to finance its working capital requirements. The said facility is secured by the paripasu charge of the companies current assets. The current assets are originally provided as security to obtain ovderdraft facility from ICICI bank. As the Company is in the process of obtaining the NOC from ICICI Bank to create the paripasu charge on the same current assets. The Company has not yet received the same till 31st March, 2024

(g) 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

Hrushikesh S. Kulkarni
Partner
Membership No. 160187
UDIN : 24160187BKABYX9170

Place: Pune
Date: 3rd May, 2024

On behalf of the Board of Directors

Kapil Shelke
Managing Director
DIN: 02880431

Chandrakant Shelke
Director
DIN: 06676000

Premanand Risbud
Director
DIN: 09261672

Place: Pune
Date: 3rd May, 2024

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Zorya Mashproekt India Private Limited

Registered Office
IV-23/146 Lajpat Nagar IV, South Delhi 110 024 India

INDEPENDENT AUDITORS' REPORT

To,

The Members of ZORYA MASHPROEKT INDIA PRIVATE LIMITED

Report on the Audit of the Standalone Financial statements

Opinion

We have audited the standalone financial statements of **ZORYA MASHPROEKT INDIA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at **31st March, 2024** and the Statement of Profit and Loss, Statement of Changes 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 standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true & fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rule,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, 2024** and financial result as per Statement of Profit & Loss, 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of 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.

Responsibility of Management and those charged with governance for Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("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, changes in equity and cash flows of the Company in accordance with the Ind

AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone 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 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 scepticism throughout the audit to the extent as applicable.

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 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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

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, 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with companies (Indian Accounting Standards) Rules, 2025, as amended.

   (e) On the basis of the written representations received from the directors as on **31st March, 2024** taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 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"**.

   (g) As required by section 197 (16) of the Act, in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors / manager is in accordance with the provisions of section 197 of the Act and remuneration paid to directors / manger is not in excess of the limit laid down under this section.

   (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.

For Ashish Kumar Shah & Co
Chartered Accountants

ASHISH KUMAR SHAH
Proprietor
M. NO : 521973
UDIN: 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

"Annexure A" to the Independent Auditors' Report: CARO, 2024

Referred to in first paragraph under the heading 'Report on Other Legal & Regulatory Requirements' of our Report of even date:

(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 Property, Plant and Equipment have been physically verified by the Management at reasonable intervals and no material discrepancies noticed on verification.

(c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are disclosed in financial statement.

(d) Based upon the audit procedures performed and the information and explanations given by the Management the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) Based upon the audit procedures performed and the information and explanations given by the Management no proceedings are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.

(ii) (a) There is no inventory held in the name of Company as on 31.03.2024.

(b) During the year company has not sanctioned any working capital limits from any banks or financial institutions on the basis of security of current assets.

(iii) Based upon the audit procedures performed and the information and explanations given by the Management during the year, the Company has not made any investments or provided any guarantee or security or granted any secured or unsecured loans or advance to companies, firms, Limited Liability Partnerships or any other parties.

(iv) According to the information and explanation given to us and as per scrutiny of accounts done by us, it was affirmed that the company does not have any grant of loan, making investment and providing guarantee and security as per the provision of section 185 and 186 of the Companies Act,2013.

(v) 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.

(vi) 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.

(vii) (a) According to the information and explanations given to us and on the basis of examination of books of accounts and records, the company have been generally regular in depositing undisputed statutory dues including Income Tax, Goods and Service Tax, Duty of custom, cess and other statutory dues with the appropriate authorities though there has been a delay in few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2024 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax Outstanding on account of any dispute.

(viii) According to the explanation given to us all transaction recorded during the year which disclosed as income during the year as per tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) In our opinion and according to the information and explanations given to us, and based on scrutiny of accounts the Company has not defaulted for repayment of term loan taken from Bank:

(b) The company is not declared as willful defaulter by any bank or financial institution or other lender.

(c) During the year term, no loans applied for the year by the company.

(d) During the year no short-term funds raised by the company.

(e) During the year 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.

(x) (a) The company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments).

(b) Based upon the audit procedures performed, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year:

(xi) (a) Based upon the audit Procedure performed and the information and explanation given by the Management, we report that no fraud by the company or on the company has been noticed or reported during the period.

