SUBSIDIARY COMPANIES ANNUAL REPORT 2019-20

BHARAT FORGE

KALYANI

Countering Challenges.
Creating Long-term Value.

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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	79.8830
SEK	7.5500
USD	75.3859

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 Global Holding GmbH

Managing Director
Mr. Michael Weis
Mr. Martin Kubelback
Mr. Martin Von Werne

Registered Office
Mittelstrasse 64
58256 Ennepetal
Germany

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

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar

INDEPENDENT AUDITOR'S REPORT

Audit Opinion

We have audited the annual financial statements of Bharat Forge Global Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2019 and the income statement for the fiscal year from January 1, 2019 to December 31, 2019 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1, 2019 to December 31, 2019 in compliance with German Legally Required Accounting Principles.

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

Basis for the Audit Opinion

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor’s report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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

Hagen, 27 May, 2020

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

					As at 31/12/2018
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	6,542,737.23		81,904.00		-
II. Tangible assets					
Other plant, factory and office equipment	3,783,498.53		47,363.00		39,485.00
		10,326,235.76		129,267.00	39,485.00
III. Financial assets					
1. Shares in affiliated companies	6,133,507,836.18		76,781,140.37		91,730,421.37
2. Loans to affiliated companies	267,208,635.00		3,345,000.00		3,345,000.00
3. Investments	79.88		1.00		1.00
4. Loans to associated companies	79.88		1.00		1.00
		6,400,716,630.94		80,126,142.37	95,075,423.37
		6,411,042,866.70		80,255,409.37	95,114,908.37
B. Current assets					
I. Accounts receivable and other assets					
1 Receivables from affiliated companies - of which EUR 0.00 (12/31/2018: EUR 0.00) due after one year - of which Rs.63,610,179.46 EUR 796,291.82 (12/31/2018: EUR 1,279,389.20) to shareholders	1,330,964,070.07		16,661,418.20		22,397,202.94
2 Receivables from associated companies of which EUR 0.00 (12/31/2018: EUR 0.00) due after one year	-		-		-
3 Other assets of which EUR 0.00 (12/31/2018: EUR 0.00) due after one year	87,532,182.29		1,095,754.82		1,345,210.79
		1,418,496,252.36		17,757,173.02	23,742,413.73
II. Cash on hands, bank balances		1,917,750.38		24,006.99	494,533.80
C. Prepaid expenses		359,599.72		4,501.58	-
D. Asset side difference from offsetting of plan assets		-		-	8,157.00
Total		**7,831,816,469.16**		**98,041,090.96**	**119,360,012.90**

Bharat Forge Global Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2019

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2018* EUR
A. Equity					
I. Share Capital		399,415,000.00		5,000,000.00	5,000,000.00
II. Capital reserves		6,108,207,901.92		76,464,428.00	68,464,428.00
III. Profit/loss brought forward		1,530,150,871.1		19,154,899.93	22,030,338.53
IV. Net income/Loss for the year		(2,297,360,147.4)		(28,759,061.97)	(2,875,438.60)
		5,740,413,625.68		71,860,265.96	92,619,327.93
B. Accruals					
1. Accruals for pensions and similar obligations	138,776,741.75		1,737,250.00		1,626,559.00
2. Tax accruals	128,611,630.00		1,610,000.00		2,472,000.00
3. Other accruals	53,285,855.30		667,048.75		823,102.59
		320,674,227.05		4,014,298.75	4,921,661.59
C. Liabilities					
1. Liabilities to Banks	431,392,069.84		5,400,298.81		6,056,975.88
up to one year: Rs 95,883,469.83 EUR 1,200,298.81 (12/31/2018- EUR 656,975.88)					
(due Later than one year Rs.335,508,600.00 EUR 4,200,000.00 (12/31/2018 : EUR 5,400,000.00)					
2. Trade payables	9,241,166.60		115,683.77		160,952.52
- up to one year: Rs. 9,241,166.60 EUR 115,683.77 (12/31/2018: EURO 160,952.52)					
- Due later than one year EUR 0.00 (12/31/2018 : EUR 0.00)					
3. Payables to affiliated companies	1,324,552,849.01		16,581,160.56		15,487,664.75
- up to one year: Rs. 1.324,5552,849.01 EUR 16,581,160.56 (12/31/2018: EUR 15,487,664.75)					
- Due later than one year EUR 0.00 (12/31/2018 : EUR 0.00) of which Rs.80,052,050.80 EUR 1,002,116.23 (12/31/2018: EUR 1,025,840.23) to shareholders					
4. Other liabilities	5,542,530.98		69,383.11		113,430.23
- up to one year: Rs 5,542,530.98 EUR 69,383.11 (12/31/2018: EUR 113,150.23)					
- due later than one year : Rs. 0.00 EUR 0.00 (12/31/2018 EUR 0.00)					
- of which Rs.5,329,678.72 EUR 66,718.56 (12/31/2018 EUR 1,131,50.23) relating to taxes of which Rs. 0.00 EUR 0.00 (12/31/2018: EUR 0.00) relating to social security					
		1,770,728,616.43		22,166,526.25	0.00
Total		**7,831,816,469.16**		**98,041,090.96**	**119,360,012.90**

Bharat Forge Global Holding GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2019

	Rs.		EUR		*Previous Year* EUR
1. Sales		313,147,368.80		3,920,075.22	4,117,850.67
2. Other operating income		20,450,162.23		256,001.43	316,943.50
		333,597,531.03		4,176,076.65	4,434,794.17
3. Personnel expenses					
a) Wages and saleries	(198,106,389.05)		(2,479,956.80)		(2,561,910.16)
b) Social security contributions and pension expenses thereof Rs.115,499,57.05 EUR 144,585.92 (2018 : EUR 143,869.07) for pension expenses	(35,373,810.03)		(442,820.25)		(395,290.00)
		(233,480,199.08)		(2,922,777.05)	(2,957,200.16)
4. Depreciation and amortization on intangible fixed assets and tangible assets		(3,766,079.24)		(47,144.94)	(19,441.67)
5. Other operating expenses		(166,474,452.12)		(2,083,978.47)	(2,399,133.59)
		(70,123,199.41)		(877,823.81)	(940,981.25)
6. Income from Profit & Loss transfer agreements	79,526,249.71		995,534.09		10,037,256.09
7. Other interest and similar income	4,052,137.07		50,725.90		87,555.23
thereof Rs.3,772,235.03 EUR 47,222					
(2018 : EUR 73,475) from affiliated companies					
8. Depreciation on financial assets	1,439,891,075.00		18,025,000.00		8,009,070.95
9. Expenses out of profit and loss transfer agreement	852,091,670.72		10,666,746.00		
10. Interest and similar expenses	29,195,316.11		365,475.96		414,799.00
thereof Rs. 14,768,769.04 EUR 184,880.00					
(2018 :EUR 184,880.00) to affiliated companies					
thereof Rs.4,290,196.39 EUR 53,706.00					
(2018: EUR 58,352.00) from discounting of provisions					
		(2,237,599,675.05)		(28,010,961.97)	1,700,941.37
		(2,307,722,874.46)		**(28,888,785.78)**	**759,960.12**
11. Taxes on income		(10,642,987.83)		(133,232.20)	(3,620,467.00)
12. Income after Tax		(2,297,079,886.63)		(28,755,553.58)	(2,860,506.88)
13. Other taxes		(280,260.72)		(3,508.39)	(14,931.72)
14. Net income for the year		(2,297,360,147.35)		**(28,759,061.97)**	**(2,875,438.60)**

1. General notes relating to annual accounts

Bharat Forge Global Holding GmbH has its registered office in Ennepetal and is registered at the local court in Hagen under No. HRB 6669.

Bharat Forge Global GmbH is a small enterprise according to § 267 paragraph 1 of the German Commercial Code (HGB).

The financial year comprises the period from 1st January to 31st December 2019.

2. General Information regarding content and structure of the Financial Statements

The presentation of the annual accounts was not changed compared with the previous year.

The structure of balance sheet and profit & loss account follow §§ 266 und 275 HGB. For the profit & loss account the total cost format was selected (§ 275 paragraph 2 HGB).

While preparing the notes the company takes some relief according to the rules for small enterprises.

3. Accounting and valuation principles

The annual financial statements for the financial year 2019 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional rules according to limited liability company law have been considered.

The accounting and valuation principles did not change compared with the previous year.

Purchased **intangible and tangible assets** are valued at their acquisition costs. In the case of assets only used for a limited period of time the acquisition costs have been reduced by scheduled depreciation. In case of expected permanent impairment the assets are accounted at fair value. In the year of acquisition depreciation is considered pro rata temporis.

Low-value items, i.e. items, the acquisition or manufacturing costs of which do not exceed € 250 (€ 150 up to 2017), are fully depreciated in their year of acquisition or manufacture. If the acquisition or manufacturing costs of an individual asset amount to more than € 250 (€ 150 up to 2017), but no more than € 1,000 it is included in a collective item shown as asset addition. One fifth of such collective item is released and debited to the profit and loss account in its year of creation and during each of the following four fiscal years.

Lifetimes of depreciable fixed assets is considered as follows:

Fixed Asset	**Lifetimes**
Intangible fixed assets	3-5 years
Land and buildings	33 years
Factory and Office equipment	5-10 years
IT-equipment	3 years

Additions are depreciated pro rata temporis.

Financial assets are accounted at their acquisition costs, or, in case of expected permanent impairment, at fair value.

Receivables and other accounts receivable are valued at their face value taking into account value adjustments in respect of apparent individual risks. Short-term foreign currency receivables are shown at the average middle rate as of the balance sheet date.

Share capital is accounted at nominal amount.

Provisions for **pension obligations** have been set off with respective plan assets (liability insurances) in case of being pledged**.** The capital value of these plan assets has to be accounted at fair value. Since there is no active market there is no fair value available. Moreover there are not sufficient information to achieve proper valuation according to general accepted valuation principles. Hence the liability insurances are rated at their continued acquisition costs. This represents the cover of insurance including surplus sharing.

Tax provisions and other provisions cover all apparent liabilities and risks and contract loss provisions, so far as there are. They are generally valued at the amount payable on the basis of a reasonable commercial assessment.

Short-time provisions are not discounted. Provisions with expected remaining periods of more than one year have been discounted in accordance with § 253 paragraph 2 sentence 1 HGB due to the average interest rate of the last seven years with regard to their remaining period. In case of anniversary provisions and similar obligations an interest rate according to § 253 paragraph 2 sentence 2 HGB is used which is applicable with a remaining periods of 15 years overall.

Payables are shown at their repayment values.

Short-term **foreign currency payables** are shown at the average middle rate as of the balance sheet date.

4. Notes relating to balance sheet

4.1 Pension provisions

The amount of the pension obligations not yet accrued in accordance with Article 67 EGHGB (Allocation of the adjustment amount resulting from changed valuation in accordance with BilMoG) with an original amount of k€ 369 totals k€ 55 as at 31st December, 2019.

Setoffs of assets and liabilities in accordance with § 246 paragraph 2 sentence 2 HGB were made for single obligations. The individual values of the provisions were offset against the corresponding assets. The present values of the assets offset amount to k€ 185 and the acquisition cost have the same value. The repayment amounts of the liabilities to be offset amount to k€ 194. Due to the fact that the remaining periods of obligations and corresponding assets are not fully congruent the pension provision is not balanced at the amount of the corresponding assets.

The effect according to § 253 paragraph 6 HGB amounts to k€ 209 as of 31.12.2019. In this amount there is payout block due to law.

4.2 Payables

Liabilities with a remaining term of more than five years amounted to k€ 600 as of the balance sheet date from bank loans. Liabilities in the amount of € 5,4 Mio. are secured by the real estate of an affiliated company.

4.3 Contingent liabilities and other financial commitments

There are financial commitments from leasing contracts amounting to k€ 73, thereof k€ 52 within the year 2019.

Contingent liabilities in favor of affiliated companies consisted of debt contributions to secure loans and hire-purchase obligations of an affiliated company totalling k€ 5.576.

A guarantee commitment has been given to another Group company to secure legally required equity capital.

5. Notes relating to profit and loss account

5.1 Other operative income

Income from currency conversions amounts to k€ 7.

5.2 Other operative expenses

Losses from currency conversions amount to k€ 0.5.

5.3 Depreciation on financial assets

Impairment of k€ 18,025 was charged on investments in affiliated companies.

5.4 Interests and similar expenses

With regard to offsetting of plan assets and obligations respective income and expenses had also been offset amounting to k€ 4, which is accounted in the financial expenses.

6. Other information

6.1 Employees

In 2019 the company employed 10 employees in the average.

6.2 Information about the group

Bharat Forge Limited Pune, India, is the parent company, which prepares the group accounts for the smallest part of group companies.

6.3 Subsequent Events

The following events of particular significance occurred after the end of the financial year 31 December 2019, which are not included in either the income statement or the balance sheet, but are to be disclosed here for a better assessment of the net assets, financial position and results of operations:

Since January 2020, the so-called corona virus has been spreading nationwide in Germany. Against this background, declines in demand are being observed around the world at the time of preparing the annual financial statements, which are also having a significant impact on automotive suppliers. It is not possible to assess the extent to which there may be catch-up effects in the further course of the year. This will result in losses that will generally have a cash effect and will have a significant negative impact on the Company's net assets, financial position and results of operations in 2020.

The German government has promised to limit the economic consequences for the parties involved as far as possible by taking appropriate measures. The concrete impact on the net assets, financial position and results of operations in 2020 cannot be predicted with sufficient reliability at present.

Ennepetal, 25 May, 2020

Bharat Forge Global Holding GmbH

Michael Weis Martin Kübelbäck Martin von Werne

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Bharat Forge CDP GmbH

Managing Director
Mr. Michael Weis
Mr. Michael Kubelback
Mr. Martin von Werne

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58256 Ennepetal
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Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaft
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar

Independent Auditor's Report

Audit Opinions

We have audited the annual financial statements of Bharat Forge CDP GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2019 and the income statement for the fiscal year from January 1, 2019 to December 31, 2019 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge CDP GmbH, Ennepetal, for the financial year from January 1, 2019 to December 31, 2019. In accordance with German legal requirements, we have not audited the statement on the corporate governance statement in accordance with § (Article) 289f (4) HGB (Handelsgesetzbuch: German Commercial Code) (disclosures on the quota for women on executive boards).

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1, 2019 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

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

<u>Basis for the Audit Opinions</u>

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

<u>Other Information</u>

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

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

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

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Hagen, 27 May, 2020

W U P T r e u h a n d G m b H
Wirtschaftsprüfungsgesellschaft

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

Balance Sheet as at December 31st, 2019

ASSETS	Rs.		EUR		*As at 31/12/2018* EUR
A. Fixed Assets					
I. Intangible assets					
Purchased Concessions, Industrial and Similar rights and assets and licenses in such rights and assets		52,602,396.32		658,493.00	217,744.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	605,166,021.20		7,575,654.66		7,670,003.66
2. Technical equipment and machinery	1,357,423,939.83		16,992,651.00		12,266,355.00
3. Other plant, factory and office equipment	994,865,997.44		12,454,039.00		8,193,190.00
4. Prepayments on tangible assets and construction in progress	117,994,307.78		1,477,089.09		7,427,482.75
		3,075,450,266.25		38,499,433.75	35,557,031.41
III. Financial assets					
1. Shares in affiliated companies		123,818,729.88		1,550,001.00	1,550,001.00
		3,251,871,392.45		40,707,927.75	37,324,776.41
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	915,233,222.15		11,457,171.39		12,575,873.55
2. Work in progress	721,259,181.48		9,028,944.60		13,492,102.50
3. Finished goods and merchandise	523,592,710.50		6,554,494.83		7,852,612.13
		2,160,085,114.13		27,040,610.82	33,920,588.18
II. Accounts receivable and other assets					
1. Trade receivables	1,782,981,692.38		22,319,913.53		23,590,873.23
- of which EUR 0.00 (2018 EUR 0.00) due after more than one year					
2. Receivables from affiliated companies	1,026,769,848.91		12,853,421.24		9,825,508.26
- of which EUR 0.00 (2018 EUR 0.00)due after more than one year					
- of which Rs 419,088,054.43 EUR 5,246,273.33 (2018: Eur 1,289,462.32) to shareholders					
3. Other assets	90,615,798.69		1,134,356.48		998,711.60
- of which Rs.0.00 EUR 0.00 (2018 : EUR 0.00) due after more than one year					
		2,900,367,339.98		36,307,691.25	34,415,093.09
III. Cash on hands, bank balances		7,592,115.47		95,040.44	41,973.71
		5,068,044,569.58		63,443,342.51	68,377,654.98
C. Prepaid expenses		5,530,930.37		69,237.89	33,890.50
Total		**8,325,446,892.40**		**104,220,508.15**	**105,736,321.89**

Balance Sheet as at December 31st, 2019

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2018* EUR
A. Equity					
I. Share Capital		39,941,500.00		500,000.00	500,000.00
II. Capital reserves		3,328,602,857.12		41,668,475.86	41,668,475.86
III. Profit/(loss) brought forward		-		-	-
		3,368,544,357.12		42,168,475.86	42,168,475.86
B. Accruals					
1. Accruals for pensions and similar obligations	618,227,003.60		7,739,156.00		6,929,176.00
2. Other accruals	564,171,334.15		7,062,470.54		4,783,213.65
		1,182,398,342.75		14,801,626.54	11,712,389.65
C. Liabilities					
1. Liabilities to Banks	2,259,276,112.64		28,282,314.23		20,726,591.90
- upto one year: Rs. 1,700,095,107.64 Eur 21,282,314.23 (2018 Eur 11,726,621.68)					
- due later than one year:Rs. 559,181,000 Eur 7,000,000.00 (2018 : Eur 8,999,970.22)					
2 Advance payments received for orders	-		-		13,706.00
up to one year: Rs.0.00 EUR 0.00 (2017 : Eur 13706.00)					
Due later than one year : Rs.0.00 Eur 0.00 (2018: Eur 0.00)					
3 Trade payables	1,225,739,427.51		15,344,183.65		23,342,854.52
- up to one year: Rs. 1,225,739,427.51 EUR 15,344,183.65(2018: EUR 23,342,854.52)					
Due later than one year : Rs.0.00 Eur0.00(2017: Eur 0.00)					
4 Payables to affiliated companies	240,318,037.91		3,008,375.16		7,100,388.90
up to one year: Rs. 240,318,032.91 EUR 3,008,375.16 (2018: Eur 7,100,388.90)					
Due later than one year : Rs 0.00 Eur 0.00 (2018: Eur 0.00)					
of which Rs 0.00 EUR 0.00 (2018:EUR 6,506,188.58) to shareholders					
of which Rs.73,231,049.93 EUR 916,728.84 (2018 : Eur 383,102.40) from supplies & services					
5 Other liabilities	49,029,075.76		613,761.01		671,895.06
- up to one year: Rs.49,029,070.76 EUR 613,761.01 (2018 :EUR 671,895.06)					
Due later than one year Rs.0.00 Eur 0.00 (2018 : Eur 0.00)					
- of which Rs. 26,691,714.99 EUR 334,135.11 (2018 : EUR 356,066.71) taxes					
- of which Rs.0.00 EUR 0.00 (2018: EUR 0.00) relating to social security					
		3,774,362,658.82		47,248,634.05	51,855,436.38
D. Deferred Income		141,533.71		1,771.70	20.00
Total		**8,325,446,892.40**		**104,220,508.15**	**105,736,321.89**

Bharat Forge CDP GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2019

	Rs.		EUR		Previous Year EUR
1. Sales		13,220,349,113.72		165,496,402.41	192,202,937.56
2. Increase/decrease in finished goods inventories and work-in-process		(460,227,946.80)		(5,761,275.20)	3,133,441.01
3. Production for own plant and equipment capitalised		72,618,983.98		909,066.81	944,907.62
		12,832,740,150.90		160,644,194.02	196,281,286.19
4. Other operating income thereof Rs. (106,722.09) EUR (1,335.98) (2018 : EUR 940.78) from currency conversion		42,330,458.63		529,905.72	1,349,892.66
		12,875,070,609.53		161,174,099.74	197,631,178.85
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	(6,499,688,553.30)		(81,365,103.38)		(97,330,680.54)
b) Cost of purchased services	(2,179,374,866.35)		(27,282,085.88)		(31,235,786.26)
		(8,679,063,419.65)		(108,647,189.26)	(128,566,466.80)
		4,196,007,189.88		52,526,910.48	69,064,712.05
6. Personnel expenses					
a) Wages and salaries	(2,559,694,444.71)		(32,043,043.51)		(30,884,799.70)
b) Social security contributions and pension expenses thereof Rs. 52,154,999.59/- EUR 652,892.35 (2018: EUR 679,361.42) for Pension Expenses	(531,906,322.04)		(6,658,567.18)		(6,532,020.95)
		(3,091,600,766.75)		(38,701,610.69)	(37,416,820.65)
7. Depreciation and amortization on intangible fixed assets and tangible assets		(670,524,686.96)		(8,393,834.57)	(7,994,872.71)
8. Other operating expenses		(1,208,646,371.31)		(15,130,207.57)	(17,139,915.10)
thereof Rs. 1,227,066.79 EUR 15,360.80 (2018 :EUR 11,341.34) from currency conversion		(774,764,635.14)		(9,698,742.35)	6,513,103.59
9. Income from Profit & Loss transfer agreements	33,003,830.80		413,152.12		1,648,827.39
10. Other interest and similar income	22,203.48		277.95		1,545.88
thereof Rs. 0.00 EUR 0.00 (2018 :EUR 1,551.00) from affiliated companies					
thereof Rs. 0.00 EUR 0.00 (2018 : EUR 0.00) from discounting					
11. Depreciation on financial assets	(775,932.34)		(9,713.36)		(167,085.35)
12. Interest and similar expenses	(72,853,104.28)		(911,997.60)		(769,267.96)
thereof Rs. 5,404,883.78 EUR 67.660.00 (2018 :EUR 0.00) to affiliated companies					
thereof Rs. 20,032,898.97 EUR 250,778.00 (2018: EUR 254,237.05) from discounting of provisions					
		(40,603,002.34)		(508,280.89)	714,019.96
		(815,367,637.48)		(10,207,023.24)	7,227,123.55
13. Taxes from Income		-		-	-
14. **Income after Taxes**		**(815,367,637.48)**		**(10,207,023.24)**	**7,227,123.55**
15. Other taxes		(36,724,033.24)		(459,722.76)	(449,882.62)
16. Income/ (expenses) from Profit & Loss Transfer Agreements		852,091,670.72		10,666,746.00	(6,777,240.93)
17. **Net income for the year**		-		-	-

1. General

The company is registered with the name "Bharat Forge CDP GmbH" in the commercial register of Hagen Local Court (*Amtsgericht*) under No. HRB 10053. The registered office of the company is Ennepetal.

Bharat Forge CDP GmbH, Ennepetal, is a large-sized capital company pursuant to Section 267 subsection 3 of the German Commercial Code (*HGB*).

The fiscal year is the period between 1 January and 31 December 2019.

2. General Information on the Contents and Structure of the Financial Accounts

No changes have been made to the presentation of the financial accounts.
The structure of the balance sheet and of the profit and loss account is the one required pursuant to Sections 266 and 275 *HGB*. For the profit and loss account, the cost-of-production method in the meaning of Section 275 subs. 2 *HGB* was selected in an unchanged manner.

3. Fundamental Balance Sheet Preparation and Valuation Principles

The financial accounts as of 31 December 2019 were prepared to meet the requirements of Sections 242 through 256a, and Sections 264 through 278 *HGB*. Any supplementary provisions of the German law (*GmbHG*) concerning the *Gesellschaft mit beschränkter Haftung* (limited liability company) concerning the financial accounts were also complied with.

The fundamental balance sheet preparation and valuation principles were applied in an unchanged manner compared to the previous year.

Purchased **intangible assets** are recognized at cost. Assets that can only be used for a certain period are recognized at cost, reduced by depreciation and amortisation. The usual useful life to be assumed is three years unless the type of asset requires a deviating period of use.

Property, plant and equipment are generally recognised at purchase or production costs, reduced by depreciation and amortisation based on the usual useful life. The production costs of facilities we have built on our own do not only include directly attributable costs but also required overhead costs.

Since 2010, we have been using the straight-line method for the depreciation and amortization of additions to assets. Low-value economic assets, i.e. objects with purchase or production costs up to and equal to EUR 250 (until 2018 EUR 150) are fully amortized in the year of addition. A collective account is established for added assets in one fiscal year if the purchase or production costs for any single asset exceeding EUR 250 (until 2018 EUR 250), but are not higher than EUR 1,000. The respective collective account is released through profit and loss with a fifth of the amount in the year of acquisition and the next four fiscal years. Depreciation and amortisation of additions are made *pro rata temporis*. Any own work capitalized to be recognized are valuated at cost including reasonable portions of material and manufacturing overhead costs and depreciation and amortisation due to manufacturing.

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The useful lives are based on the different groups of investments below:

Asset	**Period of utilisation**
Intangible assets	3 years
Buildings	25 - 33 years
External facilities	8 - 33 years
Technical equipment and machines	5 -10 years
Tools	3 years
Fixtures, fittings and office equipment	5 -10 years
EDP equipment	3 years

Financial assets are recognized at purchase costs.

Should the value of objects of fixed assets which has been determined pursuant to the principles defined above, exceed the fair value to be recognized on the reporting date, it is subject to an extraordinary write-down or value impairment if its value is expected to be permanently impaired.

Inventories are assessed at purchase or production costs or in accordance with the application of permitted calculation simplification methods or on the basis of the lower fair values. The production costs do not only include directly attributable costs but also production costs and required overhead costs. No interest for third-party capital is recognized. Administration costs are only included in the determination of production costs if they are the direct result of manufacturing. The risk from storage and marketability is managed by reasonable deductions.

Receivables and other assets are assessed at cost, reduced by reasonable value impairment for visible individual risks. General credit risks are accounted for by a flat-rate allowance.

Prepaid expenses/prepayments and accrued income generally include the expenses incurred before the reporting date if they represent expenses for a defined period thereafter.

The **subscribed capital** is assessed with its nominal value.

The value of **provisions for pensions** is recognised using actuarial calculations based on the Projected Unit Credit Method under application of Prof. Dr. Klaus Heubeck's expectancy tables "Richttafeln 2018 G" below:

- Imputed interest rate:	2.71 % p.a.
- Accrual tendency:	2.00 % p.a.
- BBG tendency:	2.00 % p.a.
- Pensions tendency:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

Other provisions take all visible risks, uncertain liabilities and expected losses from pending transactions, if any, into account. They are generally assessed with the amount of settlement required on the basis of prudent business judgement.

Provisions with a remaining term of more than one year are discounted at the mean market interest rate pursuant to Section 253 subs. 2 first sentence *HGB* of the past seven business years resulting corresponding to their remaining term. Provisions for anniversaries and other long-term liabilities are valuated using the interest rate pursuant to Section 253 subs. 2, 2nd sentence *HGB* determined with a flat rate resulting from a remaining assumed term of 15 years.

The semi-retirement obligations were recognized on a net basis with the fair value of the securities deposit in order to secure the employees' semi-retirement entitlements from insolvency risks.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

Other provisions are assessed with the expected amount of settlement on the basis of prudent business judgement. They take all visible risks and uncertain liabilities in account. Medium- and long-term liabilities have been discounted pursuant to Section 253 subs. 2, first sentence, *HGB*.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

4. Information on the Balance Sheet and Profit and Loss Account

4.1 Fixed assets

The composition and development of the fixed assets have been depicted in detail in the fixed asset schedule below (page 6).

Fixed Assets analysis as at 31st December, 2019

	Historical acquisition or manufacturing costs					Depreciation					Book value	Book value
	1/1/2019	Additions	Disposals	Reclassifications	31/12/2019	1/1/2019	Additions	Disposals	Reclassifications	31/12/2019	31/12/2019	31/12/2018
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
Purchased concessions, industrial & similar rights and aasets and licenses in such rights & assets	1,826,647.99	535,542.70	-	14,035.58	2,376,226.27	1,608,903.99	108,829.28	-	-	1,717,733.27	658,493.00	217,744.00
	1,826,647.99	535,542.70	-	14,035.58	2,376,226.27	1,608,903.99	108,829.28	-	-	1,717,733.27	658,493.00	217,744.00
II. Tangible assets												
1. Land, land rights and Buildings, including buildings on third party land	14,574,254.23	112,794.83	-	560,123.13	15,247,172.19	6,904,250.57	767,266.96	-	-	7,671,517.53	7,575,654.66	7,670,003.66
2. Technical equipment and machinery	42,845,265.13	3,077,957.90	347,075.58	4,621,228.02	50,197,375.47	30,578,910.13	2,972,889.92	347,075.58	-	33,204,724.47	16,992,651.00	12,266,355.00
3. Other plant, factory and office equipment	41,043,769.08	6,832,014.57	6,197,089.95	1,846,585.53	43,525,279.23	32,850,579.08	4,389,726.10	6,169,064.95	-	31,071,240.23	12,454,039.00	8,193,190.00
4. Payments in Advance & construction in progress	7,427,482.75	1,326,576.07	79,875.16	(7,041,972.26)	1,632,211.40	-	155,122.31	-	-	155,122.31	1,477,089.09	7,427,482.75
	105,890,771.19	11,349,343.37	6,624,040.69	(14,035.58)	110,602,038.29	70,333,739.78	8,285,005.29	6,516,140.53	-	72,102,604.54	38,499,433.75	35,557,031.41
III. Financial Assets												
Shares in affiliated companies	1,705,614.04	-	-	-	1,705,614.04	155,613.04	-	-	-	155,613.04	1,550,001.00	1,550,001.00
Total	**109,423,033.22**	**11,884,886.07**	**6,624,040.69**	**-**	**114,683,878.60**	**72,098,256.81**	**8,393,834.57**	**6,516,140.53**	**-**	**73,975,950.85**	**40,707,927.75**	**37,324,776.41**

4.2 Receivables and other assets

The other assets legally incurring after the reporting date include entitlements to electricity and energy tax refund claims in the amount of kEUR 227 which are recognized as anticipative items.

4.3 Accruals/Provisions for pensions

The portion of pension provisions not yet carried as liabilities due to the application of Article 67 subs. 1 *EGHGB, the* Introductory Law to the Commercial Code (the distribution of the adjustment amount resulting from the assessment pursuant the German Accounting Modernisation Act, *BilMoG*) in the original amount of kEUR 1,181 in total still amounts to kEUR 394 at 31 Dec. 2019.

The effect resulting from Section 253 subs. 6 *HGB* amounts to kEUR 1,127 as of 31 Dec. 2019, which is subject to a payout block in this amount.

Provisions for pensions are kEUR 7,739 on the reporting date.

4.4 Other provisions

The other provisions include the following major items:

	kEUR
Staff	5,215
Customers	555
Suppliers	845
Others	447
	7,062

4.5 Liabilities

Bank loans and overdrafts include kEUR 7,000 with a remaining term of one to five years and kEUR 21,282 with a remaining term of one year and less.

The liabilities owed to banks in the amount of kEUR 9,000 result from loan agreements and are secured by land charges. There are land charges in the mount of kEUR 16,000 in favour of the credit institution mentioned above, of which kEUR 6,000 base on liability relations for the benefit of Bharat Forge Global Holding GmbH. Furthermore, two banks are owed current account liabilities of kEUR 19,282, which are secured by an agreement in favour of these banks by which all inventories and trade receivables are deemed transferred as security.

4.6 Subdivision of revenue from sales

Sales revenue are divided in Germany and other countries as follows:

	2019	Previous Year	Change
	kEUR	**kEUR**	**kEUR**
In Germany	55,939	71,674	-15,735
Abroad	109,557	120,529	-10,972
	165,496	192,203	-26,707

4.7 Expenses and income from other periods

Other operational expenses include kEUR 305 of revenue which is to be allocated to previous fiscal years. This amount includes revenue from the release of reserves of kEUR 48.

Other operational expenses include kEUR 269 of expenses which had to be allocated to previous fiscal years, of which kEUR 79 from the entitlement to the option of accumulation under the pension scheme provisions pursuant to Art. 67 *EGHGB*.

4.8 Income Statement

Expenses and income in the amount of kEUR 7 have been cleared in the financial result.

5. Other information

5.1 Liability relations and other financial obligations

Other financial obligations incur from rental or leasing agreements in the total amount of kEUR 2,826, of which kEUR 1,044 are due for payment during the year 2020.

On 25 May 2015, a special collective wage agreement named „Securing the Future“ was entered into between the former CDP Bharat Forge GmbH, the North Rhine-Westphalia association for the metal and electric industries (*Verband der Metall- und Elektroindustrie Nordrhein-Westfalen e.V.*) and the Industrial Union for Metalworkers, Regional Headquarters of North Rhine-Westphalia with effect for the years 2015-2020. This decision was based on the strong impact of market price demands and the resolution to reduce staff costs in mutual agreement with the employees.

The agreement provides for the employees to oblige themselves to work longer hours which are not paid from July 2015 through June 2018 and renouncing some part of the time credits from flexitime. By counteraction, the employer agrees to enact a number of operational measures as well as the granting of a participation in the results in favour of the employees when a specified return on sales is achieved. The agreement regarding participation in the results is valid up to and including 2020 and is limited to EUR 3.2 million.

Contingent liabilities in favour of affiliated companies consisted of the following:

Contributions to debt to secure loans and hire-purchase obligations of an affiliated company totalling kEUR 971. In addition, the Company is liable for a bank loan granted to the parent company Bharat Forge Global Holding GmbH in the amount of EUR 5,4 million (as of 31.12.2019) with registered land charges.

The economic situation and the prospects of proceeds are such that the loans will not have to be acceded; a detailed insight into the planning documentation exists. The covenants specified in the loan agreements were not met.

Moreover there are obligations from orders for investments over € 1,1 Mio.

5.2 Staff

The following average number of employees per year was employed in the company:

	2019	Previous Year
Production workers	389	388
Salaried employees	122	120
Trainees	43	40
	554	548

5.3 Members of the Board of Directors

The appointed directors were:

- Michael Weis, Dipl.-Ing., Area Development and Strategy, of Schönaich
- Martin von Werne, Dipl.-Ing., Technical Area, of Ennepeta;
- Martin Kübelbäck, Dipl.-Kfm., Commercial Area, of Meerbusch.

The directors did not receive any remuneration from the company for their activity.

5.4 Members of the Advisory Board

Members of the advisory Board are:

- B. N. Kalyani
- A. B. Kalyani
- S. Tandale
- S. Joglekar

5.5 Auditor's Fees

The total fee invoiced by the auditor for the fiscal year 2019 pursuant to Section 285 No. 17 *HGB* is included in the information in the Annex to the consolidated financial accounts as of 31 December 2019 of Bharat Forge Global Holding GmbH.

5.6 Participations

	Equity KEUR	Share %	Latest result kEUR
Bharat Forge Daun GmbH	3,587	100	413*)
OOO Bharat Forge Trading /Moscow	41	99	9

*) before transferring the profit to Bharat Forge CDP GmbH

5.7 Inclusion in the consolidated financial accounts

The company Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company which prepares the consolidated financial accounts for the largest part of companies. Any disclosures are made at the "Registrar of Companies" in Maharashtra, Pune, India. The company Bharat Forge Global Holding GmbH, Ennepetal, is the parent company which prepares the consolidated financial accounts for the smallest part of companies. Any disclosures are made in the German electronic official gazette (E-Bundesanzeiger).

5.8 Subsequent Events

The following events of particular significance occurred after the end of the financial year 31 December 2019, which are not included in either the income statement or the balance sheet, but are to be disclosed here for a better assessment of the net assets, financial position and results of operations:
Since January 2020, the so-called corona virus has been spreading nationwide in Germany. Against this background, declines in demand are being observed around the world at the time of preparing the annual financial statements, which are also having a significant impact on automotive suppliers. It is not possible to assess the extent to which there may be catch-up effects in the further course of the year. This will result in losses that will generally have a cash effect and will have a significant negative impact on the Company's net assets, financial position and results of operations in 2020.

The German government has promised to limit the economic consequences for the parties involved as far as possible by taking appropriate measures. The concrete impact on the net assets, financial position and results of operations in 2020 cannot be predicted with sufficient reliability at present.

5.9 Recommendation for the use of profits

The net loss for the fiscal year is taken over by the parent company in accordance with the profit and loss transfer agreement.

Ennepetal, 25 May, 2020

Bharat Forge CDP GmbH

Michael Weis Martin von Werne Martin Kübelbäck

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Bharat Forge Holding GmbH

Managing Director	***Registered Office***	***Auditors***
Mr. Michael Weis	Mittelstrasse 64 58256 Ennepetal Germany	Dr. Wehberg Und Partner GbR Wirtschaftsprufungsgesellschaft Feithstrasse 177 58097 Hagen Germany

Auditor's Report

We have audited the annual financial statements of Bharat Forge Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2019 and the income statement for the fiscal year from January 1, 2019 to December 31, 2019 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1, 2019 to December 31, 2019 in compliance with German Legally Required Accounting Principles.

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

Basis for the Audit Opinion

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

Responsibilities of the Executive Directors for the Annual Financial Statements

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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

Hagen, 27 May, 2020

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

Balance Sheet as at December 31st, 2019

ASSETS	Rs.	EUR	*As at 31/12/2018* EUR
A. Fixed Assets			
I. Financial assets			
Shares in affiliated companies	1,362,107,063.93	17,051,275.79	17,051,275.79
B. Current assets			
I. Accounts receivable and other assets			
Receivables from affiliated companies of which EUR 0.00 (12/31/2018: EUR 0.00) due after one year	1,003,010,538.20	12,555,994.87	11,562,403.93
II. Cash on hands, bank balances	76,326.61	955.48	35.98
Total	**2,365,193,928.74**	**29,608,226.14**	**28,613,715.70**

EQUITY AND LIABILITIES	Rs.	EUR	*As at 31/12/2018* EUR
A. Equity			
I. Share Capital	1,997,075.00	25,000.00	25,000.00
II. Capital reserves	864,653,592.00	10,824,000.00	10,824,000.00
III. Profit/loss brought forward	159,870,557.26	2,001,308.88	2,001,308.88
IV. Net income for the year	-	-	-
	1,026,521,224.26	12,850,308.88	12,850,308.88
B. Accruals			
Other Provisions	627,401.08	7,854.00	42,327.65
C. Liabilities			
1 Payables to affiliated companies - up to one year: Rs.1,338,045,303.40 EUR 16,750,063.26 (12/31/2018: EUR 15,721,079.17) - Due later than one year Rs. 0.00 EUR 0.00 (12/31/2018 : EUR 0.00) - thereof to shareholders : Rs.1,338,045,303.40 EUR 16,750,063.26 (12/31/2018 : EUR 15,721,079.17)	1,338,045,303.40	16,750,063.26	15,721,079.17
Total	**2,365,193,928.74**	**29,608,226.14**	**28,613,715.70**

Bharat Forge Holding GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2019

	Rs.		EUR		*Previous Year* EUR
1. Other operating Income		2,696,822.12		33,759.65	
2. Other operating expenses		(764,200.72)		(9,566.50)	(41,539.93)
3. Income from Profit & Loss transfer agreements	80,265,714.66		1,004,790.94		3,335,005.17
4. Interest and similar expenses	(2,672,086.35)		(33,450.00)		(33,450.08)
thereof Rs. 2,668,657.72 EUR 33,450.00					
(2018 :EUR 33,450.00) to affiliated companies					
		77,593,628.31		971,340.94	3,301,555.09
		79,526,249.71		**995,534.09**	**3,260,015.16**
5. Taxes on income		-		-	-
6. Results after taxes on Income		**79,526,249.71**		**995,534.09**	**3,260,015.16**
7. Expenses out of profit & loss transfer agreements		(79,526,249.71)		(995,534.09)	(3,260,015.16)
8. Net income for the year		-		-	-

1. General notes relating to annual accounts

Bharat Forge Holding GmbH has its registered office in Ennepetal and is registered at the local court in Hagen under No. HRB 6998.

Bharat Forge Holding GmbH, is a small enterprise according to § 267 paragraph 1 of the German Commercial Code (HGB).

The financial year comprises the period from 1st January to 31st December 2019.

2. General Information regarding content and structure of the Financial Statements

The presentation of the annual accounts was not changed compared with the previous year. The structure of balance sheet and profit & loss account follow §§ 266 und 275 HGB. For the profit & loss account the total cost format was selected (§ 275 paragraph 2 HGB).

While compiling the notes the company takes relief with regard to small companies' rules.

3. Accounting and valuation principles

The annual accounts for the fiscal year 2018 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional rules according to limited liability company law have been considered.

The accounting and valuation principles did not change compared with the previous year.

Assets and **liabilities** are generally valued at their acquisition costs due to § 253 paragraph 1 HGB.

Shares in affiliated companies were valued at cost price or in case of expected permanent impairment at fair value.

Receivables from affiliated companies and other accounts receivable are valued at their acquisition costs taking into account value adjustments in respect of apparent individual risks.

Share capital is accounted at nominal amount.

Other provisions are generally valued at the amount payable on the basis of a reasonable commercial assessment. They cover all apparent liabilities and risks and contract loss provisions, so far as there are.

Payables are shown at their repayment values.

The **accounts payable due to affiliated companies** comprise only accounts payable to shareholders.

4. Other information

4.1 Employees

There are no people employed in Bharat Forge Holding GmbH.

4.2 Information about the group

Bharat Forge Global Holding GmbH, Ennepetal is the parent company that prepares the consolidated accounts for the smallest circle of companies.

Ennepetal, 25 May, 2020

Bharat Forge Holding GmbH

Michael Weis

Managing Director

Bharat Forge Aluminiumtechnik GmbH

Managing Director
Mr. Michael Weis
Mr. Martin Kubelback

Registered Office
Berthelsodorfer StraBe 8
09618 Brand-Erbisdorf
Germany

Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaf
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr.S.Tandale
Mr. S. G. Joglekar

INDEPENDENT AUDITOR'S REPORT

Audit Opinions

We have audited the annual financial statements of Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf, which comprise the balance sheet as at December 31, 2019 and the income statement for the fiscal year from January 1, 2019 to December 31, 2019 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf, for the financial year from January 1, 2019 to December 31, 2019.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1, 2019 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Audit Opinions

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Hagen, 27 May, 2020

W U P T r e u h a n d G m b H
Wirtschaftsprüfungsgesellschaft

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

Balance Sheet as at December 31, 2019

ASSETS	Rs.		EUR		As at 31/12/2018 EUR
A. Fixed Assets					
I. Intangible assets					
1 Concessions, trade mark rights and similar rights values, licenses		12,675,914.32		158,681.00	329,315.00
2 Prepayments on intangible assets		2,904,625.76		36,361.00	514,407.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	1,773,429,244.18		22,200,333.54		15,283,948.16
2. Technical equipment and machinery	1,735,640,308.24		21,727,280.00		21,968,067.00
3. Other plant, factory and office equipment	263,424,976.71		3,297,635.00		1,946,196.00
4. Prepayments on tangible assets and construction in progress	2,009,440,258.12		25,154,792.11		8,405,504.29
		5,781,934,787.25		72,380,040.65	47,603,715.45
III. Financial assets					
Shares in affiliated companies		-			-
		5,797,515,327.33		72,575,082.65	48,447,437.45
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	391,792,406.77		4,904,578.03		5,273,340.83
2. Work in progress	644,048,349.31		8,062,395.62		11,192,469.40
3. Finished goods and merchandise	377,194,532.23		4,721,837.34		2,763,686.51
		1,413,035,288.31		17,688,810.99	19,229,496.74
II. Accounts receivable and other assets					
1. Trade receivables - of which Rs.0.00 (12/31/2018: EUR 0.00) due after one year	456,966,186.52		5,720,443.48		5,672,068.54
2. Receivables from affiliated companies - of which Rs. 0.00 (12/31/2018: EUR 0.00) due after one year	288,211,241.70		3,607,917.10		657,988.08
3 Other assets - of which Rs. 159,766.03 EUR 2,002.57 (12/31/2018: EUR 2,002.57) due after one year	166,094,263.36		2,079,219.15		683,079.89
		911,271,691.58		11,407,579.73	7,013,136.51
III. Cash on hands, bank balances		228,510,382.09		2,860,563.35	138,768.78
C. Prepaid expenses		51,281,665.12		641,959.68	101,010.16
D. Asset side difference from offsetting of plan asset		474,505.02		5,940.00	9,131.00
Total		**8,402,088,859.45**		**105,179,936.40**	**74,938,980.64**

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2018 EUR
A. Equity					
I. Share capital	663,028,900.00		8,300,000.00		8,300,000.00
II. Capital reserve	762,013,786.57		9,539,123.30		9,539,123.30
III. Retained income	539,315,264.19		6,751,314.60		6,751,314.60
IV. Net income for the year	-		-		-
		1,964,357,950.76		24,590,437.90	24,590,437.90
B Special item for investment grants		618,081,392.01		7,737,333.25	6,088,776.08
C Provisions & Accruals					
1 Other Provisions and accruals	243,366,172.47		3,046,532.71		5,068,573.39
		243,366,172.47		**3,046,532.71**	**5,068,573.39**
D Liabilities					
1. Liabilities to banks - of which up to one year: Rs. 995,129,167.20 EUR 12,457,333.44 (12/31/2018: EUR 10,730,366.33) of which more than one year EUR 38,654,434.46 (12/31/2018: EUR 10,852,159.11)	4,082,961,355.17		51,111,767.90		21,582,525.44
2. Trade payables - of which up to one year: Rs.277,575,583.10 EUR3,474,776.65 (12/31/2018: EUR 10,852,159.11) of which more than one year EUR 5,012.95 (12/31/2018: EUR 0.00)	277,976,032.62		3,479,789.60		3,048,970.79
3. Payables to affiliated companies - of which up to one year: Rs.73,110,115.85 EUR 915,214.95 (12/31/2018: EUR 514,124.26) - of which Trade payable: Rs.73,110,115.85 EUR 915,214.95 (12/31/2018: EUR 514,124.26)	73,110,115.85		915,214.95		514,124.26
4 Liabilities to Shareholders - of which up to one year: Rs. 987,042,092.70 EUR 12,356,096.95 (12/31/2018: EUR 11,351,306.01) of which more than one year EUR 0.00 (12/31/2018: EUR 0.00)	987,042,092.66		12,356,096.95		11,351,306.01
5 Other liabilities - of which taxes: Rs.8,494,767.81 EUR 106,340.12 (12/31/2018: EUR 96,806.91) - of which related to social security :Rs. 2,03,823.07 EUR 2,551.52 (12/31/2018: EUR 14,264.69) - of which upto one year: Rs. 136,834,635.80 EUR 1,712,938.12 (12/31/2018: EUR 2,173,972.63)	155,193,747.91		1,942,763.14		2,694,266.77
- of which upto one year: Rs.18,359,112.07 EUR 229,825.02 (12/31/2018: EUR 520,294.20)		5,576,283,344.21		69,805,632.54	39,191,193.27
Total		**8,402,088,859.45**		**105,179,936.40**	**74,938,980.64**

Profit and Loss Account for the period from January 1 to December 31, 2019

	Rs.		EUR		Previous Year EUR
1. Sales		4,710,185,390.87		58,963,551.58	63,094,945.10
2. Increase or decrease in finished goods and work-in-progress		(151,463,923.57)		(1,896,072.05)	4,473,267.75
		4,558,721,467.30		57,067,479.53	67,568,212.85
3. Production for own plant & equipment capitalised		4,652,035.23		58,235.61	-
4. Other operating income		319,628,190.32		4,001,204.14	2,065,810.79
of which Currency Translation Rs. 25,000,110.19 Euro 312,959.08 (2018: EUR 46,247.98)					
		4,883,001,692.85		61,126,919.28	69,634,023.64
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	2,428,039,099.86		30,394,941.35		36,602,533.32
b) Cost of purchased services	220,341,165.47		2,758,298.58		3,475,644.62
		2,648,380,265.33		33,153,239.93	40,078,177.94
6. Personnel expenses					
a) Wages and salaries	829,409,457.64		10,382,803.07		10,443,956.82
b) Social security contributions and pension expenses thereof Rs.4,657,524.79 EUR 58,304.33 (2018: EUR 58,422.70) for pension expenses	176,192,912.45		2,205,637.15		2,164,173.71
7. Depreciation and amortization on intangible fixed assets and tangible assets	492,520,110.34		6,165,518.45		5,664,182.20
8. Other operating expenses	575,097,297.92		7,199,245.12		7,144,785.24
of which Currency Translation Rs.4,855,821.56 EUR 60,786.67 (2018: EUR 21,496.18)					
		2,073,219,778.35		25,953,203.79	25,417,097.97
		161,401,649.17		2,020,475.56	4,138,747.73
9. Other Interest and similar Income	5,404,899.76			67,660.20	0.20
10. Interest and similar expenses	82,164,736.47		1,028,563.48		749,857.16
of which to affiliated companies: Rs.10,29,532.10 EUR 12,888.00 (2018: EUR 13,366.00)					
		(76,759,836.71)		(960,903.28)	(749,856.96)
		84,641,812.46		1,059,572.28	3,388,890.77
11. Taxes on income and profits		-		-	-
12. Result after taxes on income and profits		80,265,714.68		1,004,790.94	3,335,005.17
13. Other taxes	4,376,097.78		54,781.34		53,885.60
		4,376,097.78		54,781.34	53,885.60
14. Expenses out of profit and losse transfer agreement		(80,265,714.68)		(1,004,790.94)	(3,335,005.17)
15. Net income		-		-	-

GENERAL NOTES ON THE FINANCIAL STATEMENTS AND ON THE CLASSIFICATION

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

The classification of the balance sheet and the profit and loss account correspond essentially to Sections 266 and 275 HGB. For the profit and loss account, the total expenditure format has been applied.

B. ACCOUNTING AND VALUATION PRINCIPLES

The financial statements for the financial year from 01.01.2019 to 31.12.2019 were prepared in accordance with the regulations of the German Commercial Code (Section 242-256a and Section 264-288 HGB). Supplementary provisions of the Limited Liability Company Law (GmbH-Gesetz) were observed in the annual financial statements.

The accounting and valuation methods have been kept unchanged compared to the previous year.

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

Purchased intangible assets are valued at acquisition costs less scheduled straight-line depreciation.

Tangible assets are recognised at acquisition costs. For depreciable moveable assets, the regular straight line method of depreciation is applied. Depreciation on additions is determined on a pro rata temporis basis.

Low-value fixed assets with acquisition costs up to EUR 250 within the meaning of Section 6 para. 2 of the Income Tax Act (EStG) are fully written off within the financial year. Low-value fixed assets with acquisition costs over EUR 250 but not more than EUR 1,000 within the meaning of Section 6 para. 2a EStG are compounded annually and depreciated with an asset life of five years.

Depreciation to the lower fair value is only carried out for intangible assets and fixed assets if this represents a permanent reduction in value.

Investment grants received or claimable are entered as liabilities in a special reserve for investment grants and written back according to the depreciation of the subsidised assets.

Inventories are assessed at acquisition and/or manufacturing costs by applying permissible simplified assessment procedures and/or at their lower market values. The manufacturing costs include directly attributable costs and also manufacturing and materials overhead costs. Administrative costs are only included in the assessment of the manufacturing costs to the extent that they are caused through manufacturing. Costs of general administration, selling costs and interest are not included in the manufacturing costs. Storage and stock turnover risks were taken into account by means of appropriate deductions.

Receivables as well as other assets are assessed at acquisition cost after suitable value adjustments.

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

Equity capital (share capital, capital and revenue reserves) is included at the nominal amount.

A pension promise has been made in the form of a contribution-based direct pledge. This pension promise is funded via a reinsurance policy not totally in line with performance. Pension provisions are thus determined for the balance sheet date 31.12.2019 with use of the reference tables 2018 G compiled by Dr. Klaus Heubeck. Calculation was made in accordance with the provisions of Section 249 HGB in connection with Section 252 to 255 HGB. According to Section 253 para. 1 sentence 2 HGB, the pension provision is to be made at the settlement amount determined by reasonable commercial evaluation. Appraisal is based on projected unit credit method.

Calculation was based on the contractual retirement age and the following assumptions:

- an actuarial interest rate of 2.71 % p.a. acc. Section 253 para. 2 HGB and the provisions discounting act for a maturity of 15 years
- a pension dynamic of 1.00 % p.a.
- fluctuation probabilities of 0.00 % p.a.

Due to the pledging of the reinsurance, this is not available to all the other creditors, so that in accordance with Section 246 para. 2 sentence 2 HGB, the pension provision is to be set off against the asset value of the reinsurance. The asset value of the reinsurance is assessed at the amortised acquisition costs. These acquisition costs correspond to the coverage capital including irrevocable profit participation.

In the provisions, all recognisable obligations and risks are covered and are valued at their prospective settlement amount in accordance with reasonable commercial assessment. Anniversary payment provisions are valued according to the “projected unit credit method”, taking into account the reference tables 2018 G by Dr. Klaus Heubeck and an interest rate of 1.97%. This takes into account a fluctuation probability of 3% for the first ten years of service and a flat 20% social security share. Other provisions with a residual term of up to one year have not been discounted.

The liabilities are assessed at their repayment amounts.

C. NOTES TO THE BALANCE SHEET

The breakdown and development of the fixed assets can be seen in the following assets analysis:

Assets analysis as at 31st December, 2019

	Historical acquisition or manufacturing costs					Depreciation					Book value	Book value
	1/1/2019	Additions	Disposals	Reclassification	31/12/2019	1/1/2019	Additions	Disposals	Write -up	31/12/2019	31/12/2019	31/12/2018
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
1. Purchased concessions, industrial & similar rights and assets and licenses in such rights & assets	2,509,098.76	24,841.20	-	-	2,533,939.96	2,179,783.76	195,475.20	-	-	2,375,258.96	158,681.00	329,315.00
2. Prepayment on intangible assets	514,407.00	21,954.00	500,000.00	-	36,631.00	-	0.00	-	-	-	36,361.00	514,407.00
	3,023,505.76	46,795.20	500,000.00	-	2,570,570.96	2,179,783.76	195,475.20	-	-	2,375,258.96	195,042.00	843,722.00
II. Tangible assets												
1. Land, land rights and Buildings, including buildings on third party land	18,923,343.48	7,677,487.42	-	-	26,600,830.90	3,639,395.32	761,102.04	-	-	4,400,497.36	22,200,333.54	15,283,948.16
2. Technical equipment and machinery	57,101,698.28	1,678,836.75	1,113.00	2,473,863.70	61,253,285.73	35,133,631.28	4,393,487.45	-	1,113.00	39,526,005.73	21,727,280.00	21,968,067.00
3. Other plant, factory and office equipment	7,433,609.02	1,349,735.92	539,133.71	817,156.84	9,061,368.07	5,487,413.02	815,453.76	-	539,133.71	5,763,733.07	3,297,635.00	1,946,196.00
4. Payments in Advance & construction in progress	8,405,504.29	20,040,308.36	-	(3,291,020.54)	25,154,792.11	-	-	-	-	-	25,154,792.11	8,405,504.29
	91,864,155.07	30,746,368.45	540,246.71	-	122,070,276.81	44,260,439.62	5,970,043.25	-	540,246.71	49,690,236.16	72,380,040.65	47,603,715.45
Total	**94,887,660.83**	**30,793,163.65**	**1,040,246.71**	**-**	**124,640,847.77**	**46,440,223.38**	**6,165,518.45**	**-**	**540,246.71**	**52,065,495.12**	**72,575,082.65**	**48,447,437.45**

Within the fixed assets, no extraordinary depreciation was carried out in this fiscal year.

The item “Other assets” includes accruals that do not legally exist until after the balance sheet date, claims for electricity and energy tax refunds at the amount of TEUR 395.

The pension provision of EUR 74,357 has been set off against the coverage capital of the reinsurance of EUR 80,297, resulting in an asset-side difference from offsetting of assets of EUR 5,940.

The discounting of the pension provisions at the average market interest rate of the past ten years compared to discounting at the average market interest rate of the past seven years results in a difference of TEUR 5. This amount is blocked from dividend distribution.

The material other provisions and accruals include contingency provisions (TEUR 1,543), outstanding invoices (TEUR 620), guarantees (TEUR 50), anniversary bonuses (TEUR 381), bonuses/premiums (TEUR 61), and holiday and flexitime claims (TEUR 184).

Reconciliation with the balance sheet results in the following maturity structure for the liabilities:

	with a remaining term of			
	up to 1 year	1-5 years	more than 5 years	total
	EUR	**EUR**	**EUR**	**EUR**
Liabilities to banks	12,457,333.44	24,276,211.60	14,378,222.86	51,111,767.90
Trade liabilities	3,474,776.65	5,012.95	0.00	3,479,789.60
Liabilities to affiliated companies	915,214.95	0.00	0.00	915,214.95
Liabilities to shareholders	12,356,096.95	0.00	0.00	12,356,096.95
Other liabilities	1,712,938.12	229,825.02	0.00	1,942,763.14
	30,916,360.94	24,511,049.57	14,378,222.86	69,805,632.54

The trade liabilities are secured by the usual retentions of title, and the liabilities to banks by the assignment of security, and mortgages. The other liabilities are in part secured through the cumulative assumption of debts by Bharat Forge Global Holding GmbH and Bharat Forge CDP GmbH. Furthermore, a subordination and non-call agreement has been concluded with the banks regarding the shareholder loan. In the framework of a security pool contract towards several banks, there is a global assignment of trade liabilities and a storage assignment of the goods in stock.

In addition, Bharat Forge Global Holding GmbH has a letter of subordination for claims of the profit transfer agreement.

The item “Other liabilities” does not include any accruals that do not legally exist until after the balance sheet date.

Insofar as they are not recognised on the balance sheet as liabilities, lease obligations exist at the amount of TEUR 371 until the end of the respective term. TEUR 186 of this relates to the following financial year and TEUR 0 to a residual term of more than five years. The annual value of the rental obligation amounts to TEUR 151. Future license payments are incurred for the use of a production license. The amount depends on the quantity produced. The corresponding expenditure for the financial year 2019 amounted to TEUR 668.

There are obligations from orders for investments over € 5,5 Mio.

D.NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	2019	2018	change	
	TEUR	**TEUR**	**TEUR**	**in %**
domestic	4,049	53,586	-8,537	-16
foreign	13,485	8,989	+4,496	+50

The other operating income includes income unrelated to the accounting period of TEUR 6.

Expenses of exceptional significance and magnitude of EUR 0.75 million were incurred in order to secure future sales opportunities and are reported under other operating expenses. Of this, TEUR 285 were passed on to an affiliate company. This income is reported under other operating income.

The income from the reinsurance policy in the amount of TEUR 3 is offset against the expenses for the pension scheme within the interest expenditure.

E. Events of particular significance after the end of the financial year

The following events of particular significance occurred after the end of the financial year 31 December 2019, which are not included in either the income statement or the balance sheet, but are to be disclosed here for a better assessment of the net assets, financial position and results of operations:
Since January 2020, the so-called corona virus has been spreading nationwide in Germany. Against this background, declines in demand are being observed around the world at the time of preparing the annual financial statements, which are also having a significant impact on automotive suppliers. It is not possible to assess the extent to which there may be catch-up effects in the further course of the year. This will result in losses that will generally have a cash effect and will have a significant negative impact on the Company's net assets, financial position and results of operations in 2020.

The German government has promised to limit the economic consequences for the parties involved as far as possible by taking appropriate measures. The concrete impact on the net assets, financial position and results of operations in 2020 cannot be predicted with sufficient reliability at present.

F.OTHER NOTES

In the financial year 2019, the company employed on average 282 employees, including 224 industrial staff plus 12 apprentices.

The managing directors in the financial year 2019 were:

Michael Weis, Schönaich, engineer,
Martin Kübelbäck, Meerbusch, businessman,

The managing directors do not receive any remuneration from the company. The costs for the management are passed on within the framework of a management fee by Bharat Forge Global Holding GmbH.

Bharat Forge Global Holding GmbH, Ennepetal is the parent company, which draws up the consolidated financial statement for the smallest group of companies. In case of publication, the consolidated financial statement is available at the E-Federal Gazette.

Bharat Forge Ltd., Mundhwa/Pune, India is the parent company which draws up the consolidated financial statement for the largest group of companies. In case of publication, the consolidated financial statement is available at the "Registrar of Companies" in Maharashtra, Pune, India.