(b) In our opinion no report under sub-section (12) of section 143 of the Companies 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) As per explanation given to us by the Management the auditor has not received any whistle-blower complaints during the year by the company;

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the Notes forming part of financial statements as required by the applicable Accounting Standards.

(xiv) According to section 138(1) of the Companies Act, 2013 company does not fall under the category for appointment of an internal auditor.

(xv) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not entered any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) (a) 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 and hence not commented upon.

(b) In our opinion, 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;

(c) On the basis of scrutiny of accounts, we observed that the company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI;

(xvii) According to information and explanation given to us company has incurred cash losses in the financial year and in the immediately preceding financial year;

(xviii) According to our information of the statutory auditors has not resigned during the year,

(xix) Based upon the Audit procedure and scrutiny of accounts, we state that 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, auditor's knowledge of the Board of Directors and management plans, we conclude 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) The provision of Section 135 is not applicable to company.

(xxi) On the basis of scrutiny of accounts we have not mentioned any qualified or adverse remarks in the Companies (Auditor's Report) Order (CARO) reports of the companies which is included in the consolidated financial statements:

For Ashish Kumar Shah & Co
Chartered Accountants

ASHISH KUMAR SHAH
Proprietor
M. NO : 521973
UDIN: 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

"Annexure B" to the Independent Auditors' Report

Referred to in paragraph **"f"** under **'Report on Other Legal & Regulatory Requirements'** of our Report of even date to the financial statements of **ZORYA MASHPROEKT INDIA PRIVATE LIMITED** for the year ended **March 31, 2024**

Report on the Internal Financial Controls Over Financial Reporting 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 **ZORYA MASHPROEKT INDIA PRIVATE LIMITED** ("the Company") as of **March 31, 2024** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Board of Directors and 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. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 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. 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 in 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

In our opinion and to the best of our information and according to the explanations given to us, the Company is in the process of implementing, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting is gradually operating as at **March 31, 2024**, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India as applicable.

For Ashish Kumar Shah & Co
Chartered Accountants

ASHISH KUMAR SHAH
Proprietor
M. NO : 521973
UDIN: 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

Standalone Balance Sheet as at 31 March 2024

(All amounts are in Indian Rupees thousands, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
Assets			
Non-current assets			
Property, plant and equipment	3	141.97	-
Intangible assets	3	-	-
Income tax assets	16	590.00	-
		731.97	-
Current assets			
Financial assets			
(i) Trade receivables	4	637.20	-
(ii) Cash and bank balances	5	6,985.68	2,366.13
Other current assets	6	124.80	31.26
		7,747.68	**2,397.39**
		8,479.65	**2,397.39**
Equity and liabilities			
Equity			
Share capital	7	7,700.00	2,600.00
Other equity	8	(3,647.31)	(560.42)
		4,052.69	**2,039.58**
Non-current liabilities			
Financial liabilities			
(i) Other non-current financial liabilities		-	-
		-	-
Current liabilities			
Financial liabilities			
(i) Short-term borrowings	9	432.56	89.56
Trade payables	10		
- due to micro enterprises and small enterprises		-	-
- due to others		3,049.99	218.25
(ii) Other financial liabilities		-	-
Other current liabilities			
Short term provisions		-	-
Other current liabilities	11	944.41	50.00
		4,426.96	**357.81**
		8,479.65	**2,397.39**
Significant accounting policies	1-2		
Notes to the standalone financial statements	3-27		

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For Ashish Kumar Shah & Co.
Chartered Accountants
Firm Registration Number: 024643N

Ashish Kumar Shah
Partner
Membership Number: 521973
UDIN : 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

For and on behalf of the board of directors of
ZORYA MASHPROEKT INDIA PRIVATE LIMITED

Shalini Kapoor
Director
DIN: 07441261

Place: New Delhi
Date: 07-05-2024

Guru Prasad Biswal
Director
DIN: 10168493

Place: Pune
Date: 07-05-2024

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

(All amounts are in Indian Rupees thousands, unless otherwise stated)