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

B. Kalyani

S. Tandale

S. Joglekar

Brand-Erbisdorf, 25th May 2020

....	....
Michael Weis	Martin Kübelbäck
Managing Director	Managing Director

Bharat Forge Daun GmbH

Managing Director
Mr. Martin von Werne

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

Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaf
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar

Independent Auditor's Report

Audit Opinion

We have audited the annual financial statements of Bharat Forge Daun GmbH, Daun, which comprise the balance sheet as at December 31, 2019 and the income statement for the fiscal year from January 1, 2019 to December 31, 2019 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge Daun GmbH, Daun, for the financial year from January 1, 2019 to December 31, 2019.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1, 2019 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Audit Opinions

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

<u>Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report</u>

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

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

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

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

<u>Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report</u>

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Hagen, 27 May, 2020

W U P Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

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

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2019

ASSETS	Rs.	Rs.	EUR	EUR	As at 31/12/2018 EUR
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and license in such rights and assets		1,631,849.92		20,428.00	15,967.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	82,066,362.16		1,027,332.00		1,098,610.00
2. Technical equipment and machinery	291,181,283.65		3,645,097.00		4,456,067.00
3. Other plant, factory and office equipment	84,761,934.11		1,061,076.00		1,163,902.00
4 Prepayments and assets under construction	10,478,352.16		131,171.24		74,223.22
		468,487,932.08		5,864,676.24	6,792,802.22
		470,119,782.00		5,885,104.24	6,808,769.22
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	85,014,132.73		1,064,233.10		1,024,032.05
2. Work in progress	67,410,490.96		843,865.29		839,807.13
3. Finished goods and merchandise	18,695,290.09		234,033.40		233,121.60
		171,119,913.78		2,142,131.79	2,096,960.78
II. Accounts receivable and other assets					
1. Trade receivables	5,778,476.60		72,336.75		324,846.93
- of which Rs. 0.00 EUR 0.00 (12/31/2018: EUR 0.00) due after one year					
2. Receivables from affiliated companies	360,967,467.87		4,518,701.95		4,302,914.51
of which Rs. 0.00EUR 0.00 (12/31/2018: EUR 0.00) due after one year					
of which Rs.0.00 EUR 0.00 (12/31/2018: EUR 0.00) to shareholders					
of which Rs. 0.00 EUR 0.00 (12/31/2018: EUR 0.00) trade receivables					
3 Other assets	4,169,700.08		52,197.59		55,849.33
- of which Rs. 0.00 EUR 0.00 (12/31/2018: EUR 0.00) due after one year					
		370,915,644.55		4,643,236.29	4,683,610.77
		1,012,155,340.33		12,670,472.32	13,589,340.77
III. Cash on hands, bank balances		31,578.55		395.31	218.61
C. Prepaid Expenses		245,093.03		3,068.15	3,110.18
D. Active difference resulting from asset offsetting		1,444,408.46		18,081.55	18,367.38
Total		**1,013,876,420.37**		**12,692,017.33**	**13,611,036.94**

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2019

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2018* EUR
A. Equity					
I. Share Capital		3,994,150.00		50,000.00	50,000.00
II. Capital reserves		119,824,500.00		1,500,000.00	1,500,000.00
III. Profit/(loss) brought forward		162,742,530.85		2,037,261.13	2,037,261.13
IV. Net income for the year		-		-	-
		286,561,180.85		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	61,517,339.12		770,093.00		656,475.00
2. Other accruals	43,185,618.13		540,610.87		500,282.32
		104,702,957.25		1,310,703.87	1,156,757.32
C. Liabilities					
1. Trade payables	47,448,880.38		593,979.70		752,184.93
- up to one year: Rs.47,448,880.38 EUR 593,979.70 (12/31/2018: EUR 102,8994.19)					
2. Payables to affiliated companies	570,373,266.54		7,140,108.24		8,048,839.42
- up to one year: Rs.570,373,266.54 EUR 7,140,108.24 (12/31/2018: EUR 8,048,839.42)					
-due later than one year : Eur 0.00 (12/31/2018 : Eur 0.00)					
of which Rs. 570,373,266.54 EUR 7,140,108.24 (12/31/2018: EUR 8,048,839.42) to shareholders					
3. Other liabilities	4,790,135.37		59,964.39		65,994.14
- up to one year: Rs. 4,790,135.37 EUR 59,964.39 (12/31/2018: EUR 65,994.14)					
- due later than one year : Eur 0.00 (12/31/2018 : Eur 0.00)					
of which Rs. 4,788,138.29 EUR 59,939.39 (12/31/2018: EUR 60,160.42) relating to taxes					
- of which Rs. 0.00 EUR 0.00 (12/31/2018: EUR 0.00) relating to social security					
		622,612,282.29		7,794,052.33	8,867,018.49
Total		**1,013,876,420.37**		**12,692,017.33**	**13,611,036.94**

Bharat Forge Daun GmbH

Profit and Loss Account for the period from January 1st to December 31st, 2019

	Rs.		EUR		*Previous Year* EUR
1. Sales		1,312,135,495.19		16,425,716.30	17,913,116.71
2. Increase or Decrease in finished good inventories and work-in-process		397,015.31		4,969.96	223,296.36
3. Production for own plant and equipment capitalised		2,107,343.90		26,380.38	56,682.40
		1,314,639,854.40		16,457,066.64	18,193,095.47
4. Other operating income		7,226,800.92		90,467.32	53,630.88
		1,321,866,655.32		**16,547,533.96**	**18,246,726.35**
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	329,955,122.66		4,130,479.86		4,916,102.36
b) Cost of purchased services	112,053,576.82		1,402,721.19		1,752,152.88
		(442,008,699.48)		(5,533,201.05)	(6,668,255.24)
		879,857,955.84		11,014,332.91	11,578,471.11
6. Personnel expenses					
a) Wages and saleries	443,238,995.93		5,548,602.28		5,306,872.71
b) Social security contributions and pension expenses thereof Rs.7,158,140.69 EUR 89,607.81 (2018: EUR 74,058.31) for pension expenses	91,350,749.45		1,143,556.82		1,060,454.45
		(534,589,745.38)		(6,692,159.10)	(6,367,327.16)
		345,268,210.46		4,322,173.81	5,211,143.95
7. Depreciation and amortization on intangible fixed assets and tangible assets		(148,864,279.12)		(1,863,528.90)	(1,610,390.16)
8. Other operating expenses		(160,174,678.23)		(2,005,115.96)	(1,907,794.26)
		36,229,253.11		453,528.95	1,692,959.53
9. Income from other investments & long term loans of which EUR 0.00 (2018: EUR 0.00)relating to affilated companies		19,171.92		240.00	-
10. Depreciation on financial assets	22,832.96		285.83		379.25
11. Interest and similar expenses thereof Rs. 1,913,038.08 EUR 23,948.00 (2018: EUR 23,870.08) from discounting of provisions	1,913,038.08		23,948.00		23,870.08
		(1,935,871.04)		(24,233.83)	(24,249.33)
		34,312,553.99		**429,535.12**	**1,668,710.20**
12. Taxes on income		-		-	-
13. Income Tax after tax		34,312,553.99		429,535.12	1,668,710.20
14. Other taxes		(1,308,723.19)		(16,383.00)	(19,882.81)
		33,003,830.80		413,152.12	1,648,827.39
15. Expenses out of profit & loss transfer agreement		33,003,830.80		413,152.12	1,648,827.39
16. Net Income for the year		-		-	-

1. General

The company is registered with the name “Bharat Forge Daun GmbH“ in the commercial register of Wittlich Local Court (Amtsgericht) under No. HRB 40331. The registered office of the company is Daun.

Bharat Forge Daun GmbH, Daun, is a medium-sized company with limited liability pursuant to Section 267 subsection 2 of the German Commercial Code (*HGB*).

The company has benefited of the relief granted for companies of such size under Section 288 subsection 2 *HGB*.

The fiscal year is the period from 1 January to 31 December 2019.

2. General Information on the Contents and Structure of the Financial Accounts

No changes have been made to the presentation of the financial accounts.

The structure of the balance sheet and of the profit and loss account is the one required pursuant to Sections 266 and 275 *HGB*. For the profit and loss account, the cost-of-production method in the meaning of Section 275 subs. 2 *HGB* was selected in an unchanged manner.

3. Fundamental Balance Sheet Preparation and Valuation Principles

The financial accounts as of 31 December 2019 were prepared to meet the requirements of Sections 242 through 256a, and Sections 264 through 288 *HGB*. Any supplementary provisions of the German law (*GmbHG*) concerning the *Gesellschaft mit beschränkter Haftung* (limited liability company) concerning the financial accounts were also complied with.

The fundamental balance sheet preparation and valuation principles were applied in an unchanged manner compared to the previous year.

Purchased **intangible assets** are recognized at cost. Assets that can only be used for a certain period are recognized at cost, reduced by regular depreciation and amortisation. The usual useful life to be assumed is three years unless the type of asset requires a deviating period of use.

Property, plant and equipment are generally recognised at purchase or production costs, reduced by regular depreciation and amortisation based on the usual useful life. The production costs of own-built facilities do not only include directly attributable costs but also required overhead costs.

Since 2010, we have been using the straight-line method for the depreciation and amortization of additions to assets. Low-value items, i.e. objects with purchase or production costs up to and equal to EUR 250 (until 2017 EUR 150) are fully amortized in the year of addition. A collective account is established for added assets in one fiscal year if the purchase or production costs for any single asset exceeding EUR 250 (until 2017 EUR 150, but are not higher than EUR 1,000. The respective collective account is released through profit and loss with a fifth of the amount in the year of acquisition and the next four fiscal years. Depreciation and amortisation of additions are made *pro rata temporis*.

Any own work capitalized to be recognized are valuated at cost including reasonable portions of material and manufacturing overhead costs and depreciation and amortisation due to manufacturing.

The periods of utilisation are based on the different groups of investments below:

Asset	**Period of utilisation**
Intangible assets	3 years
Buildings	25 - 33 years
External facilities	8 - 33 years
Technical equipment and machines	5 -10 years
Tools and dies	3 years
Fixtures, fittings and office equipment	5 -10 years
EDP equipment	3 years

Should the value of objects of fixed assets which has been determined pursuant to the principles defined above, exceed the fair value to be recognized on the reporting date, it is subject to an extraordinary write-down or value impairment if its value is expected to be permanently impaired.

Inventories are assessed at purchase or production costs or in accordance with the application of permitted calculation simplification methods or on the basis of the lower fair values. The production costs do not only include directly attributable costs but also production costs and material overhead costs exclusive any cost elements not subject to capitalization. No interest for third-party capital is recognized. Administration costs are only included in the determination of production costs if they are the direct result of manufacturing. The risk from storage and marketability is managed by reasonable deductions.

Receivables and other assets are assessed at cost, reduced by reasonable value impairment for visible individual risks. General credit risks are accounted for by a flat-rate allowance.

Prepaid expenses/prepayments generally include the expenses incurred before the reporting date if they represent expenses for a defined period thereafter.

The **subscribed capital** is assessed with its nominal value.

The value of **provisions for pensions** is recognised using actuarial calculations based on the Projected Unit Credit Method under application of Prof. Dr. Klaus Heubeck’s expectancy tables “Richttafeln 2018 G“ below:

- Imputed interest rate:	2.71% p.a.
- Accrual tendency:	0.00% p.a.
- BBG tendency:	0.00% p.a.
- Pensions tendency:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

Other provisions take all visible risks, uncertain liabilities and expected losses from pending transactions, if any, into account. They are generally assessed with the amount of settlement required on the basis of prudent business judgement.

Provisions with a remaining term of more than one year are discounted at the mean market interest rate pursuant to Section 253 subs. 2, first sentence *HGB* of the past seven business years resulting corresponding to their remaining term. Provisions for anniversaries and other long-term liabilities are valuated using the interest rate pursuant to Section 253 subs. 2, 2nd sentence *HGB* determined with a flat rate resulting from a remaining assumed term of 15 years.

The value of the early retirement obligations was set off against the fair value of the securities deposit in order to secure the employees' early retirement entitlements from insolvency risks. The fair value is measured on the balance sheet date as determined on a regulated market.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

Other provisions are assessed with the expected amount of settlement on the basis of prudent business judgement. They take all visible risks and uncertain liabilities in account. Medium- and long-term liabilities have been discounted pursuant to Section 253 subs. 2, first sentence, *HGB*.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

4. Information on the Balance Sheet and Profit and Loss Account

4.1 Fixed assets

The composition and development of the fixed assets have been depicted in detail in the fixed asset schedule below (page 6).

4.2 Receivables and other assets

The other assets legally incurring after the reporting date include entitlements to electricity and energy tax refund claims in the amount of kEUR 49 which are recognized as anticipative items.

4.3 Accruals/Provisions for pensions

The portion of pension provisions not yet carried as liabilities due to the application of Article 67 subs. 1 *EGHGB* (the distribution of the adjustment amount resulting from the change of assessment pursuant the German Accounting Modernisation Act, *BilMoG*) in the original amount of kEUR 81 in total still amounts to kEUR 27 at 31 Dec. 2019.

The effect resulting from Section 253 subs. 6 *HGB* amounts to kEUR 146 as of 31 Dec. 2019, which is subject to a dividend distribution ban in this amount.

4.4 Other provisions

The other provisions include the following major items:

	kEUR
Personnel	430
Customers	20
Suppliers	91
	541

The hedging of early retirement obligations by means of associated security results in an active difference. The acquisition costs of the assets settled in accordance with section 246 subs. 2 *HGB* total kEUR 20, the fair values kEUR 18 and the settlement amount of the offset liabilities kEUR 0.

4.5 Liabilities

All liabilities have a remaining term of one year and less.

5. Other information

5.1 Liability relations and other financial obligations

Other financial obligations incur from rental or leasing agreements in the total amount of kEUR 117, of which kEUR 62 are due for payment during the year 2020.

5.2 Staff

The following average number of employees per year was employed in the company:

	2019	**Previous Year**
Production workers	76	74
Salaried employees	18	17
Trainees	13	15
	107	106

Assets analysis as at 31st December, 2019

	Historical acquisition or manufacturing costs					Depreciation				Book value	Book value
	1/1/2019	Additions	Disposals	Reclassification	31/12/2019	1/1/2019	Additions	Disposals	31/12/2019	31/12/2019	31/12/2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased concessions, industrial & similar rights and assets and licenses in such rights & assets	128,628.38	16,026.27	-	-	144,654.65	112,661.38	11,565.27	-	124,226.65	20,428.00	15,967.00
	128,628.38	16,026.27	-	-	144,654.65	112,661.38	11,565.27	-	124,226.65	20,428.00	15,967.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	2,016,696.45	-	-	-	2,016,696.45	918,086.45	71,278.00	-	989,364.45	1,027,332.00	1,098,610.00
2. Technical equipment and machinery	11,146,292.25	367,094.08	444.25	65,903.26	11,578,845.34	6,690,225.25	1,243,967.34	444.25	7,933,748.34	3,645,097.00	4,456,067.00
3. Other plant, factory and office equipment	3,662,191.20	433,892.29	8,775.87	-	4,087,307.62	2,498,289.20	536,718.29	8,775.87	3,026,231.62	1,061,076.00	1,163,902.00
4. Payments in Advance & construction in progress	74,223.22	128,350.28	5,499.00	(65,903.26)	131,171.24	-	-	-	-	131,171.24	74,223.22
	16,899,403.12	929,336.65	14,719.12	-	17,814,020.65	10,106,600.90	1,851,963.63	9,220.12	11,949,344.41	5,864,676.24	6,792,802.22
Total	**17,028,031.50**	**945,362.92**	**14,719.12**	**-**	**17,958,675.30**	**10,219,262.28**	**1,863,528.90**	**9,220.12**	**12,073,571.06**	**5,885,104.24**	**6,808,769.22**

5.3 Members of the Board of Directors

The appointed director was:

- Martin von Werne, Engineer, of Ennepetal.

The board of directors did not receive any remuneration for the year 2019.

5.4 Members of the Advisory Board

Members of the advisory Board are:
- B. N. Kalyani
- B. Kalyani
- S. Tandale
- S. Joglekar

5.5 Inclusion in the consolidated financial accounts

The company Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company which prepares the consolidated financial accounts for the largest part of companies. Any disclosures are made at the “Registrar of Companies“ in Maharashtra, Pune, India. The company Bharat Forge Global Holding GmbH, Ennepetal, is the parent company which prepares the consolidated financial accounts for the smallest part of companies. Any disclosures are made in the German electronic official gazette (E-Bundesanzeiger).

5.6 Subsequent Events

The following events of particular significance occurred after the end of the financial year 31 December 2019, which are not included in either the income statement or the balance sheet, but are to be disclosed here for a better assessment of the net assets, financial position and results of operations:
Since January 2020, the so-called corona virus has been spreading nationwide in Germany. Against this background, declines in demand are being observed around the world at the time of preparing the annual financial statements, which are also having a significant impact on automotive suppliers. It is not possible to assess the extent to which there may be catch-up effects in the further course of the year. This will result in losses that will generally have a cash effect and will have a significant negative impact on the Company's net assets, financial position and results of operations in 2020.

The German government has promised to limit the economic consequences for the parties involved as far as possible by taking appropriate measures. The concrete impact on the net assets, financial position and results of operations in 2020 cannot be predicted with sufficient reliability at present.

5.7 Recommendation for the use of profits

The net income of the fiscal year is transferred to the parent company in accordance with the profit transfer agreement. A transfer to reserves is not provided for.

Ennepetal, 25 May, 2020

Bharat Forge Daun GmbH

Martin von Werne

Bharat Forge Kilsta AB

Chairman
Mr. B. N. Kalyani

Managing Director
Mr. Michael Weis

Director
Mr. S. E. Tandale
Mr. S. G. Joglekar
Mr. Mats Pettersson

Registered Office
Box 428 691 27
Karlskoga Sweden

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

Auditor’s report

Opinions

We have audited the annual accounts of Bharat Forge Kilsta AB for the year 2019-01-01 - 2019-12-31.

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, 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act . The statutory ad ministration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of share- holders 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 Kilsla 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.

Responslblllles 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 y 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 responslblltv

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 influen ce 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.

- Eva luate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Manag- ing 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 whet her 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 conc lude 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 signif icant 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 2019·01·01 · 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with 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 Responsi· bi/ities 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with gener· ally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the com· pany, 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 judg· ment and maintain professional skepticism throughout the audit. The examinati on 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 start· ing 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 violation s would have particular importance for the company's situation . We examine and test decisions undertaken, support for decis· ions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability . As a basi s for our opinion on the Board of Directors' proposed appropria· tions of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

***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 organi· za tion and the administration of the company's affairs . This includ es 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 matt ers 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 ther eby 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 appropria · l ion s of the company's profit or loss, and th ereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Ernst & Young AB

Tomas Karlsson Daniel Berg
Authorized Public Accountant 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

From early summer an onwards, the delivery volumes sank because of lower demand from customers.

Sales, measured as delivered tonnage, decreased by 12 % in 2019, as compared to 2018.

Production in the Company's 16000 ton press was operated in 5-shift until middle of December, when a 3-shift pattern was implemented.

A capital cover guarantee of 25 MSEK was received from the parent company as of Jan 1, 2019, in order to fulfill the capital cover requirements of the Swedish Companies Act.

A shareholder's contribution of 31.724.400 SEK was received as of Sep 2, 2019 and 531.535 SEK as of Dec 31, 2019.

Significant events after year-end

Sales is expected to be on a level below 2019.

Currently we cannot predict the magnitude and duration of the ongoing Corona-crisis. Effects of the crisis impact sales as well as costs. Customers as well as suppliers are closing their plants, and are using the possibility of short-time work. Besides customer and supplier specific measures, there are also country specific procedures, which sometimes require temporary shutdown of industries.

The Company has reduced its operations and has implemented, wherever possible, short-time work. Duration of this is unknown, and will be adjusted to demands from the customers.

Currently it is not foreseeable if, and to what extent, support measures provided by the state can be used.

The Company received a capital cover guarantee of 25 MSEK from its parent company on March 25, 2020, valid until ordinary shareholders' meeting in 2021. The capital cover guarantee its the parent company was increased to 40 MSEK as of June 18, 2020, and is also valid until ordinary shareholders' meeting 2021.

A shareholder's contribution of 23.693.742 SEK was received as of March 31, 2020.

Expected future development, risk and uncertainties

The Company operates within a strongly, competitive market, and operations are associated with risks. The Company is exposed to both operational and financial risks. Development of steel- and energy prices, as well as increased competition, belong to the main operational risks. The financial risk consists of a credit risk, that is, that the Company is not being paid for its accounts receivables, and the development of EUR/SEK since the Company has its financing in EUR.

As the Company cannot itself actively influence its short-term sales market as a supplier of the automotive industry, the sales volume will depend on the overall economic market development and the development of ts customers. The impact from the Corona-crisis on the world economy cannot be assessed here.

The Company is mainly financed through an uncommitted credit facility. The ongoing Corona-crisis will lead to a need for additional liquidity. An analysis is ongoing, if this can be financed within the Group. Generally, the Group is striving to ensure that all of its companies cover their own cash needs on their own however. Regarding financing cost, there is a risk of increasing interest rates and thus an increase of the interest expenses.

The Company is purchasing large amounts of steel. When the Corona-crisis is over, this could lead to production disturbances in the start-up phase, such as capacity constraints and delays. This is also a risk for other purchased commodities and consumables.

The Company has focused on preventive maintenance to avoid unplanned standstills. However, standstills cannot be fully excluded from the nature of the production concept. The Company is working with projects within “Industry 4.0”, to use sensor technology and digitalization to find further preventive measures.

A sufficient insurance cover is available for all relevant operational risks – including property damage, business interruption and third-party liability claims. The management considers that the implemented measures planned generally and within a short-time, are appropriate for assuring the earnings and financial power due to the current situation as of today.

Research and development

The research and development activities of the Company amounted 0,29 % (0,25 %) of the total operating expenses during the financial year.

Sustainability report

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

Environmental issues

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

Comparative figures covering several years

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

	2019	2018	2017	2016
Net sales, TSEK	907 408	952 021	845 037	749 771
Profit/loss after financial items, TSEK	-34 787	-44 629	-24 065	-21 439
Balance sheet total, TSEK	506 737	523 481	509 672	416 633
Number of employees,	338	333	311	295
Equity/assets ratio, %	2,0	2,5	2,2	3,5
Return on total assets, %	Neg	Neg	Neg	Neg
Return on equity, %	Neg	Neg	Neg	Neg

Proposed treatment of losses

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

Unappropriated profit brought forward	9 289 371
Net loss for the year	-34 797 010
	-25 497 639

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

Retained losses carried forward	**-25 497 639**

Result and financial position

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

Balance Sheet as at December 31, 2019

	Note	31/12/2019		31/12/2018
		Rs.'000	SEK'000	SEK'000
Assets				
Fixed assets				
Land and buildings	12	229,648	30,417	33,411
Plant and machinery	13	48,713	6,452	6,628
Equipment, tools, fixtures & fittings	14	1,163,055	154,047	153,054
Construction in progress	15	39,003	5,166	-
		1,480,419	196,082	193,093
Total fixed assets		**1,480,419**	**196,082**	**193,093**
Current assets				
Inventories				
Raw materials and consumables		588,885	77,998	93,835
Work in progress		812,810	107,657	71,989
Finished goods and goods for resale		227,723	30,162	28,708
		1,629,418	215,817	194,532
Current receivables				
Accounts receivables - Trade		579,795	76,794	62,679
Receivables from group Companies		1,804	239	32,381
Other receivables		22,726	3,010	680
Income tax receivable		2,091	277	2,597
Prepaid expenses and accrued income		19,102	2,530	3,389
		625,518	82,850	101,726
Cash and bank balances		90,509	11,988	34,130
Total current assets		2,345,445	310,655	330,388
Total assets		**3,825,864**	**506,737**	**523,481**

Bharat Forge Kilsta AB

Balance Sheet as at December 31, 2019

	Note	31/12/2019		31/12/2018
		Rs.'000	SEK'000	SEK'000
Equity and liabilities				
Equity	17,18			
Restricted equity				
Share capital (200 000 shares)		151,000	20,000	20,000
Revaluation Reserve		88,584	11,733	13,542
Statutory reserve		30,200	4,000	4,000
		269,784	35,733	37,542
Unrestricted equity				
Unappropiated Profit brought forward		70,132	9,289	24,733
Net loss of the year		(262,649)	(34,787)	(49,009)
		(192,517)	(25,498)	(24,276)
Total equity		**77,267**	**10,235**	**13,266**
Provisions				
Provisions for pensions		54,322	7,195	7,251
Guarantee reserve		9,060	1,200	1,200
Total provisions	20	63,382	8,395	8,451
Current liabilities				
Liabilities to credit institutions	21	2,057,224	272,480	266,500
Accounts payable - trade		630,213	83,471	103,096
Liabilities to group companies		471,143	62,403	55,909
Other Current liabilities		76,210	10,094	8,053
Accrued expenses and deferred income	22	450,425	59,659	68,206
Total current liabilities		3,685,215	488,107	501,764
Total equity and liabilities		**3,825,864**	**506,737**	**523,481**

Bharat Forge Kilsta AB

Income statement for the period from January 1 to December 31, 2019

	Note	2019		Previous Year
		Rs.'000	SEK'000	SEK'000
Operating Income				
Net sales	2	6,850,930	907,408	952,021
Change in inventories of work in progress, finished goods		280,264	37,121	(23,745)
Other operating income	3	293,982	38,938	59,270
Total Operating income		**7,425,176**	**983,467**	**987,546**
Operating expenses				
Raw materials and consumables		(4,478,003)	(593,113)	(596,522)
Other external costs	4,5	(1,259,695)	(166,847)	(180,901)
Personnel costs	6	(1,650,558)	(218,617)	(213,490)
Depreciation of tangible assets		(197,402)	(26,146)	(23,800)
Other operating expenses	7	-	-	(2,383)
Total Operating expenses		**(7,585,658)**	**(1,004,722)**	**(1,017,096)**
Operating profit/(loss)		**(160,482)**	**(21,255)**	**(29,550)**
Result from financial items				
Interest income and similar items	9	1,676	222	2,612
Interest expenses and similar items	10	(103,843)	(13,754)	(17,691)
Loss from financial items		(102,167)	(13,532)	(15,079)
Profit/(Loss) after financial items		(262,649)	(34,787)	(44,629)
Income taxes	11	-	-	(4,380)
Net profit/(Loss) for the year		**(262,649)**	**(34,787)**	**(49,009)**

Statement of Cash Flow for the period ended December 31 , 2019

	2019		2018
	Rs.'000	**SEK'000**	**SEK'000**
Operating activities			
Income after financial items	(262,649)	(34,787)	(44,629)
Adjustments for items not requiring an outflow of cash:			
Exchange loss	56,248	7,450	10,467
Result disposal fixed assets	-	-	265
Depreciation	197,402	26,146	23,800
Released debts	(14,504)	(1,921)	(5,125)
Other	(3,382)	(448)	(379)
	(26,885)	**(3,560)**	**(15,601)**
Income Tax paid			335
Cash flow from operating activities before changes in working capital	**(26,885)**	**(3,560)**	**(15,266)**
Cash flow from changes in working capital			
Increase(-) /decrease (+) in inventories	(160,694)	(21,284)	30,716
Increase(-) /decrease (+) in current receivables	(244,431)	(32,375)	(29,843)
Increase(+) /decrease (-) in current liabilities	(59,245)	(7,847)	(28,308)
Cash flow from operating activities	**(491,255)**	**(65,066)**	**(42,701)**
Investing activities			
Acquisition of tangible assets	(219,969)	(29,135)	(48,198)
Cash flow from investing activities	**(219,969)**	**(29,135)**	**(48,198)**
Financing activities			
Loans taken	197,143	26,111	85,898
Repayment of borrowings	(279,546)	(37,026)	-
Shareholder contribution	626,454	82,974	-
Cash flow from financing activities	**544,051**	**72,059**	**85,898**
Net cash flow for the year	(167,173)	(22,142)	(5,001)
Cash and cash equivalents at beginning of year	257,682	34,130	39,131
Cash and cash equivalents at the end of the year	**90,509**	**11,988**	**34,130**

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

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

CSR/Sustainability report

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

Bharat Forge Global Holding GmbH is publishing a CSR/Sustainability report in accordance with EU Directive 2014/95/EU, comprising all its subsidiaries including Bharat Forge Kilsta AB for reporting year 2019-01-01 – 2019-12-31. Bharat Forge Kilsta AB does not publish a separate CSR/Sustainability report separately. Instead it is reported and published when the annual report of Bharat Forge Global Holding GmbH is being published.

Note 2 Net sales classified according to geographical market

	2019	**2018**
Net sales classified according to operating area as follows:		
Chassis	481 763	465 159
Engines	396 965	482 935
Other	28 680	3 927
Total	**907 408**	**952 021**
Net sales classified according to geographic market as follows:		
Nordic countries	569 378	597 432
Europe, excluding the Nordic countries	284 033	282 767
North America	15 314	15 484
Other markets	38 683	56 338
Total	**907 408**	**952 021**

Note 3 Other operating income

	2019	2018
Included in other income, revenues from:		
Scrap	34 885	43 096
Sales of dies	949	7 762
Other	2 049	7 814
Contributions employees	349	598
Realized/unrealized exchange gain	706	598
Total	**38 938**	**59 270**

Note 4 Operating lease

Operating lease during the period, 7 910 (7 886) TSEK.

	2019	2018
Future minimum payable non cancellable leases:		
Payment due within one year	6 356	6 834
Payment due after one year but within 5 years	7 306	8 797
Payment due after 5 years	0	716
Total	**13 665**	**16 347**

Note 5 Remuneration to auditors

	2019	2018
Ernst & Young		
Audit engagement	549	545
Audit in additon to audit assignment	403	0
Total	**952**	**545**

Note 6 Salaries, other remuneration and social security contributions

	2019	2018
Average number of employees, with women and males as allocation basis amounts to:		
Women	24	23
Men	314	310
Total for the Company	**338**	**333**
Wages and compensations amounts to		
Board of Directors and Managing Director	18	24
Other employees	148 870	146 031
	148 888	**146 055**
Pension cost	15 019	14 401
Statutory and contractual social security contributions	50 751	49 216
	65 770	**63 617**
Total salaries, remuneration, social security contributions and pension costs	**214 658**	**209 672**

Managing Director is employed by the parent company since 2015.

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	33%	20%
Men	67%	80%

Note 7 Other operating expenses

	2019	**2018**
Realized/unrealized exchange loss Realized/unrealized exchange loss	0	2 382
Total	**0**	**2 382**

Note 8 Transactions Intercompany

	2019	**2018**
Purchases and sales, Intercompany		
Below are the percentage of purchases and sales, Intercompany.		
Purchases,	0,41%	1,40%
Sales,	0,54%	1,30%

<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

	2019	**2018**
Exchange profit on loans and cash	222	2 612
Total	**222**	**2 612**

Note 10 Interest expenses and similar profit/loss items

	2019	2018	2015
Interest expenses to group company	904	878	807
Interest expenses pensions	115	107	254
Realized/unreazlied exchange loss loans	7 467	11 589	-
Other interest expenses	5 268	5 116	9 874
Total	**13 754**	**17 690**	0 935

Note 11 Tax on profit for the year

	2019	2018	
Deferred tax	0	-4 380	
Total	**0**	**-4 380**	
Reconciliation of effective tax			
Profit/loss before tax	-34 787	-44 628	6 713
Tax calculated at applicable tax rate 21,4% (22%)	7 444	9 818	477
Tax effect of non-deductible expenses	-696	-457	-102
Earned unrecognized loss carryforwards	-6 749	-4 531	2 143
Recognized tax	**0**	**-4 380**	**565**

Note 12 Land and buildings

	2019-12-31	2018-12-31
Opening acquisition cost	43 201	41 141
Changes during the year		
-Redistribution from construction in progress	516	120
-Purchases	0	2 401
-Disposals	0	-461
-Reclassification	333	0
Closing accumulated acquisition cost	**44 050**	**43 201**
Opening depreciation	-26 891	-25 972
-Disposals	0	461
-Depreciation	-1 541	-1 380
Closing accumulated depreciation	**-28 432**	**-26 891**
Opening revaluation	17 101	19 403
Changes during the year		
-Depreciation	-2 302	-2 302
Closing accumulated revaluation	**14 799**	**17 101**
Closing residual value according to plan	**30 417**	**33 411**

Note 13 Plant and machinery

	2019-12-31	2018-12-31
Opening acquisition cost	424 268	406 753
Changes during the year		
-Redistribution from construction in progress	23 045	26 126
-Purchases	0	21 117
-Disposals	-6 151	-29 728
-Reclassification	-594	0
Closing accumulated acquisition cost	**440 568**	**424 268**
Opening depreciation	-271 214	-281 649
Changes during the year		
-Disposals	6 151	29 728
-Depreciation	-21 458	-19 293
Closing accumulated depreciation	**-286 521**	**-271 214**
Closing residual value according to plan	**154 047**	**153 054**

Accumulated acqustion 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

	2019-12-31	2018-12-31
Opening acquisition cost	51 021	53 722
Changes during the year		
-Redistribution from construction in progress	477	186
-Purchases	0	126
-Disposals	-2 233	-3 013
-Reclassification	192	0
Closing accumulated acquisition cost	**49 457**	**51 021**
Opening depreciation	-281 649	-46 581
Changes during the year		
-Disposals	2 233	3 013
-Depreciation	-845	-825
Closing accumulated depreciation	**-43 005**	**-44 393**
Closing residual value according to plan	**6 452**	**6 628**

Note 15 Constructions in progress

	2019-12-31	2018-12-31
Opening accrued expenses	0	1 878
Expenses accrued during the year	29 204	24 554
Fixed assets under construction completed this year	-24 039	-26 432
Closing expenses accrued	5 165	0

	2019-12-31	2018-12-31
Closing residual value according to plan	**5 165**	**0**

Note 16 Deferred tax

	2019-12-31	2018-12-31
Deferred tax assets on tax loss	3 065	3 558
Deferred tax liabilities related to revaluation of property	-3 065	-3 558
	0	**0**

Total tax loss amount is 245 257 TSEK (211 801 TSEK). For prudential reasons, not the entire deferred tax asset is considered.

Note 17 Equity

	No of shares	Value
Number of A-shares	200 000	100

The Company reports a revaluation fund of 11 733 (13 542) TSEK related to the revaluation of the building. Annually reduction in revaluation fund has been transferred to equity.

Note 18 Equity and proposed treatment of losses

	2019-12-31
To the disposal of the annual general meeting are the following losses:	
Unpropriated profit/loss brought forward	9 289
Net gain/loss for the year	-34 787
	-25 498
The board of Directors propose that the unappropriated loss be distributed as follows	
retained losses carried forward	**-25 498**

Note 19 Contingent liabilites

	2019-12-31	2018-12-31
Contingent liability to FPG	159	162
Total contingent liabilities	**159**	**162**

Not 20 Provisions

	2019-12-31	2018-12-31
Provisions for pensions and guarantee		
Opening balance provisions	8 451	8 793
Provision during the year		200
Change of the year	-56	-542
Closing balance provisions	**8 395**	**8 451**

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 7 195 (7 250) 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 0.80 (1.50) % and expected inflation of 1.80 (2.00) %. The company has reported interest expenses attributable to the provision of 115 (107) tsek over the financial result. Furthermore, the Company reported actuarial loss of 501 (37) tsek directly in equity

Note 21 Pledged assets

	2019-12-31	2018-12-31
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 22 Accrued expenses and deferred income

	2019-12-31	2018-12-31
Accrued salaries	9 550	11 440
Accrued holiday pay	16 072	15 848
Accured social security costs & pensions	14 714	15 226
Accured customer provisions	58	250
Accured special employer´s contribution, tax on returns from pension funds and property tax	4 221	3 975
Accured financial expenses	2 500	2 392
Ongoing claims	615	425
Other items	11 929	18 650
Total	**56 659**	**68 206**

Note 23 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
2020-06-24 for adoption.

Karlskoga 2020-06-24

Babasaheb Kalyani
Chairman

Subodh Tandale

Mats Pettersson
Employee representive

Michael Weis
Managing Director

Our audit report was issued on 2020-06-24.

Ernst & Young

Tomas Karlsson
Authorized public accountant

Daniel Berg
Authorized public accountant

Bharat Forge International Limited

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	Boston House Business Centre	Eacotts Limited
Mr. A. B. Kalyani	69-75 Boston Manor Road	Grenville Court, Britwell Road
Mr.P.G.Pawar	Brentford TW8 9JJ	Burnham, Bucks., SL1 8DF
Mr. S. G. Joglekar	United Kingdom	United Kingdom
Mr. K. P. Dixit		

Strategic Report for the Year Ended March 31, 2020

The directors present the strategic report for the year ended 31 March 2020.

Review of the business
The company has invested in establishing a sound base from which it will trade and develop its client base over the coming year.

During the year, the company was able to add new customers, however, due to weakness in global markets,

Analysis of key risks and challenges facing the organisation

Performance of the company in the year 2020 - 21 might be affected by COVID 19 and its impact on recovery of underlying markets.

The company has the continued strategic support of the Bharat Forge Group to achieve its objectives and the company will manage the risks facing the business, which are considered to be logistic risks and credit risks in accordance with the group's policies.

Other risks are the following;

- Downturn in the automotive and industrial markets or demand in these markets globally
- Vulnerability to exchange markets or mechanisms
- Inflation risk
- Global pandemic, which is COVID 19

All companies within this market are exposed to these risks and the directors are of the opinion that the

Key performance indicators

The directors are of the opinion that the key performance indicator for this business is the turnover which has seen a small drop from $364.5m in 2019 to $339m in 2020.

As a key performance indicator turnover has decreased by 7%.

Key personnel

The company also depends on its talented, skilled and loyal workforce to deliver its impeccable customer service. We expect our key personnel to provide their continued support to enable further growth.

On behalf of the board

Mr K Dixit
Director
18 June 2020

Directors' Report for the year ended March 31, 2019

The directors present their annual report and financial statements for the year ended 31 March 2020.

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.

Ordinary dividends were paid amounting to $2,200,000. 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 (Appointed 5 November 2019)

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.

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.

On behalf of the board

Mr K Dixit
Director

18 June 2020

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 European Union. 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.

Independent Auditor's Report

Opinion

We have audited the financial statements of Bharat Forge International Ltd (the 'company') for the year ended 31 March 2020 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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.

A further description of our responsibilities for the audit of the financial statements is located on the website of the Financial Reporting Council at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

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

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

19 June 2020

Chartered Accountants
Statutory Auditor

Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Balance Sheet As at 31st March 2020

	Notes	2020		2020		2019	
		Rs.	Rs.	USD	USD	USD	USD
Non - Current Assets							
Property, Plant and equipments	10		569,511,526		7,554,616		6,899,024
Investment	11		18,747,116		248,682		248,682
Other receivables	13		48,435,290		642,498		5,556,091
			636,693,932		**8,445,796**		**12,703,797**
Current assets							
Inventories	12	7,095,165,387		94,117,937		103,261,554	
Trade and other receivables	13	6,004,392,401		79,648,746		128,081,453	
Cash and cash equivalents		165,020	13,099,722,808	2,189	173,768,872	3,331	231,346,338
			13,736,416,740		**182,214,668**		**244,050,135**
Current Liabilities							
Trade and Other payables	19	11,092,316,154		147,140,462		204,868,884	
Current tax liabilities		11,715,497		155,407		547,131	
Borrowings	15	1,277,487,426		16,945,973		17,334,817	
Lease Liabilities	20	7,295,621	12,388,814,698	96,777	164,338,619	-	222,750,832
Net Current Assets			**710,908,110**		**9,430,253**		**8,595,506**
Non - current liabilities							
Borrowings	15		47,116,188		625,000		5,535,000
Lease Liabilities	20		67,805,546		899,446		-
Total Liabilities			**114,921,734**		**1,524,446**		**5,535,000**
Net Assets			**1,232,680,308**		**16,351,603**		**15,764,303**
Equity							
Called up share capital	22		7,898,482		104,774		104,774
Retained earnings			1,224,781,826		16,246,829		15,659,529
Total Equity			**1,232,680,308**		**16,351,603**		**15,764,303**

The financial statements were approved by the board of directors and authorised for issue on June 18, 2020 and are signed on its behalf by:

K P Dixit

Director

Profit and Loss Account for the year ended 31st March, 2020

	Notes	Year ended 31st March 2020		Previous Year
		Rs.	USD	USD
Revenue	2	25,559,466,893	339,048,375	364,509,403
Cost of sales		(25,209,095,092)	(334,400,665)	(357,176,205)
Gross profit		**350,371,801**	**4,647,710**	**7,333,198**
Administrative expenses		(102,977,290)	(1,366,002)	(2,566,293)
Other Operating Income		8,366,327	110,980	594,061
Operating Profit	3	**255,760,838**	**3,392,688**	**5,360,966**
Investment Revenue	6	45,809,298	607,664	738,849
Finance cost	7	(35,013,208)	(464,453)	(514,436)
Profit before taxation		**266,556,928**	**3,535,899**	**5,585,379**
Tax on profit on ordinary activities	8	(56,433,809)	(748,599)	(1,068,719)
Profit and total comprehensive income for the year		**210,123,119**	**2,787,300**	**4,516,660**

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of changes in equity for the year ended 31 March 2020

	Share Capital		Profit and loss reserves		Total	
	Rs.	**USD**	**Rs.**	**USD**	**Rs.**	**USD**
Balance at 1 April 2018	7,898,482	104,774	926,859,765	12,294,869	934,758,247	12,399,643
Period ended 31 March 2019:						
Profit and total comprehensive income for the year	-	-	340,492,479	4,516,660	340,492,479	4,516,660
Dividends			(86,844,557)	(1,152,000)	(86,844,557)	(1,152,000)
Balance at 31 March 2019	**7,898,482**	**104,774**	**1,180,507,687**	**15,659,529**	**1,188,406,169**	**15,764,303**
Period ended 31 March 2020:						
Profit and total comprehensive income for the year	-	-	210,123,119	2,787,300	210,123,119	2,787,300
Dividends	-	-	(165,848,980)	(2,200,000)	(165,848,980)	(2,200,000)
Balance at 31 March 2020	**7,898,482**	**104,774**	**1,224,781,826**	**16,246,829**	**1,232,680,308**	**16,351,603**

Cash flow statement for the year ended 31st March,2020

	2020				Previous Year	
	Rs.	Rs.	USD	USD	USD	USD
Cash flows from operating activities						
Cash absorbed by operations		647,396,770		8,587,770		5,726,274
Interest paid		(35,013,207)		(464,453)		(514,436)
Taxation		(85,964,276)		(1,140,323)		(572,120)
Net cash outflow from operating activities		**526,419,287**		**6,982,994**		**4,639,718**
Investing activities						
Purchase of tangible fixed assets	(82,623,022)		(1,096,001)		(172,623)	
Proceeds on disposal of property, plant and equipment	514,283		6,822			
Purchase of investments	-		-		(126,985)	
Interest received	45,809,298		607,664		738,849	
Net cash (used in)/generated from investing activities		**(36,299,441)**		**(481,515)**		**439,241**
Financing activities						
Repayment of bank loans	(383,616,078)		(5,088,698)		(3,012,554)	
Movements in lease liabilities	75,101,167		996,223		-	
Dividend Paid	(165,848,980)		(2,200,000)		(1,152,000)	
Net cash generated from/(used in) financing activities		**(474,363,891)**		**(6,292,475)**		**(4,164,554)**
Net Increase in cash and cash equivalents		**15,755,955**		**209,004**		**914,405**
Cash and cash equivalents at beginning of year		(968,611,643)		(12,848,711)		(13,763,116)
Cash and cash equivalents at end of year		**(952,855,688)**		**(12,639,707)**		**(12,848,711)**
Relating to:						
Bank balance and Short term deposits		165,020		2,189		3,331
Bank Overdrafts		(953,020,708)		(12,641,896)		(12,852,042)

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 European Union 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 prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving these financial statements, how the company and its performance in the future will be affected by the macro economic issue, which is Covid 19, can not be ascertained with certainty.

Management however has taken appropriate action to adopt a new style of working and remain confident that the business will be able to overcome any presented challenges and certainly continue as a going concern. Thus they 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have

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:

1.4 Property, plant and equipment

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

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

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

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

1.5 Non-current investments

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

1.6 Impairment of tangible and intangible assets

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

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

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

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

1.7 Inventories

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

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

1.8 Cash and cash equivalents

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

1.9 Financial assets

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 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.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or

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.

1.11Equity 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

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

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.

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.

:Revenue

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

	2020 $	2019 $
Revenue analysed by class of business		
Forged and machined components for the auto industry	339,048,375	364,509,403

	2020 $	2019 $
Other significant revenue		
Interest income	607,664	738,849

	2020 $	2019 $
Revenue analysed by geographical market		
United States of America	289,233,358	301,728,878
Europe	44,495,995	57,284,236
United Kingdom	5,319,022	5,496,289
	339,048,375	364,509,403

3 Operating profit

	2020 $	2019 $
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(597,105	(597,326)
Fees payable to the company's auditor for the audit of the company's financial statements	143,520	95,871
Depreciation of property, plant and equipment	440,409	299,135
Profit on disposal of property, plant and equipment	(6,822)	-
Cost of inventories recognised as an expense	314,374,	337,829,777

4 Employees

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

	2020 Number	2019 Number
Administration	13	12

Their aggregate remuneration comprised:

	2020 $	2019 $
Wages and salaries	637,512	606,328
Social security costs	32,653	29,630
Pension costs	5,507	3,738
	675,672	639,696

5 Directors' fees

	2020	2019
	$	$
Fees for qualifying services	247,852	262,396

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

	2020	2019
Fees for qualifying services	123,926	131,198

6 Investment income

	2020	2019
	$	$
Interest income		
Other interest income	607,664	738,849
Total interest revenue	607,664	738,849

7 Finance costs

	2020	2019
	$	$
Interest on bank overdrafts and loans	438,566	514,436
Other interest expense	25,887	-
Total interest expense	464,453	514,436

8 Income tax expense

	2020 $	2019 $
Current tax		
UK corporation tax on profits for the current period	725,244	1,068,719
Adjustments in respect of prior periods	23,355	-
Total UK current tax	748,599	1,068,719

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

	2020 $	2019 $
Profit before taxation	3,535,899	5,585,379
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	671,821	1,061,222
Effect of expenses not deductible in determining taxable profit	204	120
Gains not taxable	(24,685)	-
Permanent capital allowances in excess of depreciation	78,079	35,873
Under/(over) provided in prior years	23,335	-
Foreign exchange differences	-	(8,159)
Other differences	(155)	(20,337)
Taxation charge for the year	748,599	1,068,719

9 Dividends

	2020 per share	2019 per share	2020 $	2019 $
Amounts recognised as distributions to equity holders:				
Ordinary				
Interim dividend paid	34.38	18.00	2,200,000	1,152,000

10 Property, plant and equipment

	Land and buildings	Fixtures, fittings &	Plant and machinery	Motor vehicles	Right of use asset	Total
	$	$	$	$	$	$
Cost						
At 1 April 2018	7,366,098	500,525	84,864	62,471	-	8,013,958
Additions	-	64,462	2,042	106,119	-	172,623
At 31 March 2019	7,366,098	564,987	86,906	168,590	-	8,186,581
Additions	-	-	711	-	1,095,290	1,096,001
Disposals	-	-	-	(62,471)	-	(62,471)
At 31 March 2020	7,366,098	564,987	87,617	106,119	1,095,290	9,220,111
Accumulated depreciation and impairment						
At 1 April 2018	723,967	121,126	80,858	62,471	-	988,422
Charge for the year	246,027	50,513	1,897	698	-	299,135
At 31 March 2019	969,994	171,639	82,755	63,169	-	1,287,557
Charge for the year	246,028	62,958	2,180	21,224	108,019	440,409
Eliminated on disposal	-	-	-	(62,471)	-	(62,471)
At 31 March 2020	1,216,022	234,597	84,935	21,922	108,019	1,665,495
Carrying amount						
At 31 March 2020	6,150,076	330,390	2,682	84,197	987,271	7,554,616
At 31 March 2019	6,396,104	393,348	4,151	105,421	-	6,899,024
At 31 March 2018	6,642,131	379,399	4,006	-	-	7,025,536

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

Right-of-use assets	2020	2019
	$	$
Net values		
Property	987,271	-
Fixtures, fittings & equipment	4,356	6,630
	991,627	6,630
Additions	1,095,290	6,823
Depreciation charge for the year		
Property	108,019	-
Fixtures, fittings & equipment	2,274	193
	110,293	193

11 Investments

	Current 2020 $	Current 2019 $	Non-current 2020 $	Non-current 2019 $
Investments in other group companies	-	-	248,682	248,682

The company holds an investment of 16,377 shares in Tevva Motors (Jersey) Limited, a company incorporated in Jersey. The first 7,500 shares were purchased at £12 per share with the remaining 8,877 shares purchased at £10.70 per share.

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

12 Inventories

	2020 $	2019 $
Finished goods	94,117,937	103,261,554

13 Trade and other receivables

	Current 2020 $	Current 2019 $	Non-current 2020 $	Non-current 2019 $
Trade receivables	59,065,231	111,138,273	-	-
Deposits recoverable	-	-	17,498	21,091
VAT recoverable	29,108	61,786	-	-
Amount owed by parent undertaking	3,379,915	2,841,669	-	-
Amounts owed by fellow group	11,875,123	8,482,834	-	-
Amounts owed by related parties	4,992,905	4,674,967	625,000	5,535,000
Other receivables	240,614	607,655	-	-
Prepayments	65,850	274,269	-	-
	79,648,746	128,081,453	642,498	5,556,091

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

14 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.

15 Borrowings

Secured borrowings at amortised cost		
Bank overdrafts	12,641,896	12,852,042
Bank loans	4,929,077	10,017,775
	22,480,973	22,414,817

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.

	2020	**2019**
	$	**$**
Current liabilities	16,945,973	17,334,817
Non-current liabilities	625,000	5,535,000
	17,570,973	22,869,817

The company has two outstanding loans:

An existing $5,000,000 bank loan facility which was drawn down in March 2018 and is repayable over 36 months. Interest is being charged at 2.15% above LIBOR. As at 31 March 2020 $1,804,077 (2019: $4,450,000) is outstanding.

Another existing $5,000,000 bank loan facility which was drawn down in August 2018 and is repayable over 36 months. Interest is being charged on this loan at 1.5% above LIBOR. As at 31 March 2020 $3,125,000 (2019: $5,000,000) is outstanding.

16 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.

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 2019			
Bank loans	4,482,775	5,535,000	10,017,775
Bank overdraft	12,852,042	-	12,852,042
Trade payables	(81,028)	-	(81,028)
Other payables	205,497,043	-	205,497,043
	222,750,832	5,535,000	228,285,832
At 31 March 2020			
Bank loans	4,304,077	625,000	4,929,077
Bank overdraft	12,641,896	-	12,641,896
Trade payables	167,580	-	167,580
Other payables	147,225,066	899,446	148,124,512
	164,338,619	1,524,446	165,863,065

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	
	2020	2019	2020	2019
	$	$	$	$
Euro	18,682,491	17,432,830	22,017,627	3,365,667
Pound sterling	1,786,146	2,454,016	9,156,598	6,474,327
	20,468,637	19,886,846	31,174,225	9,839,994

Interest rate risk

The carrying amounts of financial liabilities and applicable interest rates at the reporting date are as follows:

	Weighted average effective interest rate 2020 $	2019 $
Bank loans carried at $4,929,077 (2019: $10,017,775)	3	4
	3	4

19 Trade and other payables

	2020 $	2019 $
Trade payables	167,580	(81,028)
Amount owed to parent undertaking	132,006,656	178,696,784
Amounts owed to fellow group undertakings	306,192	306,192
Amounts owed to related parties	12,694,836	23,482,484
Accruals	1,307,801	1,852,281
Social security and other taxation	103,199	90,001
Other payables	554,198	522,170
	147,140,462	204,868,884

20 Lease liabilities

Maturity analysis	2020 $	2019 $
Within one year	96,777	-
In two to five years	412,209	-
In over five years	487,237	-
Total undiscounted liabilities	996,223	-

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:

	2020 $	2019 $
Current liabilities	96,777	-
Non-current liabilities	899,446	-
	996,223	-

Interest on lease liabilities	-	-

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

21 Retirement benefit schemes

Defined contribution schemes
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.

The total costs charged to income in respect of defined contribution plans is $5,507 (2019 - $3,738).

22 Share capital

	2020	2019
	$	$
Ordinary share capital		
Issued and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774
	104,774	104,774

23 Capital risk management

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

24 Related party transactions

Remuneration of key management personnel
Two directors received directors fees totaling $247,852 (2019: $262,396), 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	
	2020	2019	2020	2019
	$	$	$	$
Parent company	-	-	256,100,147	287,321,045
Other related parties	-	-	54,227,768	46,459,420
	-	-	310,327,915	333,780,465

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due to related parties	$	$
Parent company	132,006,657	178,774,449
Other group companies	306,192	306,192
Key management personnel	359,256	187,990
Other related parties	12,694,836	23,481,484
	145,366,941	202,750,115

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	**2020** **$**	**2019** **$**
Parent company	3,379,915	2,841,669
Other group companies	11,875,123	8,482,834
Other related parties	5,617,904	10,209,967
	20,872,942	21,534,470

Other information
Included in Other Related Parties are transactions with a company under common control. This company was established as a related party in the current year. Comparative balances have been included in the notes above to ensure the figures are comparable.

25 Controlling party

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

26 Cash generated from operations

	2020 **$**	**2019** **$**
Profit for the year after tax	2,787,300	4,516,660
Adjustments for:		
Taxation charged	748,599	1,068,719
Finance costs	464,453	514,436
Investment income	(607,664)	(738,849)
Gain on disposal of property, plant and equipment	(6,822)	-
Depreciation and impairment of property, plant and equipment	440,409	299,135
Movements in working capital:		
Decrease/(increase) in inventories	9,143,617	(38,544,029)
Decrease/(increase) in contract assets	5,538,593	(2,347,190)
Decrease/(increase) in trade and other receivables	47,807,707	(48,798,413)
(Decrease)/increase in trade and other payables	(57,728,422)	89,755,805
Cash generated from operations	8,587,770	5,726,274

Mécanique Générale Langroise

Registered Office
rue du Stade
52200 Saints Geosmes
France

Auditors
KPMG Audit Rhone Alpes Auvergne
6 rue Paul Verlaine, B.P. 67025
21070 Dijon Cedex
France

Statutory Auditor's report on the financial statements

For the year ended 31 December 2019

1.1 Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Mécanique Générale Langroise SAS for the year ended 2019, 31th December. The financial statements were approved by the president in the health crisis' changing context in relation to Covid-19.

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 31 december 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

1.2 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 rules applicable to us, for the period from 1st January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

1.3 Justification of Assessments

In accordance with the requirements of articles L.823-9 and R.823-7of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we inform you that the most important assessments made by us according to our professional judgment focused on the appropriateness of the accounting principles used and the reasonableness of the significant estimates and the presentation of financial statements taken as a whole.

These 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.

1.4 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 sole shareholder.

Post-closing events in relation to the Covid-19 crisis will form a subject of a communication during the annual general meeting.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code (*Code de commerce*).

1.1 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

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

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

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Dijon, on the 21st April 2020

French original signed by

Samuel Brunneval
Commissaire aux comptes

Mécanique Générale Langroise SAS

Balance Sheet as at December 31st, 2019

ASSETS	Rs.		EUR		As at 31/12/2018 EUR
A. Fixed Assets					
I. Other Intangible assets	53,042.31		664.00		1,964.00
II. Tangible assets					
1. Land	5,777,777.62		72,328.00		72,328.00
2. Buildings	96,871,797.49		1,212,671.00		1,413,737.00
3 Plant & machinery, fixtures, fitting, tools & equipments	27,207,670.50		340,594.00		320,098.00
4. Other tangible Assets	2,088,541.04		26,145.00		37,438.00
5 Tangible Assets in progress	0.00		0.00		0.00
B. Investments					
III. Other Financial Assets	7,429.12		93.00		93.00
		132,006,258.08		1,652,495.00	1,845,658.00
C. Current assets					
I. Inventories					
Raw materials and consummables	30,433,665.57		380,978.00		341,575.00
Work in progress (service)	13,045,133.55		163,303.00		68,145.00
Semi-finished and Finished goods	1,166,052.15		14,597.00		14,597.00
II. Accounts receivable and other assets					
Advances and down-payments to suppliers	5,511.93		69.00		681.00
Trade Debtors	80,201,972.82		1,003,993.00		1,015,009.00
Other Debtors	1,988,527.52		24,893.00		95,423.00
Prepaid expenses	2,735,513.45		34,244.00		32,802.00
III. Cash at bank and in hand	48,119,362.38		602,373.00		777,650.00
		177,695,739.37		2,224,450.00	**2,345,882.00**
Total Assets		309,701,997.45		3,876,945.00	4,191,540.00

Mécanique Générale Langroise SAS

Balance Sheet as at December 31st, 2019

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2018* EUR
A. Equity					
Share Capital (paid in: 600,000)	47,929,800.00		600,000.00		600,000.00
Legal reserves	4,792,980.00		60,000.00		60,000.00
Other Reserve	139,066,317.63		1,740,875.00		1,593,456.00
Net Income or (loss) of the tax year	26,758,408.51		334,970.00		147,419.00
Grants for capital expenditures	11,010,833.07		137,837.00		154,121.00
Tax-regulated provisions	4,286,921.20		53,665.00		64,269.00
		233,845,260.41		2,927,347.00	2,619,265.00
Income from profit sharing secruity					
B. Financial Debts					
Bank loans and overdrafts	12,273,064.35		153,638.00		286,736.00
Other loans & financial liabilities					400,000.00
Trade payables	19,660,404.55		246,115.00		242,725.00
Tax Payables & Social Liabilities	39,440,633.59		493,730.00		587,153.00
Fixed Assets creditors	757,290.84		9,480.00		7,875.00
Other Creditors	3,725,343.71		46,635.00		47,786.00
		75,856,737.04		949,598.00	1,572,275.00
Total		**309,701,997.45**		**3,876,945.00**	**4,191,540.00**

Mécanique Générale Langroise SAS

Income statement for the period from January 1 to December 31, 2019

	2019		Previous Year
	Rs.	**Eur**	**Eur**
Sales of manufactured goods	4,331,895.00	54,228.00	85,931.00
Sales of manufactured services	472,047,020.00	5,909,230.00	5,304,093.00
Stored production	7,601,507.00	95,158.00	(671.00)
Operating subsidies	-	-	-
Recaptures on depreciations and reserves, expense transfer	4,127,794.00	51,673.00	70,135.00
Other operating income	479.00	6.00	8.00
Total operating income	**488,108,695.00**	**6,110,295.00**	**5,459,496.00**
Operating expenses			
Purchase of raw materials and other supplies (including customs duties)	87,878,969.00	1,100,096.00	1,210,965.00
Variation in inventory (raw materials and supplies)	(2,787,198.00)	(34,891.00)	(87,668.00)
Other purchases and external expenses	145,000,346.00	1,815,159.00	1,739,450.00
Taxes and assimilated payments	16,258,507.00	203,529.00	200,739.00
Salaries and wages expenses	135,392,179.00	1,694,881.00	1,823,181.00
Social security expenses	52,239,408.00	653,949.00	715,501.00
Operating allowances on fixed assets : depreciation allowances	28,243,993.00	353,567.00	371,199.00
Operating allowances on current assets : reserve allowances	66,622.42	834.00	798.00
Other/Operating expenses	958.60	12.00	9.00
Total operating expenses	**462,293,785.02**	**5,787,136.00**	**5,974,174.00**
***Including**			
Equipment Leasing	**29,916,343.00**	**374,502.00**	**492,868.00**
Operating result	**25,814,909.98**	**323,159.00**	**(514,677.00)**
Other interest and assimilated income	-	-	-
Total financial income	**-**	**-**	**-**
Interests and assimilated expenses	1,333,487.00	16,693.00	17,285.00
Total financial expenses	**1,333,487.00**	**16,693.00**	**17,285.00**
Financial result	**(1,333,487.00)**	**(16,693.00)**	**(17,285.00)**
Income Before tax and Ordinary items	**24,481,422.98**	**306,466.00**	**(531,961.00)**
Extraordinary Income			
On operating activities	-	-	694,022.00
Extraordinary capital gains	1,429,906.53	17,899.00	20,505.00
Recaptures on reserves and expense transfers	1,129,945.00	14,145.00	26,564.00
Total extraordinary income	**2,559,851.53**	**32,045.00**	**741,091.00**
Extraordinary Expenses			
Extraordinary operating losses	-	-	-
On investing activities	-	-	58,150.00
Depreciation and reserve extraordinary allowances	282,866.00	3,541.00	3,559.00
Total extraordinary expense	**282,866.00**	**3,541.00**	**61,709.00**
Extraordinary result	**2,276,985.53**	**28,504.00**	**679,382.00**
Income tax	-	-	-
Total income	**490,668,546.53**	**6,142,340.00**	**6,200,587.00**
Total expenses	**463,910,138.02**	**5,807,370.00**	**6,053,168.00**
Net result	**26,758,408.51**	**334,970.00**	**147,419.00**

Accounting rules and methods

Annex to the balance sheet and the income statement for the year ended 2019/12/31 whose total assets prior distribution is €3 876 945 and the income statement of the year, presented as a list and a result of €334 970.

The exercise has a duration of 12 months, covering the period from 01/01/2019 to 31/12/2019. 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 € 201 877. 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: 0.80% (rate iboxx to 31/12/2019)
- the staff turnover rate: 1%
- 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 € 13 430 tax-free.