	Notes	31 March 2024	31 March 2023
Income			
Revenue from operations	**12**	5,900.00	-
Other income	**13**	102.45	31.26
Total income		**6,002.45**	**31.26**
Expenses			
Employee benefit expenses	**14**	5,815.00	-
Depreciation Expenses	**3**	33.99	-
Other expenses	**15**	3,240.35	591.68
Total expenses		**9,089.34**	**591.68**
Loss before tax		**(3,086.89)**	**(560.42)**
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Earlier year taxes		-	-
Loss for the year		**(3,086.89)**	**(560.42)**
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		**(3,086.89)**	**(560.42)**
Basic and diluted loss per equity share of face value Rupees 10/- each	**17**	**(4.01)**	**(2.16)**
Significant accounting policies	**1-2**		
Notes to the standalone financial statements	**3-27**		

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For Ashish Kumar Shah & Co.
Chartered Accountants
Firm Registration Number: 024643N

Ashish Kumar Shah
Partner
Membership Number: 521973
UDIN : 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

For and on behalf of the board of directors of
ZORYA MASHPROEKT INDIA PRIVATE LIMITED

Shalini Kapoor
Director
DIN: 07441261

Place: New Delhi
Date: 07-05-2024

Guru Prasad Biswal
Director
DIN: 10168493

Place: Pune
Date: 07-05-2024

Standalone Statement of Changes in Equity for the year ended 31 March 2024

(All amounts are in Indian Rupees thousands, 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 2022	0.00
Issue of fully paid equity shares of Rs. 10 each	2,600.00
As at 31 March 2023	**2,600.00**
As at 01 April 2023	2,600.00
Issue of fully paid equity shares of Rs. 10 each	5,100.00
As at 31 March 2024	**7,700.00**

(B) Other equity

	Share application money pending allotment	Retained earnings	Total
As at 01 April 2022	-	-	-
Loss for the year	-	(560.42)	(560.42)
Share application money pending allotment	-	-	-
As at 31 March 2023	**-**	**(560.42)**	**(560.42)**
As at 01 April 2023	-	(560.42)	**- 560.42**
Equity shares allotted during the year	-	-	-
Loss for the year	-	(3,086.89)	(3,086.89)
As at 31 March 2024	**-**	**(3,647.31)**	**(3,647.31)**

Significant accounting policies	**1-2**
Notes to the standalone financial statements	**3-27**

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For Ashish Kumar Shah & Co.
Chartered Accountants
Firm Registration Number: 024643N

Ashish Kumar Shah
Partner
Membership Number: 521973
UDIN : 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

For and on behalf of the board of directors of
ZORYA MASHPROEKT INDIA PRIVATE LIMITED

Shalini Kapoor
Director
DIN: 07441261

Place: New Delhi
Date: 07-05-2024

Guru Prasad Biswal
Director
DIN: 10168493

Place: Pune
Date: 07-05-2024

Standalone Cash Flow Statement for the year ended 31 March 2024

(All amounts are in Indian Rupees thousands, unless otherwise stated)

	31 March 2024	31 March 2023
A) Cash flow from operating activities		
Loss before tax	(3,086.89)	(560.42)
Adjustment to reconcile profit before tax to net cash flows :		
Depreciation and amortisation	34	
Finance costs	-	-
Operating profit before working capital changes	**(3,052.90)**	**(560.42)**
Movements in working capital:		
Decrease/(increase) in trade receivables	(637.20)	-
Increase in other non-current financial assets	-	-
Decrease / (increase) in other current assets	406.46	-2,031.26
Decrease/(increase) in trade payables	2,831.74	-
Increase in other current liabilities	894.41	268.25
Working capital adjustments	**3,495.41**	**(1,763.01)**
Cash generated from operations	442.51	(2,323.43)
Direct taxes paid	(590.00)	-
Net cash flow from operating activities	**(147.49)**	**(2,323.43)**
B) Cash flows from investing activities		
Investment in subsidiary	-	-
Purchase of property, plant and equipment and intangible assets	(175.96)	-
Net cash flows used in investing activities	**(175.96)**	**-**
C) Cash flows from financing activities		
Proceeds from borrowings (net of repayment)	343	89.56
Proceeds from issue of equity shares	5,100.00	2,600.00
Proceeds from issue of preference shares	-	-
Proceeds from share application money pending allotment	-	-
Proceeds from inter-corporate deposits accepted	-	-
Repayment of inter-corporate deposits	-	-
Proceeds from issue of optionally convertible debentures	-	-
Interest on inter-corporate deposits and other finance liabilities	-	-
Net cash flows from financing activities	**5,443.01**	**2,689.56**

(All amounts are in Indian Rupees thousands, unless otherwise stated)

	31 March 2024	31 March 2023
Net decrease in cash and cash equivalents	5,119.56	366.13
Cash and cash equivalents at beginning of the year	366.13	-
Cash and cash equivalents at end of the year	**5,485.69**	**366.13**
D) Components of cash and cash equivalents		
Cash in hand	-	-
Cheques in hand	-	-
Balances with banks:		
In current accounts	5,485.68	366.13
Total cash and cash equivalents	**5,485.68**	**366.13**

Significant accounting policies	**1-2**
Notes to the standalone financial statements	**3-27**

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For Ashish Kumar Shah & Co.
Chartered Accountants
Firm Registration Number: 024643N

Ashish Kumar Shah
Partner
Membership Number: 521973
UDIN : 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

For and on behalf of the board of directors of
ZORYA MASHPROEKT INDIA PRIVATE LIMITED

Shalini Kapoor
Director
DIN: 07441261

Place: New Delhi
Date: 07-05-2024

Guru Prasad Biswal
Director
DIN: 10168493

Place: Pune
Date: 07-05-2024

3 : Property, Plant and Equipment

(All amounts are in Indian Rupees thousands, unless otherwise stated)

Particulars	Freehold Land	Freehold buildings	Plant and Equipment	Furniture and Fittings	Vehicles	Office Equipment and Computer	Electrical Installation	Total Tangible Assets	Computer Software	Total Tangible & Intangible Assets
Gross Block										
As at 1st April 2022	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposal / Other Adjustment	-	-	-	-	-	-	-	-	-	-
Asset held for disposal	-	-	-	-	-	-	-	-	-	-
As at 31st March 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross Block										
As at 1st April 2023	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	19.47	-	156.49	-	175.96	-	175.96
Disposal / Other Adjustment	-	-	-	-	-	-	-	-	-	-
Asset held for disposal	-	-	-	-	-	-	-	-	-	-
As at 31st March 2024	**-**	**-**	**-**	**19.47**	**-**	**156.49**	**-**	**175.96**	**-**	**175.96**
Accumulated Depreciation and Amortisation										
Upto 1st April 2022										
Depreciation change during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Asset held for disposal	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-
As at 31st March 2023	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation and Amortisation										
Upto 1st April 2023	-	-	-	-	-	-	-	-	-	-
Depreciation change during the year	-	-	-	0.52	-	33.48	-	33.99	-	33.99
Disposals	-	-	-	-	-	-	-	-	-	-
Asset held for disposal	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-
As at 31st March 2024	**-**	**-**	**-**	**0.52**	**-**	**33.48**	**-**	**33.99**	**-**	**33.99**
Net carrying amount at 31st March 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount at 31st March 2024	**-**	**-**	**-**	**18.95**	**-**	**123.01**	**-**	**141.97**	**-**	**141.97**

(All amounts are in Indian Rupees thousands, unless otherwise stated)

		31 March 2024	31 March 2023
4	**Trade receivables**		
	Unsecured (undisuted)		
	Considered good	637.20	-
	Significant increase in credit risk	-	-
	Credit impaired	-	-
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)	-	-
		637.20	-
		637.20	-

Trade receivables ageing schedule (net of impairment allowances and provision for bad debts and expected credit loss)

Particulars as at 31 March 2024	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	637.20	-	-	-	-	**637.20**
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
- loss allowances	-	-	-	-	-	-
	637.20	-	-	-	-	**637.20**
Total	**637.20**	-	-	-	-	**637.20**

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	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
- loss allowances	-	-	-	-	-	-
	-	-	-	-	-	-
Total	-	-	-	-	-	-

(All amounts are in Indian Rupees thousands, unless otherwise stated)