Average Manpower

Employee categories	Salaried staff	By direct labour
Executives	3	4
Supervisors and technicians	7	6
Employees	1	2
Workers	28	30
Apprentice under contract		
TOTAL	**39**	**42**

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	8 000	75.00000	600 000
3- Shares redeemed during the financial year			
4- Share capital at the end of the financial year (1+2-3))			

Financial commitments

Given Commitments :

Nature of commitments given	Amount in Euros
Note receivable discounted warranties, collateral & guaranties	
Commitments under equipment leases	784180
Commitments under real estate leases	
Other commitments & Pension commitments	293167
TOTAL	**1077347**

Comments : Detail of other commitments (including commitments with real security (112 352) :

- Bank loans : 133 566
- Mortage promise : 44 251
- Pledge of goodwill : 112 352
- Other Société Générale : 2998

Financial tables for current leases

	Lands	Buildings	Plant & Machinery & equipment	Other tangible assets	Total
Original Value :			2,676,325		2,676,325
Paper allowance : Up to date Period					
Total					
Paper Net Value					
Rents Up to date Period			 1,477,303 374,502		 1,477,303 374,502
Total			**1,851,805**		**1,851,805**
Futural rentals Within one year Between one and five years			 294,647 489,533		 294,647 489,533
Total			**784,180**		**784,180**
Residual Value Within one year Between one and five years After more than five years			 3,526 23,238		 3,526 23,238
Total			**26,764**		**26,764**
Charges booked during period :			**374,502**		**374,502**

Headings	Amount
Prior year closing equity before appropriation	2,619,266
Appropriation of earnings to net equity by the Ordinary Shareholders' Meeting	
Opening equity	2,619,266
Change in share capital	
Change ln other items	
Contributions received with retroactive effect to the beginning of the year	
Opening equity after retroactive contributions	2,619,266
Changes in share capital	
Changes to statutory or contractual reserves, reserves required under the articles of other reserves	147,419
Changes in paid-in capital, reserves, retained earnings	
Change to investment subsidies and tax-regulated provisions	(26,888)
Appropriation of the profit (loss) for Y-1 to shareholders' equity (excluding distributions)	(147,419)
Changes during the year	(26,888)
Shareholders' equity at the end of the financial year before profit (loss)	2,592,378
Profit(loss) for the financial year	**334,970**
Shareholders' equity at the end of the financial year before profit (loss) but before the annual general meeting	**2,927,347**

Fixed Assets

Schedule A		Gross amount opening balance	Increase	
Intangible assets			Revaluations	Acquisitions
Set-up and research & development costs				
Other intangible assets		60,080		5,100
	TOTAL	60,080		5,100
Tangible assets				
Land		72,328		
Buildings		2,377,824		
Building fixtures and fittings		973,783		
Plant, machinery and equipment		2,130,979		150,262
Other fixtures and fittings		292,835		
Vehicles		73,917		
Office equipment, computer hardware, furniture		72,917		5,041
Tangible assets in progress Payment on account				
	TOTAL	5,993,860		155,304
Financial assets				
Loans and other financial assets		93		
	TOTAL	93		
	GRAND TOTAL	6,054,033		160,404

Schedule A		Gross amount opening balance	Increase	
Intangible assets			Revaluations	Acquisitions
Set-up and research & development costs				
Other intangible assets		57,683		2,397
	TOTAL	57,683		2,397
Tangible assets				
Land		72,328		
Buildings		2,377,824		
Building fixtures and fittings		973,783		
Plant, machinery and equipment		2,055,140		75,839
Other fixtures and fittings		289,616		3,753
Vehicles		81,349		
Office equipment, computer hardware, furniture		71,558		71,290 5,765
Tangible assets in progress Payment on account		5,865		
	TOTAL	5,926,730		156,556
Financial assets				
Loans and other financial assets		93		
	TOTAL	93		
	GRAND TOTAL	5,984,507		158,953

Schedule B	Reductions		Gross amount	Revaluation
	Reclassification	Disposals	closing balance	Original value
Set-up and research & development costs				
Other intangible assets			65,180	
TOTAL			65,180	
Land			72,328	
Buildings			2,377,824	
Building fixtures and fittings			973,049	
Plant, machinery and equipment		4,358	2,276,884	
Other fixtures and fittings			292,835	
Vehicles			73,927	
Office equipment, computer hardware, furniture		3,840	74,118	
Tangible assets in progress				
Payment on account				
TOTAL		**8,198**	**6,140,965**	
Loans and other financial assets			93	
TOTAL			**93**	
GRAND TOTAL		**8,198**	**6,206,239**	

Depreciation

Schedule A				
SITUATION AND CHANGES WITHIN THE PERIOD				
DEPRECIABLE ASSETS	Opening balance	Additional allowances	Reductions disposal	Closing balance
Intangible assets				
Set-up, research & development costs				
Other intangible assets	58,116	6,401		64,517
TOTAL	58,116	6,401		64,517
Tangible assets				
Land				
Buildings	1,252,329	128,938		1,381,266
Buildings on other people's lands				
Building fixtures and fittings	683,807	72,129		756,936
Plant, machinery and equipment	1,810,882	129,766	4,358	1,936,290
Other fixtures and fittings				
Vehicles	282,541	6,062		288,603
Office equipment, computer hardware,	60,303	3,826		64,128
furniture Returnable containers and others	59,393	6,446	3,840	62,004
TOTAL	**4,150,259**	**347,166**	**8,198**	**4,489,227**
GRAND TOTAL	**4,150,259**	**347,166**	**8,198**	**4,553,744**

Schedule B	BREAKDOWN OF DEPRECIATION ALLOWANCES FOR THE PERIOD						
Depreciable assets	ALLOWANCES			REVERSALS			Mouvements nets amort. à fin dexercice
	Straight line Depreciation	Decreasing balance Depreciation	Exceptionnel Depreciation	Straight line Depreciation	Decreasing balance Depreciation	Exceptionnel Depreciation	
Intangible assets							
Set-up, R&D. costs Others int. assets							
TOTAL							
Tangible assets							
Land							
Buildings Buildings on other people's lands Buildings fixtures & fittings							
Plant, mach., & equipment					14,145		(14,145)
Other fixtures and fittings Vehicles Office equip. comput. hardw. Returnable contain. & others							
TOTAL					**14,145**		**(14,145)**
GRAND TOTAL					**14,145**		**(14,145)**
Unventilated grand total		Unventilated grand total		14,145	Unventilated grand total		**(14,145)**

Schedule C				
CHANGES IN DEFERRED CHARGES	Opening balance	Additional allowances	Allowances for the period	Closing balance
Deferred charges Redemption bond premium				

Type of provisions	Opening balance	Additions Allowances	Reductions Reversals	Ending balance
Tax regulated				
Provisions for reconstitution of mines and oilfields Provisions for capital expenditures Price increase Provisions Tax depreciation allowances	64,269	3,541	14,145	53,665
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	**64,269**	**3,541**	**14,145**	**53,665**
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				

Type of provisions	Opening balance	Additions Allowances	Reductions Reversals	Ending balance
Provisions for loss in value				
On intangible assets On tangible assets On investments assessed on the equity method On securities On other investments On stocks and works in progress On trade debtors Other provisions for loss in value	26,737	834	5,347	22,225
TOTAL	**26,737**	**834**	**5,347**	**22,225**
GRAND TOTAL	**91,007**	**4,357**	**19,492**	**75,890**
Including operating allowances and reversals		834	5,347	
Including financial allowances and reversals				
Including exceptional allowances and reversals		3,541	14,145	
Investments assessed on the equity method : allowances for the period				

Receivables

Receivables (a)	Gross amount	liquidity of the asset	
		Within 1 year	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			
Other trade debtors	1,003,993	1,003,993	
Receivables representing borrowed securities			
Employees	499	499	
Social contributions			
Corporation tax	120	120	
Value-added tax	24,275	24,275	
Other taxes			
Sundries			
Intercompany and current accounts (2)			
Other debtors			
Prepaid expenses	34,244	34,244	
TOTAL	**1,063,224**	**1,063,130**	**93**
(1) Including Joans granted within the period			
(1) Including redemptions received within the period			
(2) Loans and advances granted to partners			

Payables (b)	Gross amount	Within 1 years	1 to 5 years	After 5 years
Convertible debenture loans (1)				
Other debenture loans (1)				
Bank loans and overdraft (1)				
- Payable over 1 year				
- Payable over more than 1 year	153,638	119,910	33,728	
Other loans and financial liabilities (1)				
(2) Trade creditors	246,115	246,115		
Personnel	119,208	119,208		
Social contributions	145,935	145,935		
Corporation tax				
Value-added tax	194,142	194,142		
Guaranteed bonds				
Other taxes	34,445	34,445		
Fixed assets creditors	9,480	9,480		
Intercompany and current accounts (2)				
Other creditors	46,634	46,634		
Liabilities representing borrowed securities				
Deferred income				
TOTAL	**949,598**	**915,870**	**33,728**	
(1) Loans raised within the period	145,399			
(1) Loans redeemed within the period				
(2) Loans and liabilities raised from partners				

Sales breakdown

Sales breakdown	France	Export	Total
Finished goods			
Semi-finished goods			
Waste products	54 228		54 228
Works	1 6955 456	134 020	1 829 476
Surveys			
Services	4 079 754		4 079 754
Sales of goods			
Incomes from other activities			
TOTAL	**5 829 438**	**134 020**	**5 963 458**

Tax Corporation Breakdown

	Before tax	After
Profit (loss) from ordinary activities	306,466	306,466
Profit (loss) from non- recurring activities (including investment)	28,504	28,504
Total Profit (loss)	**334.970**	**334.970**

Accrued Receivables

Accrued receivables included in Balance Sheet	2019/12/31	2018/12/31
Amounts receivable from subsidiaries Other long-term investments Loans Other financial assets Trade debtors Other debtors Securities Other receivables		3,403
TOTAL		**3,403**

Accrued receivables details

Accrued receivables included in Balance Sheet	2019/12/31	201812/31
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Trade debtors		
Other debtors		3,403
40980000 FOURNISSEURS AVOIRS A RECEVOIR		
Marketable Securities		
Cash at bank and in hand		
TOTAL		**3,403**

Accrued Payables

Accrued payables included in Balance Sheet		2019/12/31	2018/12/31
Convertible debenture loans			
Other debenture loans			
Bank loans and overdrafts		21,734	9,433
Other loans and financial liabilities			
Trade creditors		43,418	58,218
Social contributions		193,755	219,285
Fixed assets creditors			
Other creditors			1,152
	TOTAL	**258,907**	**288,087**

Accrued payables details

Accrued payables included in Balance Sheet		2019/12/31	2018/12/31
Convertible debenture loans			
Other debenture loans			
Bank loans and overdrafts		**21,734**	**9,433**
16884000 INTERETS COURUS SUR EMPRUNTS ETS CREDIT		21,734	9,433
Other loans and financial liabilities			
Trade creditors		**43,418**	**58,218**
40810000 FOURNISSEURS N0N PARYENUES		43,418	58,218
Social contributions		**193,755**	**219,285**
42820000 DETIES PROVISIONNEES *Pl* CONGES A PAYER		101,122	110,877
42860000 PERSONNEL AUTRES CHARGES PA YER		10,726	
43820000 CHARGES SOCIALES POUVOIR ACHAT A PAYER		7,360	
43820000 CHARGES SOCIALES SUR CONGES A PAYER		39,974	49,485
43860000 CHARGES,\ PAYER SUR ORGA IS\ IES SOCULUX		5,363	
44820000 CHARGES FISCALESSUR CONGES A PAYE R		1,466	2,362
44860000 ETJ\TCHARGESA PAYER		27,743	56,561
Fixed assets creditors			
Other creditors			1,152
46860000 CHARGES J\ PAYER			1,152
	TOTAL	**258,907**	**288,087**

Prepayment Income

Prepaid Expenses		2019/12/31	2018/12/31
Operating expenses		34,244	32,803
Financial expenses			
Extraordinary expenses			
	TOTAL	**32,803**	**35,976**

Transfers of Expense

Type of expense reclassification	Amount

Bharat Forge America Inc.

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	2150, Schmiede St,	KNAV P.A
Mr. A. B. Kalyani	Surgoinville	One Lakeside
Mr. S. E. Tandale	TN 37873	Commons, Suite 850
Mr. S. G. Joglekar	U.S.A	990 Hammond Drive NE,
		Atlanta, GA 30328

Auditor's Report

Board of Directors
Bharat Forge America, Inc.

We have audited the accompanying separate parent company financial statements of Bharat Forge America, Inc. ("the Company") a Delaware corporation, which comprise the balance sheets as at December 31, 2019 and December 31, 2018 and the related statements of (loss) income, stockholder's equity, and cash flows for the years then ended, and the related notes to the separate parent company financial statements.

Management's responsibility for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of these separate parent company financial statements in accordance with accounting principles generally accepted in the United States; 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.

Auditor's responsibility

Our responsibility is to express an opinion on these separate parent company financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate parent company financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate parent company financial statements.

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

Basis for qualified opinion

Consolidated financial statements are required for conformity with accounting principles generally accepted in the United States. As discussed in Note B, these parent company financial statements, which include subsidiaries on equity basis, are being issued in addition to consolidated financial statements. Information regarding the subsidiaries is disclosed in Note E.

Balance Sheet as on 31st December, 2019

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

			As at 31/12/2018
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	13,927,243	184,746	65,138
Receivables,related parties(refer note J)	665,828,321	8,832,266	5,760,938
Prepaid expenses and other current assets	1,383,557	18,353	20,741
Total current assets	**681,139,121**	**9,035,365**	**5,846,817**
Investments	1,060,739,319	14,070,792	16,343,887
Total assets	**1,741,878,440**	**23,106,157**	**22,190,704**
Liabilities and Stockholder's Deficit			
Current Liabilities			
Short term borrowing	854,373,508	11,333,333	6,820,000
Accounts payable	-	-	25,785
Payable related parties(refer note J)	2,737,941	36,319	25,489
Other current liabilities	153,861	2,041	48,368
Total current liabilities	**857,265,310**	**11,371,693**	**6,919,642**
Long term borrowings	100,514,508	1,333,333	2,680,000
Deferred Rent, Non Current	728,906	9,669	-
Total Liabilities	**958,508,724**	**12,714,695**	**9,599,642**
Stockholder's Equity			
Common stock ($ 0.01 par value, authorized 3000 shares, issued and outstanding 60 shares) (Refer Note K)	75	1	1
Additional Paid up capital	2,974,889,317	39,462,145	39,462,145
Accumulated deficit	(2,191,519,676)	(29,070,684)	(26,871,084)
Total Stockholder's equity	**783,369,716**	**10,391,462**	**12,591,062**
Total liabilities and stockholder's deficit	**1,741,878,440**	**23,106,157**	**22,190,704**

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

Statements of income (loss) for the period ended December 31, 2019

			Previous Year
	Rs.	USD	USD
Operating Expenses	67,166,575	890,970	
Less : cost of revenues	(63,678,394)	(844,699)	
Gross Profit	**3,488,181**	**46,271**	
Cost and Expenses			
Selling , General and administrative Expenses	-	-	54,190
Total cost and expense	**-**	**-**	**54,190**
	-		
Operating profit (loss)	**3,488,181**	**46,271**	**(54,190)**
Non-operating income(expenses)			
(Deficit) equity in earnings of unconsolidated investees	(171,374,465)	(2,273,296)	888,731
Interest expenses	(33,389,621)	(442,916)	(297,751)
Interest income (refer note J)	32,784,348	434,887	504,773
(Loss) income before Income tax	**(168,491,557)**	**(2,235,054)**	**1,041,563**
Current tax benefit (expense)	2,672,732	35,454	(32)
Net (Loss) Income	**(165,818,825)**	**(2,199,600)**	**1,041,531**

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

Statement of Stockholder's Equity

	Common Stock											
	Authorized			Issued & Outstanding			Additional Paid in Capital		Accumulated Deficit		Total Stockholder's equity	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as at January 1 , 2018	**3,000**	**2,262**	**30**	**60**	**75**	**1**	**2,974,889,317**	**39,462,145**	**(2,104,217,603)**	**(27,912,615)**	**870,671,789**	**11,549,531**
Net Income	-	-	-	-	-	-	-	-	78,516,752	1,041,531	78,516,752	1,041,531
Balance as at December 31, 2018	**3,000**	**2,262**	**30**	**60**	**75**	**1**	**2,974,889,317**	**39,462,145**	**(2,025,700,851)**	**(26,871,084)**	**949,188,541**	**12,591,062**
Balance as at January 1 , 2019	**3,000**	**2,262**	**30**	**60**	**75**	**1**	**2,974,889,317**	**39,462,145**	**(2,025,700,851)**	**(26,871,084)**	**949,188,541**	**12,591,062**
Net loss	-	-	-	-	-	-	-	-	(165,818,825)	(2,199,600)	(165,818,825)	(2,199,600)
Balance as at December 31 , 2019	**3,000**	**2,262**	**30**	**60**	**75**	**1**	**2,974,889,317**	**39,462,145**	**(2,191,519,676)**	**(29,070,684)**	**783,369,716**	**10,391,462**

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

Statement of Cash Flow for the period ended December 31 , 2019

			Previous Year
	Rs.	**USD**	**USD**
Cash Flow from Operating Activities			
Net Loss	**(165,818,825)**	**(2,199,600)**	**1,041,531**
Adjustments to reconcile net loss to net cash fom Operating Activities :			
Deficit (equity) in earnings of unconsolidated investees	171,374,465	2,273,296	(888,731)
Changes in operating assets and liabilities which provided (used) cash :	-		
Account Receivable	(231,534,901)	(3,071,329)	(1,699,648)
Prepaid expense and other assets	180,022	2,388	14,869
Accounts Payable	(2,019,211)	(26,785)	
Payables, realted parties	808,891	10,730	25,489
Other Current liabilities	(3,417,017)	(45,327)	(24,612)
Other Liabilities	728,906	9,669	-
Net cash (used in) provided by operating acitivties	**(229,697,670)**	**(3,046,958)**	**(1,531,102)**
Cash Flow from Investing Acitivities			
Investment in unconsolidated investee	(7,539)	(100)	-
Net cash (used in) provided by investing acitivties	**(7,539)**	**(100)**	**-**
Cash Flow from Financing Acitivities			
Proceeds from borrowings	339,236,550	4,500,000	1,500,000
Repayment of debt	(100,514,584)	(1,333,334)	-
Net cash used in financing activities	**238,721,966**	**3,166,666**	**1,500,000**
Net (Decrease) Increase in Cash and Cash Equivalents	**9,016,757**	**119,608**	**(31,103)**
Cash and Cash Equivalents - Beginning of Year	4,910,487	**65,138**	**96,241**
Cash and Cash Equivalents - End of Year	**13,927,243**	**184,746**	**65,138**
Supplemental Cash Flow Information - cash paid for			
Income tax paid	60,309	800	800
Interest	35,867,707	475,788	287,677
Payable for investment in wholly owned subsidiary	7,539	100	-

NOTE A - NATURE OF OPERATIONS

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

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

The Company invested in 100 percent of the shares of Bharat Forge Aluminum USA, Inc. (“BFALU”) and Kalyani Precision Machining, Inc. (“KPM”). BFALU and KPM were incorporated on September 27, 2019.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These separate parent company financial statements are prepared in accordance with generally accepted accounting principles in the United States (“US GAAP”). The significant accounting policies are detailed below:

1. *Basis of presentation*

a. The Company reported its investments in Bharat Forge Tennessee, Inc., Bharat Forge PMT Technologie LLC, Bharat Forge Aluminium USA, Inc. and Kalyani Precision Machining, Inc. applying the equity method of accounting which is a departure from accounting principles generally accepted in the United States. All amounts are stated in United States Dollars, unless specified otherwise.

b. The separate parent company financial statements are for the year ended December 31, 2019 and December 31, 2018.

c. Certain reclassifications, regroupings and reworking have been made in the separate parent company financial statements of prior years to conform to the classifications used in the current year. This has no impact on the previously reported net income.

2. *Use of estimates*

The preparation of separate parent company financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets and estimation relating to unsettled transactions and events at the balance sheet date 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 those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revision in accounting estimates are recognized prospectively in the current and future periods.

3. *Cash and cash equivalents*

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

4. *Revenue*

The Company provides market development and other support services to the parent company. The Company charges a marketing fee on a cost-plus mark-up basis. Revenues from services are recognized on quarterly basis as the services are performed.

5. *Receivables and provision for doubtful debts*

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

6. *Investments*

The Company's investments in BFT, PMT, BFALU and KPM are accounted for using equity method. Under the equity method, the investment is carried at cost, adjusted for 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 decline in the value of investment that is other than temporary are recognized when incurred.

7. *Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

8. *Income taxes*

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

9. *Fair values measurements and financial instruments*

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

Assets and liabilities recorded at fair value in the 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.

10. *Commitments and contingencies*

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

11. *Recently issued accounting standards not yet adopted*

In February 2016, the FASB issued Accounting Standard Update ("ASU") 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2021. The Company is currently evaluating the impact of this standard on its financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - CONCENTRATION RISK

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from expectations include but are not limited to government regulations and credit risk.

NOTE D - RECEIVABLES, RELATED PARTIES

Receivables, related parties include the following: *(refer note K)*

	As at December 31, 2019	December 31, 2018
Bharat Forge Limited	320,524	345,242
Bharat Forge Tennessee, Inc.	-	412,869
Bharat Forge PMT Technologie, LLC	4,953,330	5,002,827
Bharat Forge Aluminum USA Inc.	3,558,412	-
Total	**8,832,266**	**5,760,938**

NOTE E - INVESTMENTS

Investments include the following:

	As at December 31, 2019	December 31, 2018
Investment in Bharat Forge Tennessee, Inc.	6,127,756	6,155,785
Investment in Bharat Forge PMT Technologie, LLC	9,586,342	10,188,102
Investment in Bharat Forge Aluminium USA Inc	(1,634,686)	-
Investment in Kalyani Precision Machining Inc	(100)	-
Total	**14,070,792**	**16,343,887**

On November 30, 2016, the Company acquired 100 percent of shares of PMT Holdings Inc. and 82.10% of the membership interest of Walker Forge Tennessee, LLC, both of which are accounted for using the equity method.

Following is summary of financial position of PMT as at December 31, 2019 and December 31, 2018:

	As at December 31, 2019	December 31, 2018
Current assets	11,466,378	13,880,260
Property, plant, and equipment	14,010,571	13,916,486
Intangible assets, net	159,063	257,473
Other assets	81,900	81,900
Total assets	**25,717,912**	**28,136,119**
Current liabilities	7,555,612	8,389,388
Member's equity	**18,162,300**	**19,746,731**

PMT has revenues of $ 38,756,253 and loss of $ 732,958 for the year ended December 31, 2019 (for the year ended December 31, 2018: revenue $ 49,598,568 and a net profit of $ 805,487). The net (loss) profit is adjusted for depreciation based on fair value of fixed assets.

Following is summary of financial position of BFT as at December 31, 2019 and December 31, 2018:

	As at December 31, 2019	December 31, 2018
Current assets	471,600	750,000
Land, building and equipment	3,526,559	3,688,254
Investment	3,750,715	3,881,915
Total assets	**7,748,874**	**8,320,169**
Current liabilities	31,683	456,176
Non-current liabilities	783,212	702,574
Stockholder's equity	**6,933,979**	**7,161,418**

BFT has income from rentals of $ 360,000 and loss of $ 36,550 during the year ended December 31, 2019 (for the year ended December 31, 2018: income from rentals of $ 360,000 and net profit of $ 227,426). The net (loss) profit is adjusted for depreciation based on fair value of fixed assets.

Following is summary of financial position of BFALU as at December 31, 2019:

	As at December 31, 2019
Current assets	87,552
Capital work-in-progress	3,835,751
Total assets	**3,923,303**
Current liabilities	5,557,789
Stockholder's deficit	**(1,634,686)**

BFALU has obtained income grant from Community Economic Development North Carolina. The Company is entitled to receive grant over a period of 12 years amounting to $ 3,543,300 from the year ending December 31, 2021. As per the terms of the grant, the Company is liable to invest an amount of $ 101,891,184 in fixed assets on or before the year ended December 31, 2024. The Company has invested an amount of $ 4,117,669 during the year ended December 31, 2019 in capital work in progress. The Company is in a construction phase and is yet to start revenue generating activities. BFALU incurred a net loss of $ 1,634,786 during the period ended December 31, 2019.

Following is summary of financial position of KPM as at December 31, 2019:

	As at December 31, 2019
Current assets	100
Total assets	**100**
Current liabilities	200
Stockholder's deficit	**(100)**

KPM has obtained income grant from Community Economic Development North Carolina. The Company is entitled to receive grant over a period of 12 years amounting to $ 1,560,600 from the year ending December 31, 2023. As per the terms of the grant, the Company is liable to invest an amount of $ 34,400,000 in fixed assets on or before the year ended December 31, 2025. The Company is in a start-up phase and is yet to start revenue generating activities.

NOTE F - OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at December 31, 2019	December 31, 2018
Accrued interest	-	32,871
Provision for tax	-	832
Accrued expenses	174	11,413
Deferred rent, current	1,867	-
Employee related liabilities	-	2,252
Total	**2,041**	**47,368**

SHORT TERM BORROWINGS

Short term borrowings include the following:

	As at December 31, 2019	December 31, 2018
Line of credit	10,000,000	5,500,000
Current maturities of long-term borrowings	1,333,333	1,320,000
Total	**11,333,333**	**6,820,000**

Under a line of credit agreement with a bank, the Company has available borrowings of $ 13,000,000 through November 23, 2020. The interest rate as per the agreement was stipulated at 1.2% plus the applicable LIBOR at the time of advance up to October 9, 2019 and 1.35% plus the applicable LIBOR rate thereafter (an average effective rate of 3.65% for the year ended December 31, 2019 and 4.43% for the year ended December 31, 2018). The Company borrowed $ 6,000,000 and repaid loan amount of $ 1,500,000 during the year ended December 31, 2019. At December 31, 2019, the outstanding balance was $ 10,000,000 (December 31, 2018: $ 5,500,000). The line of credit is unsecured.

The interest expense for the year ended December 31, 2019 was $ 272,910 ($ 161,309 for the year ended December 31, 2018). The interest outstanding as on December 31, 2019 was Nil and as on December 31, 2018 was $ 14,094.

For the current maturities of long-term borrowings- *Refer Note H*.

NOTE G - LONG TERM BORROWINGS

Long term borrowings include the following:

	As at	
	December 31, 2019	**December 31, 2018**
Line of credit	1,333,333	2,680,000
Total	**1,333,333**	**2,680,000**

Under a line of credit agreement with a bank, the Company has available borrowings of $ 4,000,000 through November 23, 2021. The interest rate as per the agreement was stipulated at 1.35% plus the applicable LIBOR at the time of advance (an effective rate of 4.45% for the year ended December 31, 2019 and December 31, 2018).

Loan amount of $ 1,333,333 was repaid in November 2019. The agreement stipulates that the outstanding balances must be repaid at 33% of original loan amount of $ 4,000,000 in November 2020 ($ 1,333,333) and the balance in November 2021 ($ 1,333,333). At December 31, 2019, the outstanding balance was $ 2,666,666 (December 31, 2018: $ 4,000,000). The line of credit is guaranteed by Bharat Forge Limited.

The interest expense for the year ended December 31, 2019 was $ 170,006 ($ 136,442 for the year ended December 31, 2018). The interest outstanding as on December 31, 2019 was Nil and as on December 31, 2018 was $ 18,777.

NOTE H - COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company is obligated under operating leases with unrelated parties primarily for equipment. The rental expense for the year ended December 31, 2019 is $ 31,584.

As at December 31, 2019 future rental commitments for the non-cancelable leases are as follows:

Years ending December 31,	**Amount**
2020	32,480
2021	33,376
2022	34,272
2023	23,296
Total minimum lease payments	**123,424**

NOTE I - INCOME TAXES

For the year ended December 31, 2019, the Company will file a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States.

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

The components of the provision for income tax are as follows:

	For the year ended	
	December 31, 2019	**December 31, 2018**
Current tax benefit (expense)		
- Federal	35,454	-
- State	-	(32)
(Refund) provision for income taxes	**(35,454)**	**32**

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	
	December 31, 2019	**December 31, 2018**
Non-current deferred tax assets		
Start-up costs	1,972	6,706
Goodwill	51,210	55,538
Deferred rent	2,423	-
Net operating losses	6,643,925	6,246,548
Total deferred tax assets	**6,699,530**	**6,308,793**
Non-current deferred tax liabilities		
Investment in Bharat Forge PMT Technologie, LLC	(860,839)	(615,022)
Total deferred tax liabilities	**(860,839)**	**(615,022)**
Net deferred taxes	5,838,691	5,693,770
Less: deferred tax asset valuation allowance	(5,838,691)	(5,693,770)
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 $ 5,838,691 and $ 5,693,770 has been recorded as at December 31, 2019 and December 31, 2018, respectively.

As at December 31, 2019, the Company has federal net operating loss (NOL's) carry forwards of approximately $ 31,637,738. Out of total available NOL's of $ 31,637,738, NOL's aggregating to $ 28,720,579 pertaining to tax years 2006-2017 will expire through tax years 2026 and 2037. As per Tax Cuts and Jobs Act, NOL's aggregating to $ 2,917,159 generated in tax years 2018 and 2019 will be carried forward indefinitely for utilization.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the 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 December 31, 2019 and December 31, 2018.

The tax years of 2016 through 2018 remain subject to examination by the taxing authorities.

NOTE J - RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Parent company

1. Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc. as of December 31, 2019 and 2018, respectively) (BFL)

B. Subsidiaries

1. Bharat Forge Tennessee, Inc. (owning 100% of common stock as of December 31, 2019 and 2018, respectively) (BFT)
2. Bharat Forge PMT Technologie, LLC (owning 82.10% of common stock as of December 31, 2019 and 2018, respectively) (PMT)
3. Bharat Forge Aluminum USA, Inc (owning 100% of common stock as of December 31, 2019) (BFALU)
4. Kalyani Precision Machining, Inc. (owning 100% of common stock as of December 31, 2019) (KPM)

C. Other related parties where common control exists

1. Bharat Forge International Limited (BFIL)
2. Bharat Forge CDP GmbH, Germany (CDP)

PMT

As per the arrangement between Bharat Forge PMT Technologie, LLC and Bharat Forge America Inc., the vendor payments and receipts were processed and recorded in the operational bank accounts of BFA as PMT did not have an operational bank account at the time of acquisition in November 2016. The net receivable on account of the transactions processed by BFA on behalf of PMT was $ 4,953,330 as on December 31, 2019 and as on December 31, 2018 was $ 5,002,827.

To facilitate smooth operations the Company has obtained loan from bank, the proceeds thereof are used by PMT for working capital and other expenditure. The Company pays interest to the bank on the loan amount and recovers the interest paid, from PMT, to the extent of proceeds used by PMT during the year ended December 31, 2019. The total interest allocated to PMT during the year ended December 31, 2019 was $ 399,460 ($ 297,750 for the year ended December 31, 2018).

BFALU

The Company incurred expenses during the year ended December 31, 2019 on behalf of BFALU for capital investment, formation and interest expenses. The net receivable from BFALU amounted to $ 3,558,412 as on December 31, 2019.

A similar arrangement for loan with banks as explained above is made between the Company and BFALU. The total interest allocated to BFALU was $ 43,457 for the period ended December 31, 2019.

BFIL

The property taxes for property owned by BFIL in State of New York are paid by BFA on behalf of BFIL. The receivable from BFIL as on December 31, 2019 was NIL and as on December 31, 2018 was $ 49,994.

An amount of $ 75,482 was deposited by a customer on behalf of BFIL to BFA account which stands payable to BFIL as on December 31, 2018.

The net payable to BFIL by BFA is NIL as on December 31, 2019 and $ 25,489 as on December 31, 2018.

BFT

The Company had a payable outstanding to Bharat Forge Tennessee Inc. amounting to $ 36,219 as on December 31, 2019 and a receivable of $ 412,869 as on December 31, 2018 for payroll expenses and other expenses paid on behalf of BFT.

BFL

The Company had a receivable outstanding to Bharat Forge Limited. amounting to $ 320,524 as on December 31, 2019 and $ 345,242 as on December 31, 2018 for payroll expenses and other expenses paid on behalf of BFL.

NOTE K - COMMON STOCK

Common stock authorized, issued and outstanding

The authorized common stock is 3,000 shares with a par value of $ 0.01 as at December 31, 2019 and December 31, 2018 of which 60 shares were issued as at 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 L- FAIR VALUE MEASUREMENTS

Financial assets and liabilities held by the Company are not measured at fair value on a recurring basis but are recorded at amounts that approximates fair value due to their liquid or short-term nature include cash and cash equivalents, prepaid expenses, accounts receivable, accounts payable, and accrued expenses. In addition, the Company's line of credit obligations approximate fair value based on current interest rates.

NOTE M- SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 21, 2020 which is the date the separate parent company financials statements were issued. No material subsequent event has been noted.

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Bharat Forge Tennessee Inc.

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani	2150 Schmiede St,	KNAV P.A
Mr. S. E. Tandale	Surgoinsville	One Lakeside
Mr. S. G. Joglekar	TN 37873	Commons, Suite 850
Mr. Michael Weis	U.S.A.	990 Hammond Drive NE,
Mr.K.P.Dixit		Atlanta, GA 30328

Independent Auditor's Report

Board of Directors
Bharat Forge Tennessee, Inc.

We have audited the accompanying financial statements of Bharat Forge Tennessee, Inc. (“the Company”) which comprise the balance sheets as at December 31, 2019 and December 31, 2018, and the related statements of (loss) income, stockholder’s equity, and cash flows for the years then ended and the related notes to the financial statements.

Management’s responsibility 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; 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.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018 and the result of its operations, stockholder’s equity and the cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States.

Atlanta, Georgia
April 21, 2020

Balance Sheet as on 31st December, 2019

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

			As at 31/12/2018
	Rs.	USD	USD
Assets			
Current Assets			
Cash and Cash equivalents	3,396,587	45,056	-
Trade Receivables (refer note G)	32,130,903	426,219	750,000
Other Current Assets	24,500	325	-
Total current assets	**35,551,990**	**471,600**	**750,000**
Land, Building and Equipment - Net	265,852,824	3,526,559	3,688,254
Investment in non-consolidated affiliate	282,751,026	3,750,715	3,881,914
Total assets	**584,155,840**	**7,748,874**	**8,320,168**
Liabilities and Stockholder's Equity			
Current Liabilities			
Trade accounts payable (refer note G)	-	-	412,869
Other accrued liabilities	2,388,451	31,683	43,307
Total current liabilities	**2,388,451**	**31,683**	**456,176**
Non Current - Deffered Tax Liability	59,043,142	783,212	702,574
Total liabilities	**61,431,593**	**814,895**	**1,158,750**
Stockholder's Equity			
Common stock ($ 0.01 par value, authorized, issued and outstanding 100 shares)	75	1	1
Additional paid - in -capital	352,587,167	4,677,097	4,677,097
Accumulated Surplus	170,137,005	2,256,881	2,484,320
Total stockholder's equity	**522,724,247**	**6,933,979**	**7,161,418**
Total liabilities and stockholder's equity	**584,155,840**	**7,748,874**	**8,320,168**

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

Statements of income (loss) for the period ended December 31, 2019

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

			Previous Year
	Rs.	**USD**	**USD**
Lease Income	27,138,924	360,000	360,000
Less : Cost of revenues (depreciation)	12,189,523	161,695	161,695
Gross Profit	**14,949,401**	**198,305**	**198,305**
Cost and expenses			
Selling and Administrative Expenses	16,062,851	213,075	224,480
Operating Loss	**(1,113,450)**	**(14,770)**	**(26,175)**
(Deficit)/Equity in earnings of unconsolidated Investees	(9,890,555)	(131,199)	144,182
(Loss) / Profit before income taxes	(11,004,005)	(145,969)	118,007
Current tax (expenses)	(62,721)	(832)	(800)
Deferred tax (expenses)/benefit	(6,078,968)	(80,638)	22,433
Net (loss) /Profit	**(17,145,694)**	**(227,439)**	**139,640**

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

Statement of Stockholder's Equity

	Common Stock											
	Authorized			Issued & outstanding			Additional paid in capital		Accumulated Surplus		Total Stockholder's equity	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as at January 1,2018	10,000	7,539	100	100	75	1	352,587,167	4,677,097	176,755,812	2,344,680	529,343,054	7,021,778
Net profit						-		-	10,526,887	139,640	10,526,887	139,640
Balance as at December 31, 2018	10,000	7,539	100	100	75	1	352,587,167	4,677,097	187,282,699	2,484,320	539,869,941	7,161,418
Balance as at January 1,2019	10,000	7,539	100	100	75	1	352,587,167	4,677,097	187,282,699	2,484,320	539,869,941	7,161,418
Net profit	-	-	-	-	-	-	-	-	(17,145,694)	(227,439)	(17,145,694)	(227,439)
Balance December 31 , 2019	**10,000**	**7,539**	**100**	**100**	**75**	**1**	**352,587,167**	**4,677,097**	**170,137,005**	**2,256,881**	**522,724,247**	**6,933,979**

Statement of Cash Flow for the period ended December 31 , 2019

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

			Previous Year
	Rs.	**USD**	**USD**
Cash Flow from Operating Activities			
Net (loss) Profit	(17,145,694)	(227,439)	139,640
Adjustments to reconcile net profit to net cash fom Operating Activities :			
Depreciation	12,189,523	161,695	161,695
Equity in loss (earnings) of unconsolidated investees	9,890,555	131,199	(144,182)
Deferred tax benefit	6,078,968	80,638	(22,433)
Changes in net operating assets and liabilities			
Account Receivable	24,408,522	323,781	(360,000)
Other Current Assets	(24,500)	(325)	-
Account Payable	(31,124,501)	(412,869)	197,685
Other Current liabilities	(876,286)	(11,624)	27,595
Net cash provided by operating acitivties	**3,396,587**	**45,056**	-
Net Increase (Decrease) in Cash and Cash Equivalents	**3,396,587**	**45,056**	**-**
Cash and Cash Equivalents - Beginning of Year	**-**	**-**	**-**
Cash and Cash Equivalents - End of Year	**3,396,587**	**45,056**	**-**
Supplemental cash flow information			
Income taxes paid	1,597,880.00	21,196	30,083

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

NOTE A - NATURE OF OPERATIONS

Bharat Forge Tennessee, Inc. ("BFT" or the "Company") leases land and a forging facility to Bharat Forge PMT Technologie, LLC, ("PMT'), in which the Company has a minority interest of 17.90%.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States ("US GAAP"). The significant accounting policies are detailed below:

1. Basis of preparation

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

b. The financial statements are for the years ended December 31, 2019 and December 31, 2018.

c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. This has no impact on previously reported net income.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment and estimation relating to unsettled transactions and events at the balance sheet date 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 changes in accounting estimates are recognized prospectively in the current and future periods.

3. Revenue recognition

The Company leases land and a forging facility to Bharat Forge PMT Technologie, LLC, a related party, under a month-to-month lease agreement, which is accounted for as an operating lease. Bharat Forge PMT Technologie, LLC is responsible for paying property taxes, insurance, and other property expenses.

4. Accounts receivable and provision for doubtful debts

All accounts receivable are derived from lease agreements with Bharat Forge PMT Technologie, LLC. An allowance for doubtful debts has not been recorded at December 31, 2019 and December 31, 2018 as management considers all accounts receivable collectible.

5. Land, building and equipment and depreciation

Land, building, and equipment are stated at cost less accumulated depreciation. Cost of items of land, building and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

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

The estimated useful life used to determine depreciation is:

Land	-
Land improvements	30 years
Buildings	10-30 years
Machinery and equipment	10 years

6. 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 investee.

7. Income taxes

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

The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority is 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 was separately filing its tax return.

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.

9. Recently issued accounting standards not yet adopted

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2021. The Company is currently evaluating the impact of this standard on its financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - LAND, BUILDING AND EQUIPMENT, NET

Land, building and equipment, net includes the following:

	As at	
	December 31, 2019	**December 31, 2018**
Land	282,889	282,889
Land improvements	341,046	341,046
Building	3,121,281	3,121,281
Machinery and equipment	950,354	950,354
	4,695,570	**4,695,570**
Less: Accumulated depreciation	(1,169,011)	(1,007,316)
Lan, building and equipment, net	**3,526,559**	**3,688,254**

Depreciation expense for the year ended December 31, 2019 was $ 161,695 and for the year ended December 31, 2018 was $ 161,695.

NOTE D - INVESTMENT IN NON-CONSOLIDATED AFFILIATE

Investment in non-consolidated affiliate include:

	As at	
	December 31, 2019	**December 31, 2018**
Investment in Bharat Forge PMT Technologie, LLC	3,750,715	3,881,915
Total	**3,750,715**	**3,881,915**

Following is a summary of the financial position of PMT as at December 31, 2019 and December 31, 2018:

	As at	
	December 31, 2019	**December 31, 2018**
Current assets	11,466,378	13,880,260
Property, plant and equipment, net	14,010,571	13,916,486
Intangible assets, net	159,063	257,473
Other assets	81,900	81,900
Total assets	**25,717,912**	**28,136,119**
Current liabilities	7,555,612	8,389,388
Member's equity	**18,162,300**	**19,746,731**

PMT has revenues of \$ 38,756,253 and loss of \$ 732,958 for the year ended December 31, 2019 (for the year ended December 31, 2018: revenue \$ 49,598,568 and a net profit of \$ 805,487). The (loss) profit is adjusted for depreciation based on fair value of fixed assets.

NOTE E- OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at	
	December 31, 2019	**December 31, 2018**
Provision for taxes	-	14,024
Payable to related party *(refer note G)*	31,683	29,283
Total	**31,683**	**43,307**

NOTE F - INCOME TAXES

The Company will file a federal tax return as a member of Bharat Forge America Inc. consolidated group for the year ended December 31, 2019.

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

The components of the provision for income taxes are as follows:

	Year ended	
	December 31, 2019	**December 31, 2018**
Current taxes		
Federal	-	-
State	832	800
Deferred taxes		
Federal	57,233	(13,326)
State	23,405	(9,107)
Provision for income taxes	**81,470**	**(21,632)**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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

	As at	
	December 31, 2019	**December 31, 2018**
Non-current deferred tax assets		
Federal & state net operating losses	86,907	35,076
Total deferred tax asset	**86,907**	**35,076**
Non-current deferred tax liability		
Land improvements, building and equipment	(624,271)	(563,214)
Investment in Bharat Forge PMT Technologie, LLC	(245,848)	(174,436)

	As at	
	December 31, 2019	December 31, 2018
Total deferred tax liability	**(870,119)**	**(737,650)**
Net deferred liability	**(783,212)**	**(702,574)**

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. Net deferred tax liabilities of $ 783,212 and $ 702,574 are recorded as at December 31, 2019 and 2018, respectively.

The Company has federal net operating loss carryforwards of approximately $ 322,908 as at December 31, 2019, and as per Tax Cuts and Jobs Act, these will be carried forward indefinitely for utilization. The Company has state net operating loss carryforward in the state of Tennessee of approximately $ 293,786 as at December 31, 2019, 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 December 31, 2019.

The tax years of 2016 through 2018 remain subject to examination by the taxing authorities.

NOTE G - RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company
Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc. as of December 31, 2019 and 2018, respectively)

B. Parent company
Bharat Forge America, Inc. (owning 100% of common stock as of December 31, 2019 and 2018 respectively)

C. Affiliates
Bharat Forge PMT Technologie, LLC (owning 17.91% of common stock as of December 31, 2019 and 2018, respectively)

The Company leased land and forging facility to Bharat Forge PMT Technologie, LLC (starting from December 1, 2016) which is commonly owned by Bharat Forge America, Inc., and in which the Company owns minority interest. The lease rental amounts to $ 30,000 monthly and requires PMT to pay for property taxes, insurance, and other property related expenses. The lease revenue for the year ended December 31, 2019 and year ended December 31, 2018 was $ 360,000 and $ 360,000, respectively. The receivable from PMT for the year ended December 31, 2019 and December 31, 2018 amounted to $ 390,000 and $ 750,000, respectively.

Income tax of $ 29,283 was paid by Bharat Forge PMT Technologie, LLC (PMT) on behalf of Bharat Forge Tennessee, Inc. The same amount was payable to Bharat Forge PMT Technologie, LLC as on December 31, 2019 and December 31, 2018., and is included in other current liabilities. *(refer note E)*.

During the year 2019 the Company incurred expenses on behalf of Bharat Forge America, Inc. amounting to $ 104,415 ($ 197,685 during year ended December 31, 2018). The Company made payments amounting to $ 553,503. As at the year ended December 31, 2019 the Company has receivable from Bharat Forge America, Inc. amounting to $ 36,219 and payable as at year ended December 31, 2018 amounting to $ 412,869.

Income tax of $ 800 was paid by Bharat Forge America, Inc. on behalf of Bharat Forge Tennessee, Inc. (December 31, 2018: $ 800). Thus, amount of $ 1,600 was payable to Bharat Forge America, Inc. as on December 31, 2019 ($ 800 as on a December 31, 2018), and is included in other current liabilities. *(refer note E)*.

NOTE H - COMMON STOCK

Common stock authorized, issued and outstanding

The authorized common stock is 10,000 shares with a par value of $ 0.01 as at December 31, 2019 of which 100 shares were issued as at 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 I - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 21, 2020 which is the date the financial statements were issued. No material subsequent events have been noted

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Bharat Forge PMT Technologie LLC

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani	2150 Schmiede St,	KNAV P.A
Mr. Michael Weis	Surgoinsville,	One Lakeside
Mr. S. E. Tandale	TN 37873,	Commons, Suite 850
Mr. S. G. Joglekar	U.S.A.	990 Hammond Drive NE,
Mr. K.P.Dixit		Atlanta, GA 30328

To the members,
Bharat Forge PMT Technologie, LLC

We have audited the accompanying financial statements of Bharat Forge PMT Technologie, LLC (the "Company") which comprise the balance sheets as at December 31, 2019 and as at December 31, 2018 and the related statements of loss, members' equity, and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility 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; 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018 and the result of its operations, members' equity and the cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States.

Atlanta, Georgia
April 21, 2020

Balance Sheet as on 31st December, 2019

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

			As at 31/12/18
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	218,632,604	2,900,179	761,895
Accounts receivable,net	263,550,539	3,496,019	5,888,399
Receivable from related parties (Refer Note H)	81,567,242	1,081,996	-
Inventories,net	284,364,586	3,772,119	7,046,696
Prepaid expenses and other current assets	16,288,255	216,065	183,270
Total current assets	**864,403,226**	**11,466,378**	**13,880,260**
Property, plant and Equipment, Net	1,056,199,504	14,010,571	13,916,752
Intangible assets, net	11,991,107	159,063	257,207
Other Assets	6,174,106	81,900	81,900
Total assets	**1,938,767,943**	**25,717,912**	**28,136,119**
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable	122,027,609	1,618,706	1,283,525
Payable to related parties (Refer Note I)	407,043,001	5,399,458	6,580,778
Other current liabilities	40,516,001	537,448	525,085
Total current liabilities	**569,586,611**	**7,555,612**	**8,389,388**
Members' Equity			
Member's capital	7,346,356	97,450	97,450
Additional paid in capital	2,846,507,129	37,759,145	37,759,145
Accumulated Deficit	(1,484,672,153)	(19,694,295)	(18,109,864)
Total members' equity	**1,369,181,332**	**18,162,300**	**19,746,731**
Total liabilities and Member's equity	**1,938,767,943**	**25,717,912**	**28,136,119**

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

Statement of loss

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

	Year ended		
	December 31, 2019		December 31, 2018
	Rs.	USD	USD
Operating Revenues	2,921,788,921	38,757,764	49,598,568
Less : Cost of revenues	(2,719,566,471)	(36,075,267)	(43,931,852)
Gross Profit	**202,222,450**	**2,682,497**	**5,666,716**
Cost and Expenses			
Selling,general and Administrative Expenses	172,166,922	2,283,808	3,590,896
Depreciation and Amortization	161,777,237	2,145,988	1,845,075
Total cost and expenses	**333,944,159**	**4,429,796**	**5,435,971**
Operating (Loss) Profit	(131,721,709)	(1,747,299)	230,745
Non-operating Income	12,277,951	162,868	(355,707)
Net loss	**(119,443,758)**	**(1,584,431)**	**(124,962)**

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

Statement of Changes in Members' Equity
For the year ended December 31, 2019 and December 31, 2018

	Member's Contribution		Additional paid in capital		Accumulated deficit		Total Member's equity	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance January 01, 2018	**7,346,356**	**97,450**	**2,846,507,129**	**37,759,145**	**(1,355,808,024)**	**(17,984,902)**	**1,498,045,461**	**19,871,693**
Net Loss during the period	-	-	-	-	(9,420,371)	(124,962)	(9,420,373)	(124,962)
Member's equity as at December 31,2018	**7,346,356**	**97,450**	**2,846,507,129**	**37,759,145**	**(1,365,228,395)**	**(18,109,864)**	**1,488,625,088**	**19,746,731**
Member's equity as at January 01, 2019	**7,346,356**	**97,450**	**2,846,507,129**	**37,759,145**	**(1,365,228,395)**	**(18,109,864)**	**1,488,625,088**	**19,746,731**
Net income during the year	-	-	-	-	(119,443,758)	(1,584,431)	(119,443,758)	(1,584,431)
Member's equity as at December 31,2019	**7,346,356**	**97,450**	**2,846,507,129**	**37,759,145**	**(1,484,672,153)**	**(19,694,295)**	**1,369,181,330**	**18,162,300**

Statement of Cash Flow for the year ended December 31,2019 and December 31, 2018

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

	December 31, 2019		December 31, 2018
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net Income (Loss)	**(119,443,758)**	**(1,584,431)**	**(124,962)**
Adjustments to reconcile net loss to net income (loss) to net cash provided by operating activities :			
Depreciation and amortization	161,777,237	2,145,988	1,845,075
Loss on disposal of fixed asset	4,595,223	60,956	-
Provision for Invertory	1,507,718	20,000	-
Changes in net operating assets and liabilities			
Account Receivable	180,351,719	2,392,380	1,461,610
Receivables from related party	(81,567,242)	(1,081,996)	-
Inventories	226,707,866	3,007,298	(1,585,664)
Other current assets	(2,472,280)	(32,795)	(176,222)
Accounts Payable	25,267,921	335,181	(1,590,839)
Payable, related party	(89,054,871)	(1,181,320)	2,214,802
Other current liabilities	931,996	12,363	(8,799)
Net cash provided by operating acitivties	**308,601,529**	**4,093,624**	**2,035,001**
Cash Flows from Investing Activities			
Purchase of property, plant, and equipment	(147,895,074)	(1,961,840)	(2,114,316)
Purchase of intangibles	-	-	(257,473)
Proceeds from sale of property, plant, and equipment	490,009	6,500	
Net cash provided in investing acitivties	**(147,405,065)**	**(1,955,340)**	**(2,371,789)**
Net Increase (decrease) in Cash and Cash Equivalents	**161,196,464**	**2,138,284**	**(336,788)**
Cash and Cash Equivalents at the Beginning of the year/period	57,436,140	761,895	1,098,683
Cash and Cash Equivalents at the end of the year/period	**218,632,604**	**2,900,179**	**761,895**
Supplemental cash flow information			
Interest paid	36,839,280	488,676	287,677

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

NOTE A - NATURE OF OPERATIONS

Bharat Forge PMT Technologie, LLC (formerly Walker Forge Tennessee, LLC, or the "Company") is engaged in the manufacture and sale of steel forgings. The Company sells its products primarily to customers in the automotive, construction and recreational vehicle industries.

On November 30, 2016, the Company was acquired by Bharat Forge America, Inc. (82.10%) and Bharat Forge Tennessee, Inc. (17.90%). Subsequent to acquisition, the Company changed its name from Walker Forge Tennessee, LLC to Bharat Forge PMT Technologie, LLC.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). The significant accounting policies are detailed below.

1. *Basis of presentation*

a. The effects of the acquisitions have not been pushed down to these financial statements. All amounts are stated in United States Dollars, except as otherwise specified.

b. The financial statements are presented for the year ended December 31, 2019 and December 31, 2018.

c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to confirm to the classifications used in the current year. This has no impact on previously reported net loss.

2. *Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment and their impairment, and inventory valuation and estimation relating to unsettled transactions and events at the balance sheet date 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 revisions in accounting estimates are recognized prospectively in the current and future periods.

3. *Cash and cash equivalents*

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

4. *Revenue recognition*

The Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) as of January 1, 2019. Results for the year ended December 31, 2019 are presented under Topic 606, while earlier periods are presented under previous guidance. Please refer Note T "Revenue from contracts with customers" for further information on the Company's revenue.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. The Company's global payment terms are typically 90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

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.

Revenue on consignment sale is recognized when the transfer of control is established between the buyer and the Company as per contractual obligation.

5. *Accounts receivable and provision for doubtful debts*

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

6. *Inventories*

Inventories are stated at the lower of cost and market value. Cost is determined using the weighted average method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads.

A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances.

Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete and impaired inventory. Such write-downs, if any, are included in cost of revenues.

7. *Property, plant and equipment and depreciation*

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise 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. 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 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:

Building improvements	10 years
Machinery and equipment	4-15 years
Production tools and dies	4-8 years
Office furniture	5-10 years
Vehicles	9 years

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

8. *Intangible assets*

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

Software	3-5 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. Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

11. Income taxes

The Company is treated as a pass-through entity for federal income tax purposes. Generally, the income of an LLC is not subject to federal income tax at the entity level, but rather the members are required to include a pro-rata share of the entity’s taxable income or loss in their business or personal income tax returns, irrespective of whether dividends have been paid. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

12. Fair value measurements and financial instruments

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

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

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

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

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

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

13. Commitments and contingencies

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

14. Change in accounting principle

The Company changed the method of inventory valuation from first-in-first-out method to weighted average method from January 1, 2018. The effect of accounting change that is required to be adopted by retrospective application is considered to be immaterial to prior period financial statements. The effect should be reflected in the results of operations for the period in which the change is made unless the cumulative effect is material to current operations or to the trend of the reported results of operations. The effect of this change is not material to the current period financial statements and hence not applied retrospectively.

15. Recently issued accounting standards not yet adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2021. The Company is currently evaluating the impact of this standard on its financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

In November 2018, the FASB issued ASU 2018-18, Collaborative Arrangements (Topic 808), clarifying the interaction between Topic 808 and Topic 606. The amendments in ASU 2018-18 make targeted improvements to GAAP for collaborative arrangements by clarifying that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 when the collaborative arrangement participant is a customer in the context of a unit of account. In those situations, all the guidance in Topic 606 should be applied, including recognition, measurement, presentation, and disclosure requirements. In addition, unit-of-account guidance in Topic 808 was aligned with the guidance in Topic 606 (that is, a distinct good or service) when an entity is assessing whether the collaborative arrangement or a part of the arrangement is within the scope of Topic 606. ASU 2018-18 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

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

In management's opinion, as of December 31, 2019 and December 31, 2018, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents and trade receivables.

Company's four customers having greater than 10% accounts receivable accounted for approximately 73% (previous year two customers for 62%) of total accounts receivable. Four customers accounted for approximately 69% of total sales during the year 2019 (previous year two customers for 50%).

Company's two vendors having greater than 10% of the accounts payable accounted for 48% of accounts payable as of December 31, 2019 (previous year one vendor accounted for 36%).

NOTE D - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at	
	December 31, 2019	**December 31, 2018**
Cash in hand	927	446
Balance with banks	2,899,252	761,449
Total	**2,900,179**	**761,895**

NOTE E - INVENTORIES, NET

Major classes of inventory are as follows:

	As at	
	December 31, 2019	**December 31, 2018**
Raw material	605,021	2,053,743
Work in progress	1,955,326	3,494,687
Finished goods	1,391,772	1,658,266
Inventory reserve	(180,000)	(160,000)
Total	**3,772,119**	**7,046,696**

The Company changed the method of valuation of inventory from first-in-first-out to weighted average method from January 1, 2018. The effect of change in valuation on the inventory balances as on January 1, 2018 amounted to downward valuation by $ 149,010.

NOTE F - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment includes the following:

	As at	
	December 31, 2019	**December 31, 2018**
Building improvements	1,112,317	520,926
Machinery and equipment	37,697,682	36,715,947
Production tools and dies	1,292,203	1,014,339
Vehicles	153,133	92,327
Construction-in-progress	493,150	719,243
	40,748,485	**39,062,782**
Less: accumulated depreciation	(26,737,914)	(25,146,030)
Property, plant and equipment, net	**14,010,571**	**13,916,752**

Depreciation expense for the year ended December 31, 2019 was $ 1,985,800 (for the year ended December 31, 2018 $ 1,642,630).

NOTE G - INTANGIBLE ASSETS, NET

Intangible assets include the following:

	As at	
	December 31, 2019	**December 31, 2018**
Software	701,199	641,811
Less: accumulated depreciation	(542,137)	(384,604)
Property, plant and equipment, net	**159,063**	**257,207**

Amortization expense for the year ended December 31, 2019 was $ 160,188 (for the year ended December 31, 2018 $ 202,445).

NOTE H - RECEIVABLE FROM RELATED PARTIES

Receivable from related parties include:

	As at	
	December 31, 2019	**December 31, 2018**
Bharat Forge CDP GmbH (Germany)	15,466	-
Bharat Forge Aluminum USA, Inc.	1,066,530	-
Total	**1,081,996**	**-**

(Refer Note N)

NOTE I - PAYABLE TO RELATED PARTIES

Payable to related parties include:

	As at	
	December 31, 2019	**December 31, 2018**
Bharat Forge CDP GmbH (Germany)	-	65,694
Bharat Forge Global Holding GmbH (Germany)	60,620	60,620
Bharat Forge Aluminium Technik GmbH (Germany)	-	730,920
Bharat Forge Limited	24,790	-
Bharat Forge Tennessee, Inc.	360,717	720,717
Bharat Forge America, Inc.	4,953,331	5,002,827
Total	**5,399,458**	**6,580,778**

(Refer Note N)

NOTE J - OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at	
	December 31, 2019	**December 31, 2018**
Accrued expenses	315,009	298,410
Employee related liabilities	222,439	226,675
Total	**537,448**	**525,085**

NOTE K - COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company is obligated under operating leases with unrelated parties primarily for equipment. The rental expense for the year ended December 31, 2019 is $ 547,536 (for the year ended December 31, 2018 $ 101,874).

As at December 31, 2019 future rental commitments for the non-cancelable leases are as follows:

Years ending December 31,	**Amount**
2020	515,294
2021	449,719
2022	408,281
2023	399,703
2024	394,033
Thereafter	486,432
Total minimum lease payments	**2,653,461**

NOTE L - INCOME TAXES

For the year ended December 31, 2019, the limited liability company will file a federal tax return as per applicable regulations in the United States. 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. The Company files the entity level return in the state of Tennessee.

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	
	December 31, 2019	December 31, 2018
Non-current deferred tax liabilities		
Property, plant and equipment	(647,999)	(569,120)
Total deferred tax liabilities	**(647,999)**	**(569,120)**
Non-current deferred tax assets		
Inventory	12,032	-
Inventory obsolescence	11,700	3,900
Provision for bad debts	7,092	-
Interest disallowed	3,912	-
State tax credit carryforward	184,644	257,160
State net operating loss carryforward	2,016,134	1,981,694
Total deferred tax assets	**2,235,514**	**2,242,754**
Net deferred taxes	1,587,515	1,673,634
Less: Deferred tax assets valuation allowance	(1,587,515)	(1,673,634)
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 assets may not be realized in foreseeable future. In recognition of this risk, a valuation allowance of $1,587,515 and $1,673,634 has been created as at December 31, 2019 and December 31, 2018, respectively.

The Company has net operating loss (NOL's) carryforward in the State of Tennessee of approximately $31,017,445 as at December 31, 2019, which, if unutilized, will expire during the years 2027 through 2034.

Accounting for uncertain tax position

The partnership 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 December 31, 2019 and December 31, 2018.

The tax years of 2016 through 2018 remain subject to examination by the taxing authorities.

NOTE M - EMPLOYEE BENEFIT PLANS

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

The Company has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended December 31, 2019 was $ 154,449 (for the year ended December 31, 2018 it was $ 167,862).

NOTE N - RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company

1. Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc. as of December 31, 2019 and 2018, respectively) (BFL)

B. Parent company

1. Bharat Forge America, Inc. (owning approximately 82% of the membership interest) (BFA)
2. Bharat Forge Tennessee, Inc. (owning approximately 18% of the membership interest) (BFT)

C. Other related parties where common control exists

1. Bharat Forge CDP GmbH (CDP)
2. Bharat Forge Aluminum Technik GmbH (Germany) (BFAT)
3. Bharat Forge Global Holding GmbH (Germany) (GMBH)
4. Bharat Forge Aluminum USA, Inc (BFALU)

The Company had transactions relating to accounts payable with following related parties:

BFA

Fund utilization:

As per the arrangement between Bharat Forge PMT Technologie LLC and Bharat Forge America, Inc., the vendor payments and receipts were processed and recorded in the operational bank accounts of BFA as PMT did not have bank accounts at the time of its formation, as a part of acquisition by Bharat Forge group in November 2016. A service fee was charged by BFA to the Company in lieu of the above transaction and payable on account of the same was included in the above. The net payable on account of the transactions processed by BFA on behalf of PMT as on December 31, 2019 was $ 4,953,331 and as on December 31, 2018 was $ 5,002,827. The aforesaid balance includes interest allocated to the Company by BFA.

To facilitate smooth operations the parent company, BFA, has obtained loan from bank, the proceeds thereof are used by the Company for capital and other expenditure. BFA pays interest to the bank on the loan amount and recovers the interest paid from the Company, to the extent of proceeds used during the year ended December 31, 2019. The total interest allocated to the Company during the year ended December 31, 2019 was $ 399,460 ($ 297,750 for the year ended December 31, 2018).

CDP

The Company has receivables outstanding from Bharat Forge CDP GmbH for expenses incurred on behalf of the Company, amounting to $ 15,466 as at December 31, 2019 and payables of $ 65,694 as at December 31, 2018.

BFAT

The Company has payable outstanding to Bharat Forge Aluminum Technik GmbH (Germany) amounting to $ NIL as at December 31, 2019 and $ 730,920 as at December 31, 2018.

GmbH

The Company has payables outstanding to Bharat Forge Global Holding GmbH (Germany) amounting to $ 60,620 as at December 31, 2019 and $ 60,620 as at December 31, 2018.

BFL

BFL charged $ 24,790 on account of commission for loan guarantee and other expenses. The same amount was payable to BFL as on December 31, 2019.

BFT

The Company has taken a premise on lease from Bharat Forge Tennessee, Inc. ('BFT'). The lease agreement requires the Company to pay $ 30,000 per month plus taxes, insurance, and maintenance on the property. Rental expense during the year ended December 31, 2019 was $ 360,000, and for year ended December 31, 2018 was $ 360,000. Intercompany rent payable to BFT as at December 31, 2019 was $ 360,717 and $ 750,000 as at December 31, 2018.

Income tax of $ 29,283 was paid by the Company on behalf of BFT for the year ended December 31, 2018. The same amount was receivable from BFT on December 31, 2018.

The net payable to BFT as on December 31, 2019 was $ 360,717 and as on December 31, 2018 was $ 720,717.

BFALU

Expenses on account of capital expenditure totaling $ 1,036,872 were paid by the Company on behalf of BFALU. The same was outstanding as on December 31, 2019.

Of the total interest allocated to BFALU by BFA, interest amounting to $ 29,658 was paid by the Company. The same was outstanding as on December 31, 2019.

The total payable balance was $ 1,066,530 as on December 31, 2019.

NOTE O - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 21, 2020 which is the date the financial statements were issued. No material subsequent event has been noted.

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Bharat Forge Aluminum USA, Inc.

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani	160 Mine Lake	KNAV P.A
Mr. Ravi Nagarkar	Court, Suite 200,	One Lakeside
Mr. Michael Weis	Raleigh, NC 27615	Commons, Suite 850
Mr. Lutz Muller	U.S.A.	990 Hammond Drive NE,
		Atlanta, GA 30328

Independent Auditor's Report

Board of Directors
Bharat Forge Aluminum USA, Inc.

We have audited the accompanying financial statements of Bharat Forge Aluminum USA, Inc. (“the Company”) which comprise the balance sheet as at December 31, 2019 and the related statement of loss, stockholder’s deficit, and cash flows for the period September 27, 2019 to December 31, 2019 and the related notes to the financial statements.

Management’s responsibility 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; 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.

Auditor’s responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2019 and the result of its operations, stockholder’s deficit and the cash flows for the period then ended, in accordance with accounting principles generally accepted in the United States.

Atlanta, Georgia
April 21, 2020

Bharat Forge Aluminum USA, Inc.