		31 March 2024	31 March 2023
5	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash in hand	-	-
	Cheques in hand	-	-
	Balances with banks		
	- in current accounts	6,985.68	2,366.13
	Other bank balances		
		6,985.68	**2,366.13**
	Details of bank balances/deposits		
	Bank balances available on demand	1,500.00	2,000.00
	Other bank balances	**-**	-
		1,500.00	**2,000.00**
6	**Other current assets**		
	Balance with government authorities :		
	Goods and services tax	**-**	-
	Accured Interest	124.81	31.26
		124.81	**31.26**

(All amounts are in Indian Rupees thousands, unless otherwise stated)

		31 March 2024	31 March 2023
7	**Share capital**		
	Authorised capital:		
	10,00,000 equity shares of Rs.10 each (31 March 2023: 10,00,000)	10,000.00	10,000.00
		-	-
		10,000.00	**10,000.00**
	Issued, subscribed & paid up capital:		
	(A) Equity share capital		
	7,70,000 equity shares of Rs.10 each fully paid up (31 March 2023: 2,60,000)	7,700.00	2,600.00
	(B) Instruments entirely equity in nature		
		-	-
		7,700.00	**2,600.00**

7.1 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.

7.2 Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2024		31 March 2023	
	Number of shares	Amount (INR '000)	Number of shares	Amount (INR '000)
Equity share capital				
At the beginning of the year	260,000	2,600.00	260,000	2,600.00
Issued during the year*	510,000	5,100.00	-	-
Outstanding at the end of the year	**770,000**	**7,700.00**	**260,000**	**2,600.00**
Instruments entirely equity in nature Preference share capital				
At the beginning of the year	-	-	-	-
Issued during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-

* During the year, the Company has issued 510,000 equity shares of face value of Rs. 10 each at par through private placement.

7.3 Details of shareholders holding more than 5% shares are set out below

(All amounts are in Indian Rupees thousands, unless otherwise stated)

Particulars	31 March 2024		31 March 2023	
	Number of shares	Holding %	Number of shares	Holding %
Equity share capital				
Shalini Kapoor	210,000	27.63%	210,000	80.77%
Anila Bambani	50,000	6.58%	50,000	19.23%
Kalyani Strategic Systems Limited (KSSL)	500,000	65.79%		
	760,000	**100%**	**260,000**	**100%**

7.4 Details of shares held by the holding Company

Particulars	31 March 2024		31 March 2023	
	Number of shares	Holding %	Number of shares	Holding %
Equity share capital				
Kalyani Strategic Systems Limited (KSSL)	500,000	65.79%	-	-
	500,000	**65.79%**	**-**	**0%**

7.5 Details of Shareholdings of Promoters

Name of Promoter	Number of Shares held as on 31 March 2024	% of total Shares	% change during the year ended 31 March 2023
Equity shares			
Shalini Kapoor	210,000	27.63%	80.77%
Anila Bambani	50,000	6.58%	19.23%
Kalyani Strategic Systems Limited (KSSL)	500,000	65.79%	

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			
Shalini Kapoor	210,000	80.77%	0.00%
Anila Bambani	50,000	19.23%	0.00%

(All amounts are in Indian Rupees thousands, unless otherwise stated)

		31 March 2024	31 March 2023
8	**Other equity**		
	Share application money pending allotment	-	-
	Retained earnings		
	As per last Balance Sheet	(560.42)	-
	Loss for the year	(3,086.89)	(560.42)
	Other Comprehensive Income for the year	-	-
		(3,647.31)	**(560.42)**
		(3,647.31)	**(560.42)**
9	**Short term borrowings**		
	Unsecured		
	Loan from director	432.56	89.56
		432.56	**89.56**

Unsecured loans availed from others are repayable on demand and does not carry any interest.

(All amounts are in Indian Rupees thousands, unless otherwise stated)

		31 March 2024	31 March 2023
10	**Trade payables**		
	Due to micro enterprises and small enterprises ("MSME") (refer note 21)	-	-
	Due to others	3,049.99	218.25
		3,049.99	**218.25**

Trade Payable ageing schedule

As on 31 March 2024

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	3,049.99	-	-	-	**3,049.99**
Disputed					
- MSME	-	-	-	-	-
-Others	-	-	-	-	-
Unbilled dues*	-	-	-	-	-
	3,049.99	-	-	-	**3,049.99**

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	218.25	-	-	-	**218.25**
Disputed	-	-	-	-	-
- MSME	-	-	-	-	-
-Others					
Unbilled dues*	-	-	-	-	-
	218.25	-	-	-	**218.25**

* Unbilled dues represents provisions for expenses accounted for.