Balance Sheet as on 31st December, 2019

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

		As at 31/12/2019
	Rs.	**USD**
Assets		
Current Assets		
Cash and Cash equivalents	6,600,186	87,552
Total current assets	**6,600,186**	**87,552**
Capital Work -in-progress	289,161,542	3,835,751
Total Assets	**295,761,728**	**3,923,303**
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable	8,817,587	116,966
Other current liabilities	15,077	200
Payable to related parties (refer note F)	410,161,339	5,440,823
Total current liabilities	**418,994,003**	**5,557,989**
Stockholder's Equity		
Common stock (no par vallue, authorised 100 shares,issues and outstanding 10 shares)	7,539	100
Accumulated Deficit	(123,239,814)	(1,634,786)
Total stockholder's deficit	**(123,232,275)**	**(1,634,686)**
Total liabilities and stockholder's deficit	**295,761,728**	**3,923,303**

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

Statements of income (loss) for the period ended December 31, 2019

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

		31/12/2019
	Rs.	**USD**
Costs and expenses		
Selling and Administrative Expenses	119,963,769	1,591,329
Interest expenses	3,276,045	43,457
Total cost and expenses	**123,239,814**	**1,634,786**
Loss before tax	**(123,239,814)**	**(1,634,786)**
Income tax expense	-	-
Net Loss	**(123,239,814)**	**(1,634,786)**

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

Statement of Stockholder's Equity

	Common Stock											
	Authorized			Issuesd & outstanding			Additioanl paid in capital		Accumulated Deficit		Total Stockholder's equity	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as at September 27,2019	-	-	-	-	-	-	-	-	-	-	-	-
Common stock authorized, issued and outstanding(no par value)	100	75,386	1000	10	7,539	100	-	-	-	-	7,539	100
Net Loss	-	-	-	-	-	-	-	-	(123,239,814)	(1,634,786)	(123,239,814)	(1,634,786)
Balance as at December 31, 2019	100	75,386	1,000	10	7,539	100	-	-	(123,239,814)	(1,634,786)	(123,232,275)	(1,634,686)

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

Statement of Cash Flow for the period ended December 31 , 2019

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

		Period ended December 31, 2019
	Rs.	**USD**
Cash Flow from Operating Activities		
Net Loss	(123,239,814)	(1,634,786)
Changes in net operating assets and liabilities		
Payable,related party	120,999,797	1,605,072
Account payable	8,817,587	116,966
Other current liabilities	15,077	200
Net cash provided by operating activities	6,592,647	87,452
Cash flow from financing activities		
Proceeds from issuance of equity shares	7,539	100
Net cash provided by operating acitivties	**7,539**	**100**
Net Increase in Cash and Cash Equivalents	6,600,186	**87,552**
Cash and Cash Equivalents - Beginning of Year	-	**-**
Cash and Cash Equivalents - End of Year	**6,600,186**	**87,552**

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

Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Bharat Forge Aluminum USA, Inc. (hereinafter referred to as “BFALU” or the “Company”) was incorporated in the State of North Carolina on September 27, 2019 and is a wholly owned subsidiary of Bharat Forge America Inc (“BFA”).

The Company is in a set-up and construction phase and is yet to commence revenue generating activities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States (“US GAAP”). The significant accounting policies are detailed below:

1. *Basis of preparation*

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

   b. The financial statements are for the period September 27, 2019 to December 31, 2019.

2. *Use of estimates*

   The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. 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 changes in accounting estimates are recognized prospectively in the current and future periods.

3. *Income taxes*

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

   The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority is 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 was separately filing its tax return.

4. Revenue recognition

The Company is currently in a start-up phase and is expected to commence operations once the set-up for commercial production is completed.

4. Government incentives

The Company receives incentives from Community Economic Development North Carolina in the form of business development grants. These grants are recognized at their fair values in the statement of income where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received.

5. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise 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. 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 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.

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.

6. 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.

7. 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.

8. Fair value measurement

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

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

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

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

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

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

9. *Recently issued accounting standards not yet adopted*

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - CAPITAL WORK-IN-PROGRESS

Capital work-in-progress include the following:

	As at December 31, 2019
Plant and tooling design	733,326
Capital advances	3,102,425
Total	**3,835,751**

Capital advances were paid to a vendor during the period for plant and tooling facility to set up in the next financial year.

NOTE D - OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at December 31, 2019
Provision for franchise tax	200
Total	**200**

NOTE E - PAYABLES, RELATED PARTIES

Payables, related parties include the following:

	As at December 31, 2019
Bharat Forge America Inc.	3,558,412
Bharat Forge PMT Technologie, LLC	1,066,530
Bharat Forge Aluminiumtechnik GmbH	741,454
Bharat Forge Global Holding GmbH	70,030
Bharat Forge Limited	4,397
Total	**5,440,823**

NOTE F - INCOME TAXES

The Company will file a federal tax return for the period September 27, 2019 to December 31, 2019 as a member of Bharat Forge America Inc. consolidated group when the consolidated return for the year ended December 31, 2019 will be filed.

The Company will file combined state tax returns 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:

	As at December 31, 2019
Non-current deferred tax assets	
Interest disallowed	9,126
Start-up costs	333,087
Net operating losses	1,134
Total deferred tax asset	**343,347**
Total deferred tax liability	-
Net deferred taxes	343,347
Less: deferred tax asset valuation allowance	(343,347)
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 $ 343,347 has been recorded at December 31, 2019.

As at December 31, 2019, the Company has state net operating loss (NOL's) carryforwards in the state of North Carolina of approximately $ 5,000, which if unutilized will expire in the year 2034.

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 December 31, 2019.

This being the first year of operations, there are no previous tax years which remain subject to examination by the taxing authorities.

NOTE G - GOVERNMENT INCENTIVES

The Company is entitled to receive grant over a period of 12 years amounting to $ 3,543,300 from the year ending December 31, 2021. As per the terms of the grant, the Company is liable to invest an amount of $ 101,891,184 in fixed assets on or before the year ended December 31, 2024. The Company has invested an amount of $ 3,835,751 during the year ended December 31, 2019.

NOTE H - RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company
Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc. as of December 31, 2019) (BFL)

B. Parent company
Bharat Forge America Inc. (owning 100% of common stock as of December 31, 2019) (BFA)

C. Other related parties where common control exists
i. Bharat Forge PMT Technologie, LLC (PMT)
ii. Bharat Forge Global Holding GmbH (GmbH)
iii. Bharat Forge Aluminiumtechnik GmbH (BFAT)

The Company had transactions relating to accounts payable with following related parties:

GmbH

Travel expenses of the Company of $ 70,030 were paid by GmbH. The same were payable as on December 31, 2019.

BFAT

The expenses on account of capital expenditure and quick savings of $ 741,454 were paid by BFAT. The same were payable as on December 31, 2019.

BFA

BFA incurred expenses during the period ended December 31, 2019 on behalf of the Company for capital investment, formation and interest expenses. The net payable to BFA amounted to $ 3,558,412 as on December 31, 2019.

To facilitate smooth operations the parent company, BFA, has obtained loan from bank, the proceeds thereof are used by the Company for capital and other expenditure. BFA pays interest to the bank on the loan amount and recovers the interest paid from the Company, to the extent of proceeds used during the period ended December 31, 2019. The total interest allocated to the Company was $ 43,457 for the period ended December 31, 2019.

PMT

The expenses on account of capital expenditure and quick savings totaling $ 1,036,872 were paid by PMT on behalf of the Company. The same was payable to PMT as on December 31, 2019.

Of the total interest allocated to the Company by BFA, as mentioned above, $ 29,658 was paid by PMT. The same was payable to PMT as on December 31, 2019.

The total payable balance was $ 1,066,530 as on December 31, 2019.

BFL

Travel expenses of the Company of $ 4,397 were paid by Bharat Forge Limited. The same was payable as on December 31, 2019.

NOTE I - RISKS AND UNCERTAINITIES

The Company’s future results of operations involve several risks and uncertainties.

Factors that could affect the Company’s future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company’s ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company’s ability to execute on its business plan.

NOTE J - FAIR VALUE MEASUREMENT

Financial assets and liabilities held by the Company are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

NOTE K - COMMON STOCK

Common stock authorized, issued and outstanding

The authorized common stock is 100 shares with a par value of NIL as at December 31, 2019 of which 10 shares were issued as at 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 L - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 21, 2020 which is the date the financial statements were issued. No material subsequent event has been noted.

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Kalyani Precision Machining, Inc.

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani Mr. Ravi Nagarkar	160 Mine Lake Court, Suite 200, Raleigh, NC 27615 U.S.A.	KNAV P.A One Lakeside Commons, Suite 850 990 Hammond Drive NE, Atlanta, GA 30328

Independent Auditor's Report

Board of Directors
Kalyani Precision Machining, Inc.

We have audited the accompanying financial statements of Kalyani Precision Machining, Inc. (“the Company”) which comprise the balance sheet as at December 31, 2019, and the related statement of loss, stockholder’s deficit, and cash flows for the period September 27, 2019 to December 31, 2019 and the related notes to the financial statements.

Management’s responsibility 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; 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.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2019 and the result of its operations, stockholder’s deficit and the cash flows for the period then ended, in accordance with accounting principles generally accepted in the United States.

Atlanta, Georgia
April 21, 2020

Kalyani Precision Machining, Inc.

Balance Sheet as on 31st December, 2019

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

		As at 31/12/2019
	Rs.	**USD**
Assets		
Current Assets		
Receivable from related party	7,539	100
Total current assets	7,539	**100**
Total Assets	**7,539**	**100**
Liabilities and Stockholder's Equity		
Current Liabilities		
Provision for franchise tax	15,077	200
Total current liabilities	**15,077**	**200**
Stockholder's Equity		
Common stock (no par vallue, authorised 100 shares,issued and outstanding 10 shares)	7,539	100
Accumulated Deficit	(15,077)	(200)
Total stockholder's deficit	**(7,538)**	**(100)**
Total liabilities and stockholder's deficit	**7,539**	**100**

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

Statements of income (loss) for the period ended December 31, 2019

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

		31/12/2019
	Rs.	**USD**
Costs and expenses		
Rates and taxes	15,077	200
Total cost and expenses	**15,077**	**200**
Loss before tax	15,077	200
Income tax expense	-	-
Net Loss	**15,077**	**200**

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

Statement of Stockholder's Equity

	Common Stock									
	Authorized			Issuesd & outstanding			Accumulated Deficit		Total Stockholder's equity	
Particulars	**Shares**	**Rs.**	**USD**	**Shares**	**Rs.**	**USD**	**Rs.**	**USD**	**Rs.**	**USD**
Balance as at September 27,2019	-	-	-	-	-	-	-	-	-	-
Common stock authorized, issued and outstanding(no par value)	100	75,386	1000	10	7,539	100	-	-	7,539	100
Net Loss	-	-	-	-	-	-	(15,077)	(200)	(15,077)	(200)
Balance as at December 31, 2019	100	75,386	1,000	10	7,539	100	(15,077)	(200)	(7,538)	(100)

Statement of Cash Flow for the period ended December 31 , 2019

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

		31/12/2019
	Rs.	**USD**
Cash Flow from Operating Activities		
Net Loss	(15,077)	(200)
Changes in net operating assets and liabilities		
Provision for franchise tax	15,077	200
Net cash provided by operating activities	-	-
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - Beginning of Year	-	-
Cash and Cash Equivalents - End of Year	-	-
Supplementary disclouser of cash flow information		
Receivable from parent for issuance of shares		100.000

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

Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Kalyani Precision Machining, Inc. (hereinafter referred to as "KPM" 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").

The Company is in a start-up phase and is yet to commence revenue generating activities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States ("US GAAP"). The significant accounting policies are detailed below:

1. *Basis of preparation*

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

   b. The financial statements are for the period September 27, 2019 to December 31, 2019.

2. *Use of estimates*

   The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. 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 changes in accounting estimates are recognized prospectively in the current and future periods.

3. *Income taxes*

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

   The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority is 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 was separately filing its tax return.

4. Revenue recognition

The Company is currently in a start-up phase and is expected to commence operations once the set-up for commercial production is completed.

4. Government incentives

The Company receives incentives from Community Economic Development North Carolina in the form of business development grants. These grants are recognized at their fair values in the statement of income where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received.

5. 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.

6. Fair value measurement

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

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

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

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

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

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

7. Recently issued accounting standards not yet adopted

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - INCOME TAXES

The Company will file a federal tax return as a member of Bharat Forge America Inc. consolidated group for the year ended December 31, 2019.

The Company will file combined state tax returns in states where nexus is determined, and combined filing is required or permitted based on the state statutes.

The Company was incorporated on September 27, 2019 and had no operations during the year hence no current or deferred taxes have been provided in the financial statements.

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 December 31, 2019.

NOTE D - GOVERNMENT INCENTIVES

The Company is entitled to receive grant over a period of 12 years amounting to $ 1,560,600 from the year ending December 31, 2023. As per the terms of the grant, the Company is liable to invest an amount of $ 34,400,000 in fixed assets on or before the year ended December 31, 2025.

NOTE E - RISKS AND UNCERTAINITIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE F - FAIR VALUE MEASUREMENT

Financial assets and liabilities held by the Company are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

NOTE G - COMMON STOCK

Common stock authorized, issued and outstanding

The authorized common stock is 100 shares with a par value of NIL as at December 31, 2019 of which 10 shares were issued as at 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 H - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 21, 2020 which is the date the financial statements were issued. No material subsequent event has been noted.s

ANALOGIC CONTROLS INDIA LIMITED

Directors	**Registered Office**	**Auditors**
Mr.Rajinder Singh Bhatia Mr.Kishore Mukund Saletore Mr.Vikram Manohar Munje	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet Hyderabad Telangana -500014	HRUSHIKESH S.KULKARNI Plot NO.55, NIWARA CO-OP SOC, SHRIDHARNAGAR,DHANKAWADI PUNE, MAHARASHTRA-411043

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2020

To,

The Members
Your Directors have pleasure in presenting the Board Report on the business and operations of the Company and the audited accounts for the Financial Year ended **March 31, 2020**.

1. PERFORMANCE OF THE COMPANY

The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2020	As on March 31, 2019
Total Revenue	90,242,624	240,326,287
Total Expenses	62,480,216	152,757,972
Profit / (Loss) before tax	27,762,408	87,568,315
Current Tax	(69,74,411)	(18,129,823)
Profit / (Loss) for the year	20,787,997	69,438,492
Other Comprehensive Income	(239,191)	(408,996)
Total Comprehensive Income for the Year	20,548,806	69,029,496
Earnings per equity share Basic / Diluted	1.12	3.76

2. DIVIDEND

The Board does not recommend any dividend for the Financial Year ended March 31, 2020.

3. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

4. STATE OF COMPANY'S AFFAIRS

Business -

During the FY 2019-20, the Company successfully completed Orders of important Aviation/ Aerospace Customers which included HAL, Advanced Naval Systems Programme (ANSP), BHRAMOS, BEL, BDL and ECIL. The new technology absorbed by the Company for Ground Penetrating Radar- mine detectors was used to successfully deliver to Customer with high level of appreciation from Indian Army/MoD.

The Company successfully delivered repeat order to HAL, Hyderabad for Radio Altimeter module, (latest generation), this has good business potential as it is being used in latest Generation fighter aircraft, HAL has assured more orders. A new product for Bharat Dynamics Limited, was also successfully delivered, with good future Business potential.

New Orders with large Volumes: NFM

The Company has been identified for carrying out Assembling of Integration and Testing (AIT) the New Family of Munitions (various mines for MoD requirement). On completion of user Trials, the Order Quantity will exceed 1 Lakh Pcs. In addition to preparedness including knowledge, actual work on the prototypes has commenced. The Company has also put in place required set-up including Test Chambers.

Certifications -

Surveillance Audit for continuance of AS 9100 D was done in March 2020, the Audit was completed with NIL Major and NIL Minor Non Conformances. The Certification has helped in generating new Customer interest and significant assurance for an electronic Manufacturing Company dealing in high reliability electronics.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

There are no adverse material changes or commitments occurring after March 31, 2020 which may affect the financial position of the Company or may require disclosure.

6. SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on March 31, 2020 stood at Rs. 184,896,700/- divided into 18,489,670 Equity Shares of Rs.10/- each.

Further during the year under review, the Company has not issued shares with differential voting right nor has granted any stock options or sweat equity.

As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary or an associate company.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

9. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

10. NUMBER OF MEETINGS OF THE BOARD

In 2019-20, the Board of Directors of the Company met 4 (four) times on May 18, 2019, July 30, 2019, October 16, 2019 and January 28, 2020.The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

11. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

There is no change in the constitution of the Board of Directors during the year under review.

Further, in accordance with provisions of the Companies Act, 2013, Mr. Vikram Munje is liable retire by rotation and being eligible, offered himself for re-appointment.

12. AUDITORS AND AUDITORS' REPORT

At the Annual General Meeting held on July 30, 2019, Mr. Hrushikesh Kulkarni, Chartered Accountant, (Membership No. 160187), was appointed as Statutory Auditor of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2025.

13. REPLY TO AUDITORS REMARKS / COMMENTS / OBSERVATIONS

The notes on financial statements referred to in the Auditors’ Report are self-explanatory and do not call for any further comments. The Auditors’ Report does not contain any qualification, reservation or adverse remarks.

14. DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors’ Responsibility Statement, Directors confirm that:

a) in preparation of the annual financial statement for the year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as on March 31, 2020 and of the profit of the Company for the year under review;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis; and

e) they have devised a proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

15. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control which commensurate with its size and the nature of its operations.

Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

16. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

17. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is appended as **Annexure "A"** to this report.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the financial year under review there has been related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large, further form AOC-2 is annexed as **Annexure "B"** to this report.

19. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 as amended from time to time and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

20. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure "C"** to this report.

22. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 information as to names of the top ten employees in terms of remuneration drawn is appended as **Annexure "D"** to this report.

23. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

24. ACKNOWLEDGEMENT:

The Directors sincerely thank all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and On behalf of the Board of Directors

Rajinder Singh Bhatia
Chairman
DIN:05333963

Place: Pune
Date: June 15, 2020

ANNEXURE "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U28932TG1996PLC024629
ii)	Registration date	July 12, 1996
iii)	Name of the Company	Analogic Controls India Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad, Telangana – 500014, Tel. No. +91-9391145768 Fax No. +91-7569005719
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1	Assembly, Integration & Testing DTMD	26515	64.26%
2	Digital Signal Processing Board	26109	15.61%
3	Pyro Rely Unit and Power Distribution Unit , Jettison Controls System, RIS Master & Slave and Others	30304	20.13%

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	100%	Sec 2(87)(ii)

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b)Bodies Corp.	NIL	1,84,89,670	1,84,89,670	100.00	NIL	1,84,89,670	1,84,89,670	100.00	NIL
Sub-total (A)(1):-	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**
B. Public Sharehol-ding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutio-ns	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Bharat Forge Limited with its nominees	1,84,89,670	100.00	NIL	1,84,89,670	100.00	NIL	NIL
	Total	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**100.00**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding:

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	**NOT APPLICABLE**			
3	At the End of the year				

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors & KMP*:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

* Other Directors and KMPs do not hold shares in the Company.

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	1,13,31,470	NIL	NIL
ii.) Interest due but not paid	NIL	8,66,403	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	(97,27,013)	NIL	NIL
Net Change	NIL	(97,27,013)	NIL	NIL
Indebtedness at the end of the Financial year			NIL	NIL
i.) Principal Amount	NIL	16,04,457	NIL	NIL
ii.) Interest due but not paid	NIL	8,66,403	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	24,70,860	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director / Whole-Time Director / Manager	Total Amount
1.	Gross Salary	NIL	-
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission:	NIL	NIL
	- As a % of Profit	NIL	NIL
	- others, specify	NIL	NIL
5.	Others, please specify	NIL	NIL
Total A		NIL	NIL
Ceiling as per the Act		NIL	NIL

B. Remuneration to other Directors

The Company does not pay remuneration to any other Directors.

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company has not paid any remuneration to Mr. K. Prabhakar and Mr. Tanay Mishra.

Details of remuneration of Mr. B. Ramesh Reddy, Chief Financial Officer of the Company is given below-

Sr. No.	Particulars of Remuneration	Mr. B.R.R. Reddy, Chief Financial Officer	Total Amount (Rs.)
1.	Gross Salary	5,73,600	5,73,600
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission:	-	-
	- As a % of Profit	-	-
	- others, specify	-	-
5.	Others, Health Insurance	12,865	12,865
Total A		**5,86,465**	**5,86,465**
Ceiling as per the Act			NA

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and On behalf of the Board of Directors

Rajinder Singh Bhatia
Chairman
DIN:05333963

Place: Pune
Date: June 15, 2020

Annexure-"B"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2020, which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

(Amount in Rupees)

a.	**Name(s) of the related party and nature of relationship**	**Kalyani Strategic Systems Limited**	**Bharat Forge Limited**		
b.	Nature of contracts / arrangements / transactions	Rent Paid	Advance Received	Sale of Goods	Purchase of Raw Material
c.	Duration of the contracts / arrangements / transactions	Monthly Payment for 36 Months with effect from 30.03.2018	NIL	Four Times	One Time
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Lease and License agreement for taking land and building on rent for monthly rent of Rs.1, 44,983/- plus taxes as may be applicable from time to time per month.	NIL	6,71,80,861	59,059
e.	Date(s) of approval by the Board, if any	NA	NA	NA	NA
f.	Amount paid/ received as advances, if any	NIL	NIL	NIL	NIL

For and On behalf of the Board of Directors

Rajinder Singh Bhatia
Chairman
DIN:05333963

Place: Pune
Date: June 15, 2020

ANNEXURE “C”

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors’ Report for the year ended March 31, 2020.

(A) Conservation of Energy

i. Steps taken or impact on conservation of energy during 2019-20

a) Water re cycling plant - after eco treatment and filtration of used water, the recycled water is used for watering plants.
b) Electricity Conservation -Procedure made and implemented for saving electricity by switching off of appliances and lights during breaks, lunch etc.
c) Use of LEDs - CFLs replaced by LEDs in a phased manner/as required.

ii. Steps taken by the Company for utilizing alternate sources of energy.

A solar light has been installed on a test basis, more will be installed on successful trials, in a phased manner .

(B) Technology Absorption, Adaptation and Innovation

Efforts made towards technology absorption, adaptation and innovation.

The Company is gearing up know how and capabilities for Assembling of Integration and Testing (AIT) the New Family of Munitions.

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo for the financial year is as follows:

i) Total Foreign Exchange Earning: Rs.48222(Foreign Exchange Fluctuation Gain)

ii) Total Foreign Exchange Outgo : 1.USD 743.41(Rs.52101.46)
2.EURO 15383.07 (Rs.1201188.05)

For and On behalf of the Board of Directors

Rajinder Singh Bhatia
Chairman
DIN:05333963

Place: Pune
Date: June 15, 2020

ANNEXURE "D"

A statement showing the names of the top ten employees in terms of remuneration drawn Statement under Section 197 (12) of the Companies Act, 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2020.

Sr. No	Name of the employee	Remuneration received (Rs.) Per Annum	Nature of employment	Qualification	Experience (Years)	Date of commencement of employment	Age	Last employment	% of equity shares held	Whether any such employee is relative of any Director
1	SHANKAR RAO B	5,44,941	D&D	B Tech	18	1-Sep-02	46	-	NIL	NO
2	K DOORA BABU	3,67,612	Engineer	B.Tech	1	26-Feb-18	28		NIL	NO
3	PATANGE VIJAY KUMAR	4,64,267	Technician	Diploma	22	02-09-98	45	-	NIL	NO
4	CHITTALA SATYANA RAYANA	4,43,184	Technician (Electrician)	Diploma	10	23-07-10	43	SRI KANAKADURGA CASTINGS PVT LTD	NIL	NO
5	SANJAY KHAMITKAR V	4,03,600	Engineer	Diploma	22	08-12-98	48	-	NIL	NO
6	NARASIMHA REDDY K	3,84,784	In charge-Stores	Degree	3	01-08-17	48	AZAD ENGINEERING PVT LTD	NIL	NO
7	SUKANYA SHAH	3,56,800	Engineer	B.Tech	3	04-09-17	27	MEDEQUIP Pvt Ltd	NIL	NO
8	LAKSHMI ANDALU	3,30,724	Technician	Diploma	22	03-06-98	40	-	NIL	NO
9	MIRDODDI MURALIDHAR	2,98,920	Technician	Diploma	18	01-08-2002	42	-	NIL	NO
10	NARENDER BABU	3,34,540	Technician	Diploma	4	01-06-16	41	ACIL	NIL	NO

For and On behalf of the Board of Directors

Rajinder Singh Bhatia
Chairman
DIN: 05333963

Place: Pune
Date: June 15, 2020

Auditor's Report

To the Members of Analogic Controls India Limited

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of **Analogic Controls India Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss including other comprehensive income, the 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 my opinion and to the best of my information and according to the explanations given to me, 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, 2020, 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

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

I have determined that there are not key audit matters to be reported in my report.

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 my auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Board's Report including Annexures to Board's Report if I conclude that there is a material misstatement therein, I am 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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, I am also responsible for expressing my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to

the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I 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, I report that:

   a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

   b) In my opinion, proper books of account as required by law have been kept by the Company, so far as appears from my examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In my opinion, the aforesaid consolidated 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, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 my 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 my opinion and to the best of my information and according to the explanations given to me :

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note No. 37 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.

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187
UDIN : 20160187AAAAAI8500
Place : Pune
Date : 15th June, 2020

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ANALOGIC CONTROLS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2020.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state that:

(i)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) The Company does not own any immovable properties.

(ii) The inventory comprising stock of raw materials and work in progress was physically verified at reasonable intervals during the year by the management. As explained to me, no material discrepancies were noticed by the management on physical verification of stocks.

(iii) 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 Companies Act, 2013.

(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 found to be regular in general, 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 to the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of any statutory dues were outstanding as at 31st March, 2020 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 dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution, bank, government or debenture holders.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid or provided any managerial remuneration during the financial year covered by this report.

(xii) In my opinion and according to the information and explanations given to me, 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 me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to me and based on my 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187
UDIN : 20160187AAAAAI8500

Place : Pune
Date : 15th June, 2020

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ANALOGIC CONTROLS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2020.

I have audited the internal financial controls over financial reporting of **Analogic Controls India Limited** ("the Company") as of 31st March, 2020 in conjunction with my 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
My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my 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 I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 my 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, 2020, 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.

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187
UDIN : 20160187AAAAAI8500

Place : Pune
Date : 15th June, 2020

Balance Sheet as at 31st March, 2020. **in INR**

		Note No.	As at 31st March, 2020	As at 31st March, 2019
I	**ASSETS**			
1	**Non-current Assets**			
	(a) Property, Plant and Equipment	3	**13,237,661**	10,483,870
	(b) Right of use assets	4	**1,519,431**	-
	(c) Capital Work-in-Progress		**2,760,479**	-
	(d) Intangible assets	5	**33,985**	320,306
	(e) Intangible assets under development		**310,500**	-
	(f) Financial Assets			
	(g) Loans	6	**223,050**	344,550
	(h) Other non-current assets	7	**906,208**	1,302,597
	(i) Income tax assets (net)	8	**118,622**	1,938,649
			19,109,936	**14,389,972**
2	**Current Assets**			
	(a) Inventories	9	**30,744,645**	53,176,367
	(b) Financial Assets			
	(i) Trade receivables	10	**6,028,901**	56,884,021
	(ii) Cash and cash equivalents	11	**3,326,432**	1,194,512
	(iii) Bank balances other than (ii) above	11	**30,914,600**	939,600
	(iv) Loan		**-**	150,000
	(v) Other financial assets	13	**565,524**	29,323
	(c) Other Current Assets	14	**1,995,211**	5,442,922
			73,575,313	**117,816,745**
	TOTAL		**92,685,249**	**132,206,717**
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	15	**184,896,700**	184,896,700
	(b) Other Equity	15	**(112,413,583)**	(132,962,389)
			72,483,117	**51,934,311**
2	**Non-current Liabilities**			
	(a) Provisions	16	**1,708,334**	1,156,719
	(b) Deferred tax liabilities (Net)	17	**-**	-
	(c) Other Non-Current Liabilities	18	**99,845**	1,090,760
			1,808,179	**2,247,479**
3	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	19	**2,711,529**	32,344,632
	(ii) Trade payables			
	Dues of micro enterprises and small enterprises	20	**166,913**	1,703,043
	Dues of creditors other than micro enterprises and small enterprises	20	**6,856,597**	10,997,622
	(iii) Lease Liability	21	**1,606,151**	-
	(iv) Other financial liabilities	22	**1,525,002**	3,040,306
	(b) Provisions	23	**2,179,255**	2,841,578
	(c) Other Current Liabilities	24	**2,351,651**	26,661,757
	(d) Income tax liabilities (net)	25	**996,855**	435,989
			18,393,953	**78,024,927**
	TOTAL		**92,685,249**	**132,206,717**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1-52

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : June 15, 2020

Place :Pune
Date : June 15, 2020

Statement of Profit and Loss for the year ended 31st March, 2020 — in INR

	Profit and Loss	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
I	Revenue from Operations	26	**87,043,943**	227,580,557
II	Other Income	27	**3,198,681**	12,745,730
III	**Total Revenue**		**90,242,624**	**240,326,287**
IV	**Expenses**			
	Cost of Material Consumed	28	**18,147,534**	134,366,934
	Changes in inventories of work-in progress	29	**15,012,862**	(16,562,105)
	Employee Benefit Expenses	30	**10,329,937**	9,849,237
	Finance Costs	31	**1,179,643**	5,135,946
	Depreciation & Amortisation Expense	32	**3,790,739**	2,020,209
	Other Expenses	33	**14,019,501**	17,947,751
	Total Expenses		**62,480,216**	**152,757,972**
V	**Profit before tax**		**27,762,408**	**87,568,315**
VI	**Tax Expense**			
	Current tax		**(6,974,411)**	(18,129,823)
	Deferred tax		**-**	-
			(6,974,411)	(18,129,823)
VII	**Profit for the year**		**20,787,997**	**69,438,492**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		**(239,191)**	(408,996)
	Total other comprehensive income, net of tax		**(239,191)**	**(408,996)**
IX	**Total Comprehensive Income for the Year**		**20,548,806**	**69,029,496**
X	**Earnings per share (of P 10/- each):**			
	Basic	42	**1.12**	3.76
	Diluted	42	**1.12**	3.76
	Significant Accounting Policies and Notes forming an	1-52		

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : June 15, 2020

Place :Pune
Date : June 15, 2020

Statement of changes in equity for the year ended 31st March, 2020 — in INR

a. Equity share capital

	As at 31st March, 2020 Nos.	Rs.	As at 31st March, 2019 Nos.	Rs.
Equity shares of B 10/- each issued, subscribed and fully paid up				
As at beginning of the year	**18,489,670**	**184,896,700**	18,489,670	184,896,700
Changes in equity share capital during the year	**-**	**-**	-	-
As at end of the year	**18,489,670**	**184,896,700**	18,489,670	184,896,700

b. Other Equity

	Reserves and Surplus			Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures	Other Comprehensive Income	Total Other Equity
	Securities Premium	Retained earnings	Total		Other Items	
Balance as at 1st April, 2018	**1,135,000**	**(267,371,221)**	**(266,236,221)**	**63,263,275**	**981,061**	**(201,991,885)**
Changes in other equity for the year ended 31st March, 2018						
Profit for the year	-	69,438,492	69,438,492	-	(408,996)	69,029,496
Balance as at 31st March, 2019	**1,135,000**	**(197,932,729)**	**(196,797,729)**	**63,263,275**	**572,065**	**(132,962,389)**
Changes in other equity for the year ended 31st March, 2020						
Profit for the year	-	20,787,997	20,787,997	-	(239,191)	20,548,806
Balance as at 31st March, 2020	**1,135,000**	**(177,144,732)**	**(176,009,732)**	**63,263,275**	**332,874**	**(112,413,583)**

Nature and purpose of reserves

(a) Securities premium : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1-52

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : June 15, 2020

Place : Pune
Date : June 15, 2020

Cash Flow Statement for the year ended 31st March, 2020 | in INR

		Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
A.	**Cash flow from operating activities :**			
	Profit for the year		**20,787,997**	69,438,492
	Adjusted for :			
	Tax expense		**6,974,411**	18,129,823
	Depreciation		**3,790,739**	2,020,209
	Interest Paid		**1,179,643**	5,135,946
	Interest Received		**(802,982)**	(54,692)
	Profit on Sale of Property, Plant and Equipment		**(8,256)**	-
	Other Comprehensive Income			
	Remeasurement of the net defined benefit liability/asset		**(239,191)**	(408,996)
			10,894,364	**24,822,290**
	Operating Profit before working capital changes :		**31,682,361**	94,260,782
	Changes in :			
	Trade and other receivables		**53,759,519**	47,634,783
	Inventories		**22,431,722**	(14,932,729)
	Liabilities and Provisions		**(32,604,188)**	(116,734,688)
			43,587,053	**(84,032,634)**
	Cash generation from operations :		**75,269,414**	10,228,148
	Direct Taxes paid		**(4,593,518)**	(18,427,444)
	Net Cash (used in)/from operating activities :		**70,675,896**	**(8,199,296)**
B.	**Cash flow from investing activities :**			
	Purchase of Property, Plant and Equipment		**(7,841,155)**	(2,004,735)
	Sale of Property, Plant and Equipment (Net of Advances)		**39,651**	-
	Investment in fixed deposits		**675,000**	(675,000)
	Interest received		**802,982**	54,692
	Net cash (used in)/from investing activities :		**(6,323,522)**	**(2,625,043)**
C.	**Cash flow from financing activities :**			
	Proceeds from / (Repayment of) short term borrowings		**(29,633,103)**	15,642,975
	Lease liability Principal Payment		**(1,432,708)**	-
	Lease liability Interest Payment		**(307,088)**	-
	Interest paid		**(872,555)**	(5,135,946)
	Net cash (used in)/from financing activities :		**(32,245,454)**	**10,507,029**
	Net changes in cash and cash equivalents (A+B+C) :		**32,106,920**	(317,310)
	Cash and Cash Equivalents, at the beginning :		**2,134,112**	2,451,422
	Add : Net changes in cash and cash equivalents, as above		**32,106,920**	(317,310)
	Cash and Cash Equivalents, at the close :		**34,241,032**	**2,134,112**
	Cash and Bank Balances:			
	(i) Cash and Cash Equivalents		**3,326,432**	1,194,512
	(ii) Bank balances other than (i) above		**30,914,600**	939,600
			34,241,032	**2,134,112**
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1-52		

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : June 15, 2020

Place : Pune
Date : June 15, 2020

Notes forming part of the Financial Statements for the year ended 31st March, 2020.