(All amounts are in Indian Rupees thousands, unless otherwise stated)

		31 March 2024	31 March 2023
11	**Other current liabilities**		
	Statutory dues :		
	Withholding tax payable	222.18	-
	Goods and services tax	212.40	-
	Payable to employees	428.83	-
	Audit Fees Payable	81.00	50.00
		944.41	**50.00**
12	**Revenue from operations**		
	Sale of services	5,900.00	-
		5,900.00	-
	Note :		
	Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	-	-
	Revenue from within India	5,900.00	-
		5,900.00	-
13	**Other income**		
	Interest Income from Fixed deposit	102.45	31.26
		102.45	**31.26**
14	**Employee benefit expenses**		
	Salaries and bonus	5,815.00	-
		5,815.00	-
15	**Other expenses**		
	Legal and professional fees	365.80	-
	Rent	402.00	-
	Travelling expenses	2,020.94	-
	Payment to auditors (refer note below)	90.00	50.00
	Miscellaneous expenses	395.60	541.68
		3,274.34	**591.68**
	Auditors' remuneration (on accrual basis, net of taxes)		
	Statutory audit fees	90.00	50.00
	Other services	-	-
		90.00	**50.00**

(All amounts are in Indian Rupees thousands, unless otherwise stated)

	31 March 2024	31 March 2023
16 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)	590.00	-
Net non current income tax asset at the end	**590.00**	-
(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for respective year		
Loss before tax	(3,086.89)	(560.42)
Income tax rate	25.17%	25.17%
Expected income tax expense	**(776.97)**	**(141.06)**
Tax losses for which no deferred tax was recognised	776.97	141.06
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 on a prudent basis has not recognised deferred tax asset on unused tax losses and unused tax credits.

(All amounts are in Indian Rupees thousands, unless otherwise stated)

17 Earnings per share (EPS)

Earnings per share has been computed as under :

Particulars		**31 March 2024**	31 March 2023
A Loss after tax	INR million	(3086.89)	(560.42)
B Weighted average number of equity shares outstanding during the year	Nos.	770,000	260,000
C Nominal value of each share	in Rs.	10	10
D Basic and diluted loss per share (A/B)	INR	(4.01)	(2.16)

18 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 2024	31 March 2023
Geographical information		
(i) Segment revenue from customers		
- within India	5,900.00	-
- outside India	-	-
	5,900.00	**-**
(ii) Segment assets		
- within India	7,747.68	2,397.39
- outside India	-	-
	7,747.68	**2,397.39**

19 Contingent liabilities

Contingent liabilities *(to the extent not provided for)*	Nil	Nil

20 Capital and other commitments

Capital and other commitments	Nil	Nil

21 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, 2024, 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 2023 : Nil)

(All amounts are in Indian Rupees thousands, unless otherwise stated)

22 Related party transactions

A. Enterprises exercising control over the Company

Bharat Forge Limited	Ultimate Holding Company
Kalyani Strategic Systems Limited (KSSL)	Holding Company

B. Individuals exercising control over the Company

Shalini Kapoor	Director (from 12 August 2022)
Anila Bambani	Director (upto 24 January 2024)
Guru Prasad Biswal	Director (from 24 January 2024)
S M Shivakumar	Director (from 24 January 2024)
Varun Shah	Director (from 24 January 2024)

C. Transactions with the above related parties and balances as at and for the year :

	31 March 2024		31 March 2023	
Name of the related party and nature of transaction	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
Bharat Forge Limited				
Sale of Services	1,770,000	-	-	-
Trade receivables	-	637,200	-	-
Kalyani Strategic Systems Limited (KSSL)				
Issue of equity shares	5,000,000	-	-	-

23 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.

(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. 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.

(ii) Other receivables, deposits with banks

Credit risk from balances with banks, financial institutions is managed in accordance with the Company's internal practices. Investments of surplus funds are made only with reputed banks and financial institutions were the counterparty risk is minimum.

(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 2024 and 31 March 2023. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

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 2024				
Shot term borrowings	432.56	-	-	**432.56**
Trade payables	3,049.99	-	-	**3,049.99**
Other financial liabilities	-	-		-
Total	**3,482.55**	-	-	**3,482.55**
31 March 2023				
Shot term borrowings	89.56	-	-	89.56
Trade payables	218.25	-	-	218.25
Total	**307.81**	-	-	**307.81**

(All amounts are in Indian Rupees thousands, unless otherwise stated)

24 Fair value measurement

A Financial instruments by category

The financial instruments are measured at Amortised cost or Fair Value through Profit and Loss ("FVTPL")

SN	Particulars	31 March 2023		31 March 2023	
		FVTPL	**Amortised cost**	FVTPL	Amortised cost
	Financial assets				
(a)	Trade receivables	-	637.20	-	-
(b)	Cash and bank balances	-	6,985.68	-	2,366.13
	Total financial assets	-	**7,622.88**	-	2,397.39
	Financial liabilities				
(a)	Trade payables	-	3,049.99	-	218.25
(b)	Other non-current financial liabilities	-	-	-	-
	Total financial liabilities	-	**3,049.99**	-	307.81

* Since denominated in INR million

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.

25 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 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.

26 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 has done valuation of property, plant and equipment in accordance with companies significant accounting policies as described in Note-2 of financial statements.

(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.

(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 satisfaction 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.

(All amounts are in Indian Rupees thousands, unless otherwise stated)

(j) Following ratios need to be disclosed:

SN	Ratio	31 March 2024	31 March 2023	% Change in ratio	Reasons
(a)	Current ratio	**1.75**	6.70	-73.88%	Refer Note (i)
(b)	Debt-equity ratio	**-**	-	0.00%	NA**
(c)	Debt service coverage ratio	**-**	-	0.00%	NA**
(d)	Return on equity ratio	**(1.01)**	(0.22)	-79.78%	Refer Note (ii)
(e)	Inventory turnover ratio	**-**	-	0.00%	NA**
(f)	Trade receivables turnover ratio	**18.52**	-	1851.85%	Refer Note (iii)
(g)	Trade payables turnover ratio	**-**	-	0.00%	NA**
(h)	Net capital turnover ratio	**2.20**	-	220.14%	Refer Note (iii)
(i)	Net profit ratio	**(0.52)**	-	-52.32%	Refer Note (iv)
(j)	Return on capital employed ratio	**(0.76)**	(0.27)	-48.69%	Refer Note (iv)
(k)	Return on investment ratio	**(0.76)**	(0.27)	-48.69%	Refer Note (iv)

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 as on Mar-24 were increased due to travel and other operating expenses, accordingly, the current liabilities were increased and the current ratio has decreased significantly.

(ii) Return on equity ratio is reduced on account of loss for the period

(iii) The trade receivable turnover ratio and net capital turnover ratio has increased significantly due to service revenues arising from the group Companies during the current financial year and there was no revenue in previous financial year.

(iv) The net profit ratio, return on employeed capital ratio and return on investment ratio is negetive (decreased) due to loss for the period.

(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) from Kalyani Strategic Systems Limited (KSSL).

The Company has not provided any guarantee, security or the like to or on behalf of the holding company.

(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.

(h) 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.

27 Prior period comparatives

Prior year comparatives have been regrouped/ reclassified where necessary, to confirm with current year's presentation.

The notes referred to above form an integral part of standalone financial statements
Subject to our separate report of even date

For Ashish Kumar Shah & Co.
Chartered Accountants
Firm Registration Number: 024643N

Ashish Kumar Shah
Partner
Membership Number: 521973
UDIN : 24521973BKALIO7379

Place: New Delhi
Date: 07-05-2024

For and on behalf of the board of directors of
ZORYA MASHPROEKT INDIA PRIVATE LIMITED

Shalini Kapoor
Director
DIN: 07441261

Place: New Delhi
Date: 07-05-2024

Guru Prasad Biswal
Director
DIN: 10168493

Place: Pune
Date: 07-05-2024