1. Corporate information:

“Analogic Controls India Limited is a public limited company incorporated on 12th July, 1996. The Company is engaged in the business of designing, developing and manufacturing of reliable electronic systems and sub-systems for mission critical applications. The Company offers products and services for mission critical technologies of national importance in Defence, Aerospace, Communications and Industrial Electronics.

The Company is a wholly owned subsidiary of Bharat Forge Limited.

Operating Cycle of the Company is considered to be of 12 months."

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 Changes in accounting policies:

a) Leases : On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1st April 2019**.**

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company adopted Ind AS 116, effective annual reporting period beginning on 1st April, 2019. The Company applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1st April, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this Standard recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. On that date, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1st April, 2019. In accordance with the standard, the Company elected not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

b) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations: The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Company's financial statements.

c) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment: The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

i) Whether an entity considers uncertain tax treatments separately

ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities

iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

iv) How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

2.3 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.

2.4 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 period ending 31st March, 2016. exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.5 Fair value measurement:

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

i In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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:

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 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, 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.

2.6 Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 26..

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 their porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.16.

e) Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments:

Profit / Loss on sale of investments is recognized when all the significant risk and rewards of ownership in investment is transferred.

2.7 Taxes:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

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

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

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 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 derecognized. 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 up to 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)	Buildings	
	(a) Leasehold improvements	Primary lease period
ii)	Computer and Data Processing Equipments	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
iii)	Furniture and Fixtures	10 years
iv)	Office Equipments	5 years
v)	Plant and Machinery (including test jigs)	15 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 and any significant part initially recognized is derecognized 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 derecognized.

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 de recognition 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 de-recognised.

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	5 years

2.10 Leases :

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

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) Right of use assets

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

Type of Asset		Estimated useful life
i)	Land and Building	2 years

(a) amortised over the period of lease deed executed

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

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured 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 lessee

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.11 Inventories:

a) Raw Materials:

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Work in Progress:

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the weighted average method.

2.12 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowings taken on or after April 1, 2016.

2.13 Impairment of Non-financial assets :

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

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

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

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

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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

2.15 Retirement and other employee benefits:

a) Gratuity:

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approve 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.

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

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 leaves benefits:

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.16 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Asset:

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de recognition 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 de recognised (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 17

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 (Previous Year: Ind AS 11 and Ind AS 18).

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 de recognised 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 amortization.

c) Derecognition

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

C Embedded derivatives:

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D Reclassification of financial assets:

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

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and in hand and short-term 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.

2.18 Dividend to equity holders:

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.19 Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.20 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.21 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.

2.22 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.23 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

3 Property, Plant and Equipment :

in INR

	Leasehold improvements	Computers and Printers	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total
GROSS BLOCK, AT COST :							
As at 1st April, 2018.	-	4,306,682	12,229,658	4,638,829	735,669	2,629,351	**24,540,189**
Additions	1,253,359	-	1,516,862	-	-	763,771	**3,533,992**
Disposals	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	**-**
As at 31st March, 2019.	**1,253,359**	**4,306,682**	**13,746,520**	**4,638,829**	**735,669**	**3,393,122**	**28,074,181**
Additions	16,861	58,135	4,580,888	-	-	114,292	**4,770,176**
Disposals	-	-	(34,650)	-	-	(26,587)	**(61,237)**
Adjustments	-	-	-	-	-	-	**-**
As at 31st March, 2020.	**1,270,220**	**4,364,817**	**18,292,758**	**4,638,829**	**735,669**	**3,480,827**	**32,783,120**
DEPRECIATION :							
Upto 1st April, 2018.	-	4,114,882	5,709,417	2,988,882	660,134	2,475,629	**15,948,944**
Disposals	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	**-**
For the year	172,898	72,861	831,933	413,781	38,751	111,143	**1,641,367**
Upto 31st March, 2019.	**172,898**	**4,187,743**	**6,541,350**	**3,402,663**	**698,885**	**2,586,772**	**17,590,311**
Disposals	**-**	**-**	**(3,257)**	**-**	**-**	**(26,585)**	**(29,842)**
Adjustments	**-**	**-**	-	-	-	-	-
For the year	**484,797**	**59,147**	**872,559**	**412,944**	**-**	**155,543**	**1,984,990**
Upto 31st March, 2020.	**657,695**	**4,246,890**	**7,410,652**	**3,815,607**	**698,885**	**2,715,730**	**19,545,459**
NET BLOCK :							
As at 31st March, 2019.	1,080,461	118,939	7,205,170	1,236,166	36,784	806,350	10,483,870
Upto 31st March, 2020.	**612,525**	**117,927**	**10,882,106**	**823,222**	**36,784**	**765,097**	**13,237,661**

4 Right of use assets :

	Right of use	Total
GROSS BLOCK, AT COST :		
Additions	3,038,859	**3,038,859**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2020.	**3,038,859**	**3,038,859**
DEPRECIATION :		**-**
Disposals	-	**-**
Adjustments	-	**-**
For the year	1,519,428	**1,519,428**
Upto 31st March, 2020.	**1,519,428**	**1,519,428**
NET BLOCK :		
Upto 31st March, 2020.	**1,519,431**	**1,519,431**

5 Intangible assets :

	Softwares	Total Intangible
GROSS BLOCK, AT COST :		
As at 1st April, 2018.	1,893,937	**1,893,937**
Additions	-	**-**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2019.	**1,893,937**	**1,893,937**
Additions	-	**-**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2020.	**1,893,937**	**1,893,937**
AMORTIZATION :		**-**
As at 1st April, 2018.	1,194,789	**1,194,789**
Disposals	-	**-**
Adjustments	-	**-**
For the year	378,842	**378,842**
Upto 31st March, 2019.	**1,573,631**	**1,573,631**
Disposals	-	**-**
Adjustments	-	**-**
For the year	-	**-**
Upto 31st March, 2020.	**1,573,631**	**1,573,631**
NET BLOCK :		
As at 31st March, 2019.	320,306	320,306
Upto 31st March, 2020.	**320,306**	**320,306**

in INR

		As at 31st March, 2020	As at 31st March, 2019
6	**Loans (Non-current, Good):**		
	Security deposits[(a)]	**223,050**	344,550
	TOTAL :	**223,050**	344,550
	(a) Financial assets carried at amortized cost		
7	**Other non-current assets :**		
	(Good)		
	Prepaid Expenses	**21,906**	46,677
	Balances in Fixed Deposits[(a)]	**-**	675,000
	Capital Advances	**315,000**	-
	Excise duty refund claims	**569,302**	580,920
	TOTAL :	**906,208**	1,302,597
(a)	Fixed deposits are under lien with bank, as margin for non fund bases		
8	**Income tax assets (net) :**		
	Tax paid in advance (net)	**118,622**	1,938,649
	TOTAL :	**118,622**	1,938,649
9	**Inventories :**		
	(As taken, valued and certified by the Directors)		
	Raw materials, including stock in transit	**28,699,417**	36,118,277
	Work-in-progress	**2,045,228**	17,058,090
	TOTAL :	**30,744,645**	53,176,367
10	**Trade Receivables :**		
	Considered Good - Unsecured	**6,028,901**	56,884,021
	Credit Impaired	**8,764,552**	8,764,552
	Less : Allowances for credit losses	**(8,764,552)**	(8,764,552)
		-	-
	TOTAL :	**6,028,901**	56,884,021
	Above balances of trade receivables include balances with related parties (Refer note 33).		
11	**Cash and Bank Balances :**		
	Cash and cash equivalents		
	In current accounts	**3,292,912**	1,114,431
	Cash on hand	**33,520**	80,081
		3,326,432	1,194,512
	Other Bank balance		
	Deposits with original maturity of less than 3 months [(a)]	**29,300,000**	-
	Deposits with original maturity for more than 3 months but less than 12 months[(a)]	**1,614,600**	939,600
		30,914,600	939,600
	TOTAL :	**34,241,032**	2,134,112
(a)	Fixed deposits are under lien with bank, as margin for non fund bases		
12	**Loan (Current, Good):**		
	Security deposits[(a)]	**-**	150,000
	TOTAL :	**-**	150,000
	(a) Financial assets carried at amortized cost		
13	**Other financial assets (Current, Good):**		
	Other[(a)]	**565,524**	29,323
	TOTAL :	**565,524**	29,323
14	**Other current assets :**		
	(Good)		
	Advances to suppliers	**87,979**	3,195,474
	Prepaid expenses	**183,109**	246,099
	Balances with government authorities		
	GST input credit receivable	**1,632,401**	1,844,342
	Others	**-**	2,500
	Other advances recoverable in cash or in kind or for value to be received	**91,722**	154,507
	TOTAL :	**1,995,211**	5,442,922

in INR

			As at 31st March, 2020	As at 31st March, 2019
15	**Share Capital :**			
	Authorised :			
	20,000,000	(20,000,000) Equity Shares of P 10/-, each	**200,000,000**	200,000,000
	20,000,000	(20,000,000)	**200,000,000**	200,000,000
	Issued, Subscribed and Paid up :			
	18,489,670	(18,489,670) Equity Shares of P 10/-, each, fully paid up	**184,896,700**	184,896,700
	18,489,670	(18,489,670)	**184,896,700**	184,896,700

(a) The Company has only one class of shares referred to as equity shares having a par value of P 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, 2019 and 31st March, 2018 is set out below.

	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	**Amount**	No. of Shares	Amount
Balance at the beginning of the year	**18,489,670**	**184,896,700**	18,489,670	184,896,700
Add: Shares issued during the year	**-**	**-**	-	-
Balance at the close of the year	**18,489,670**	**184,896,700**	18,489,670	184,896,700

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	**As at 31st March, 2020**		As at 31st March, 2019	
	No. of Shares	**%**	No. of Shares	%
Bharat Forge Ltd.$	**18,489,670**	**100.00**	18,489,670	100.00

$ The Holding Company. (Including shares held through nominees)

in INR

		As at 31st March, 2020	As at 31st March, 2019
16	**Long-Term Provisions :**		
	Provision for employee benefits :		
	Gratuity	**1,433,911**	918,947
	Compensated absences	**274,423**	237,772
	TOTAL :	**1,708,334**	1,156,719
17	**Deferred tax Liabilities (net)**		
	Deferred Tax Liabilities :		
	Timing differences for Depreciation	**872,900**	1,130,200
	Less : Deferred Tax Assets :		
	Timing differences for Disallowances	**872,900**	1,130,200
	TOTAL :	**-**	-
18	**Other Non-Current Liabilities :**		
	Contract Liabilities	**99,845**	1,090,760
	TOTAL :	**99,845**	1,090,760
19	**Short-Term Borrowings :**		
	Secured		
	Overdraft[a]	**-**	20,146,759
	Unsecured		
	LC Discounting Facility[b]	**-**	9,727,013
	Demand loans from companies[c]	**2,711,529**	2,470,860
	TOTAL :	**2,711,529**	32,344,632

(a) Overdraft Facility from ICICI Bank :

Overdraft facility availed from ICICI Bank is secured by first and exclusive charge by way of hypothecation of stocks of raw materials, semi finished and finished goods, consumables, stores, spares and such other moveables including book debts, bills, outstanding monies and receivables, but excluding property, plants and equipments. Rate of Interest applicable is 3% over Base Rate, p.a.

(b) LC Discounting Facility from ICICI Bank :

LC Discounting Facility from ICICI Bank covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by ICICI bank or other first class banks. The facility carries interest as informed by ICICI Bank from time to time.

(c) Rates of interest for demand loans from companies wherever stipulated are in the range from 13% p.a. to 18% p.a.

in INR
in INR

		As at 31st March, 2020	As at 31st March, 2019
20	**Trade Payables :**		
	Dues of micro enterprises and small enterprises	**166,913**	1,703,043
	Dues of creditors other than micro enterprises and small enterprises	**6,856,597**	10,997,622
	TOTAL :	**7,023,510**	12,700,665
21	**Lease Liability :**		
	Lease Liability (Current)	**1,606,151**	-
	TOTAL :	**1,606,151**	-
22	**Other financial liabilities :**		
	Creditors for capital expenditure	**360,029**	373,145
	Other amounts payable	**1,164,973**	2,667,161
	TOTAL :	**1,525,002**	3,040,306
23	**Short-Term Provisions :**		
	Provision for employee benefits :		
	Gratuity	**63,416**	50,594
	Compensated absences	**49,676**	45,322
	Other provisions :		
	Liquidated damages(a)(b)	**2,066,163**	2,745,662
	TOTAL :	**2,179,255**	2,841,578

(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:

	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	**2,745,662**	8,686,563
Arising during the year	**24,036**	683,407
Utilised during the year	**-**	(5,982,116)
Provision Written Back	**(703,535)**	(642,192)
Closing balance	**2,066,163**	2,745,662

(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.

		As at 31st March, 2020	As at 31st March, 2019
24	**Other Current Liabilities :**		
	Contract liabilities	**1,494,186**	26,376,419
	Statutory liabilities	**857,465**	285,338
	TOTAL :	**2,351,651**	26,661,757
25	**Income tax liabilities (net) :**		
	Income Tax provisions (net)	**996,855**	435,989
	TOTAL :	**996,855**	435,989

in INR

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
26	**Revenue from operations :**		
	Sale of products[(a)]	**29,061,244**	(8,746,337)
	Sale of services	**57,982,699**	236,326,894
	TOTAL :	**87,043,943**	227,580,557
(a)	Sale of products is net of rejections out of sales made in earlier years	-	12,751,690
	Disaggregate revenue information :		
	The table below presents disaggregated revenues from contracts with customers by offerings and contract type.		
	Revenue by offerings :		
	Sale of products	**29,061,244**	(8,746,337)
	Product assembly, integration and repairing services	**55,735,590**	235,623,541
	Warranty services	**2,247,109**	703,353
	TOTAL :	**87,043,943**	227,580,557
	Revenue by geographical segments :		
	Within India	**87,043,943**	227,580,557
	TOTAL :	**87,043,943**	227,580,557
	Revenue by contract type :		
	Fixed price contracts	**87,043,943**	227,580,557
	TOTAL :	**87,043,943**	227,580,557
27	**Other income :**		
	Interest Income		
	On Bank Deposits	**788,982**	40,692
	On Income Tax Refund	-	81,056
	Other	**14,000**	14,000
	Credit balances written back	**442,683**	9,623,701
	Provisions written back	**703,535**	2,622,366
	Profit on Foreign Exchange Fluctuations (Net)	**48,222**	363,915
	Bad debts recovery	**1,184,203**	-
	Miscellaneous Income	**17,056**	-
	TOTAL :	**3,198,681**	12,745,730
28	**Cost of raw material and components consumed[(a)] :**		
	Inventory at the beginning of the year	**36,118,277**	37,747,653
	Add: Purchases	**10,728,674**	132,737,558
		46,846,951	170,485,211
	Less: Inventory at the end of the year (Refer note 9)	**(28,699,417)**	(36,118,277)
	Cost of raw material and components consumed	**18,147,534**	134,366,934
(a)	Refer note 39		

in INR

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
29	**Changes in inventories of work in progress :**		
	Inventories at the beginning of the year		
	Work-in-progress	**17,058,090**	495,985
		17,058,090	495,985
	Inventories at the close of the year		
	Work-in-progress	**2,045,228**	17,058,090
		2,045,228	17,058,090
	TOTAL :	**15,012,862**	(16,562,105)
30	**Employee benefit expenses :**		
	Salaries and Wages	**8,786,325**	8,255,741
	Contributions to		
	- Provident fund	**493,011**	413,387
	- Other fund / scheme	**128,192**	148,431
	- Gratuity	**373,836**	167,716
	Staff welfare expenses	**548,573**	863,962
	TOTAL :	**10,329,937**	9,849,237
31	**Finance costs :**		
	Interest on Bank Borrowings	**561,585**	4,104,239
	Interest on Income Tax	**239,760**	-
	Interest on lease liabilities	**307,088**	-
	Other Interest*	**71,210**	1,031,707
	TOTAL :	**1,179,643**	5,135,946
*	Other Interest includes interest on other borrowings, Micro and Small Enterprises, unwinding of discount on financial liabilities, etc.		
32	**Depreciation :**		
	Depreciation on Property, Plant and Equipment	**1,984,990**	1,641,367
	Depreciation on Right-of-use assets	**1,519,428**	-
	Amortization on Intangible Assets	**286,321**	378,842
	TOTAL :	**3,790,739**	2,020,209
33	**Other expenses :**		
	Consumption of Stores and Spares	**145,969**	141,814
	Labour and Processing Charges	**1,500**	20,350
	Power and Fuel	**1,208,796**	1,537,382
	Repairs and Maintenance - Buildings	**532,647**	794,858
	Repairs and Maintenance - Plant and Machinery	**54,362**	552,718
	Repairs and Maintenance - Others	**770,932**	422,055
	Insurance	**172,034**	460,627
	Rates and Taxes	**3,542,267**	951,541
	Liquidated damages (Refer note 23)	**833,405**	683,407
	Communication	**117,921**	128,128
	Bank Charges and Commission	**234,345**	1,043,689
	Printing and Stationery	**125,960**	213,628
	Travelling and Conveyance	**2,420,184**	2,946,858
	Professional Fees	**1,798,967**	642,729
	Technical Consultancy	**442,884**	1,327,360
	Security Services	**432,000**	432,000
	Payment to Auditors (Refer note 41)	**350,000**	350,000
	Rent (Refer note 50)	**150,000**	2,341,480
	Freight, Packing and Forwarding	**361,500**	1,226,245
	Miscellaneous Expenses"	**323,828**	1,616,265
	Bad Debts	**-**	9,596
	Allowances for credit losses	**-**	105,021
	TOTAL :	**14,019,501**	17,947,751
	# Miscellaneous Expenses includes general office expenses, penalties and fines, etc.		

34 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 ₹ 493,011/- (Previous Year:₹ 413,387/-) 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 unfunded as on the valuation date.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a) Asset-Liability Mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

in INR

	Year ended 31st March, 2020	Year ended 31st March, 2019
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.21%**	8.00%
Expected rate of return on plan assets	**7.36%**	7.43%
Salary Growth Rate	**8.00%**	4.00%
Expected average remaining working lives (in years)	**13.50**	13.20
Withdrawal rate	**4.00%**	4.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	Year ended 31st March, 2020	Year ended 31st March, 2019
Present value of obligation as at the beginning of the year	**1,256,157**	1,012,371
Interest expense	**96,096**	67,144
Current service cost	**214,425**	114,378
Benefits (paid)	**-**	(346,154)
Remeasurements on obligation [Actuarial (Gain) / Loss]	**238,362**	408,418
Present value of obligation as at the end of the year	**1,805,040**	1,256,157

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

in INR

	Year ended 31st March, 2020	Year ended 31st March, 2019
Fair value of plan assets at the beginning of the year	**286,616**	269,542
Interest Income	**21,926**	20,511
Contributions	**-**	343,294
Benefits paid	**-**	(346,154)
Return on plan assets, excluding amount recognized in Interest Income - Gain /	**(829)**	(577)
Fair value of plan assets at the end of the year	**307,713**	286,616
Actual return on plan assets	**21,097**	19,934

Net Interest (Income/Expense)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest (Income) / Expense – Obligation	**96,096**	67,144
Interest (Income) / Expense – Plan assets	**(21,926)**	(20,511)
Net Interest (Income) / Expense for the period	**74,170**	46,633

Remeasurement for the period [Actuarial (Gain)/loss]

	Year ended 31st March, 2020	Year ended 31st March, 2019
Experience (Gain) / Loss on plan liabilities	**80,905**	(25,433)
Demographic (Gain) / Loss on plan liabilities	**-**	(4,241)
Financial (Gain) / Loss on plan liabilities	**157,457**	438,093
Experience (Gain) / Loss on plan assets	**829**	577
Financial (Gain) / Loss on plan assets	**-**	-

Amount recognised in Statement of Other Comprehensive Income (OCI)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening amount recognised in OCI outside profit and loss account	**(692,274)**	(1,101,269)
Remeasurement for the period-Obligation (Gain)/Loss	**238,362**	408,418
Remeasurement for the period-Plan assets (Gain)/Loss	**829**	577
Total Remeasurement cost/(credit) for the period recognised in OCI	**239,191**	408,995
Closing amount recognised in OCI outside profit and loss account	**(453,083)**	(692,274)

The amounts to be recognised in the Balance Sheet

	Year ended 31st March, 2020	Year ended 31st March, 2019
Present value of obligation as at the end of the period	**(1,805,040)**	(1,256,157)
Fair value of plan assets as at the end of the period	**307,713**	286,616
Net Asset / (liability) to be recognised in balance sheet	**1,497,327**	969,541

Expense recognised in the statement of profit and loss

	Year ended 31st March, 2020	Year ended 31st March, 2019
Current service cost	**214,425**	114,378
Net Interest (Income) / Expense	**74,170**	46,633
Net periodic benefit cost recognised in the statement of profit and loss	**288,595**	161,011

Reconciliation of Net Asset/(Liability) recognised:

	Year ended 31st March, 2020	Year ended 31st March, 2019
Net asset / (liability) recognised at the beginning of the period	**(969,541)**	(742,829)
Company contributions	**-**	343,294
Expense recognised at the end of period	**(288,595)**	(161,011)
Amount recognised outside profit & loss for the period	**(239,191)**	(408,995)
Net asset / (liability) recognised at the end of the period	**(1,497,327)**	(969,541)

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

	Year ended 31st March, 2020	Year ended 31st March, 2019
Funds managed by insurer	**100%**	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis points

in INR

Discount rate	**Present value of obligation**	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Increase in discount rate by 100 basis points	**1,627,692**	1,135,023
Decrease in discount rate by 100 basis points	**2,012,155**	1,396,131

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis points

Salary growth rate	**Present value of obligation**	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Increase in salary growth rate by 100 basis points	**2,008,170**	1,395,110
Decrease in salary growth rate by 100 basis points	**1,627,421**	1,133,570

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis points

Withdrawal rate	**Present value of obligation**	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Increase in withdrawal rate by 100 basis points	**1,787,023**	1,252,239
Decrease in withdrawal rate by 100 basis points	**1,825,033**	1,260,398

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, 2020**	31st March, 2019
Within the next 12 months (next annual reporting period)	**1,497,327**	484,771

Amount for the current and previous three years are as follows:

	31st March, 2020	31st March, 2019	31st March, 2018	31st March, 2017
Present Value of Defined Benefit Obligation	**1,805,040**	1,256,157	1,012,371	1,838,539
Fair Value of Plan Asset	**307,713**	286,616	269,542	320,567
Funded Status [Surplus/ (Deficit)]	**(1,497,327)**	(969,541)	(742,829)	(1,517,972)
Experience gain / (loss) adjustments on plan liabilities	**80,905**	25,433	728,730	317,289
Experience gain / (loss) adjustments on plan assets	**829**	577	8,944	-

(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.

Sr. No.		**As at 31st March, 2020**	As at 31st March, 2019
1	Present Value of Obligation	**(324,099)**	(283,094)
2	Fair Value of Plan Assets	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**(324,099)**	(283,094)

35 Segment Reporting :

The Company is engaged in the business of designing, developing and manufacturing of reliable electronic systems and sub-systems for mission critical applications. All activities of the Company revolve around this single operating segment. As such, there are no separate reportable segments, as per the Ind AS – 108 on 'Operating Segments.'

36 Related Party Disclosure :

A. Related Parties and their relationships :

a) Holding Company : i) Bharat Forge Limited

b) Fellow Subsidiary : i) Kalyani Strategic Systems Limited

c) Key Managerial Personnel :
i) Mr. Rudrakumar Jadeja - Chief Executive Officer (Resigned w.e.f. 14th May, 2018)@
ii) Mr. Prabhakar Kanugo - Chief Executive Officer (Appointed w.e.f. 15th May, 2018)@
iii) Mr. Rajaramesh Bommareddy Reddy - Chief Financial Officer (Appointed w.e.f. 14th December, 2018)
iv) Mr. Tanay Mishra - Company Secretary (Appointed w.e.f. 14th December, 2018)@
@ On deputation from Bharat Forge Limited, the Holding Company

B. Transactions with Related Parties :

in INR

Particulars	**Terms and Conditions (Refer foot note no.)**	**Key Managerial Personnel**	**Holding Company**	**Fellow Subsidiary**	**Total**
Remuneration	(a)	**616,870** (156,471)	**-** -	**-** -	**616,870** (156,471)
Reimbursement of expenses	(b)	**12,865** -	**-** (52,123)	**-** -	**12,865** (52,123)
Advance Received	(c)	**-** -	**-** (25,000,000)	**-** -	**-** (25,000,000)
Sale of Service (Excluding Taxes)	(d)	**-** -	**55,943,080** (237,451,920)	**-** -	**55,943,080** (237,451,920)
Sale of Products (Excluding Taxes)	(d)	**-** -	**989,853** -	**-** -	**989,853** -
Purchase	(e)	**-** -	**50,050** (2,756,117)	**-** -	**50,050** (2,756,117)
Rent Paid	(f)	**-** -	**-** -	**1,739,796** (1,739,796)	**1,739,796** (1,739,796)
Sales return	(g)	**-** -	**-** -	**-** (2,420,950)	**-** (2,420,950)

(Figures in bracket indicate previous year)

(a) Remuneration paid to the Key Managerial Personnel as per terms of appointment

(b) Mediclaim insurance expenses has been reimbursed during the current financial year

(c) During previous year the Company has received advance against purchase order from the Holding Company in the ordinary course of business.

(d) Sale 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.

(e) Purchase 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.

(f) Rent paid to related party is in the ordinary course of business and the same has been paid at arm's length price.

(g) Sales rejections by the related party in the ordinary course of business.

C. Balance with Related Parties:

	Key Managerial Personnel	**Holding Company**	**Fellow Subsidiary**	**Total**
Amounts payables	**-** -	**-** -	**-** (2,667,161)	**-** (2,667,161)
Amounts Receivable	**-** -	**2,310,179** (52,418,345)	**-**	**2,310,179** (52,418,345)
Advance received	**-** -	**-** (24,532,836)	**-** -	**-** (24,532,836)

(Figures in bracket indicate previous year)

37 Contingent Liabilities not provided for in respect of : **in INR**

	As at 31st March, 2020	As at 31st March, 2019
a) Central Excise Duty and Penalty(i)	-	1,348,264
TOTAL :	-	1,348,264

(i) These matters are under dispute. The Company has contested the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the demand raised.

38 Value of imports calculated on CIF basis :

	As at 31st March, 2020	As at 31st March, 2019
a) Raw materials and Components	**2,243,553**	110,135,258
TOTAL :	**2,243,553**	110,135,258

39 Consumption of raw materials

	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Amount	%	Amount	%
Imported	**6,207,953**	**34.21%**	113,947,600	84.80%
Indigenous	**11,939,581**	**65.79%**	20,419,334	15.20%
TOTAL :	**18,147,534**	**100%**	134,366,934	100%

40 Unhedged foreign currency exposure :

	As at 31st March, 2020 Foreign Currency		As at 31st March, 2020	As at 31st March, 2019 Foreign Currency		As at 31st March, 2019
1 Assets :						
Advances to Trade Creditors	**USD**	**76**	**5,695**	USD	-	-
	EUR	**-**	**-**	EUR	8,230	639,486
			5,695			639,486

41 Payments to Auditors (inclusive of GST, wherever applicable) :

	As at 31st March, 2020	As at 31st March, 2019
a) As auditor	**350,000**	350,000
TOTAL :	**350,000**	350,000

42 Earning per Share (Face Value of a 10 Each) :

	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit for the year after taxation	**20,787,997**	69,438,492
Weighted Average Number of Equity Shares, outstanding during the period	**18,489,670**	18,489,670
Basic Earning per Share in rupees	**1.12**	3.76
Diluted Earning per Share in rupees	**1.12**	3.76

43 Income and deferred taxes : **in INR**

a) The major components of income tax expense for the years ended 31st March, 2020 and 31st March, 2019 are

	Year ended 31st March, 2020	Year ended 31st March, 2019
Current income tax		
Current income tax charge	**5,607,000**	18,091,000
Taxes for earlier years	**1,367,411**	38,823
TOTAL :	**6,974,411**	18,129,823

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020 and 31st March 2019 :

	Year ended 31st March, 2020	Year ended 31st March, 2019
Accounting profit before tax	**27,762,408**	87,568,315
At India's enacted tax rate of 26.00% (31st March 2019: 26%)	**7,218,226**	22,767,762
Tax effect due to non-taxable income for Indian tax purposes		(131,522)
Tax effect of non-deductible expenses	**(70,870)**	290,905
Tax effect of business loss set off in respect of which deferred tax asset was not recognised on prudent bas	**(7,095,460)**	(20,959,211)
Tax allowances	**62,190**	(106,339)
MAT credit not recognised on prudent basis	**5,401,811**	18,058,979
Deferred tax asset (Net) not recognised on prudent basis.	**86,800**	(1,743,200)
Taxation effects of earlier year considered in current year.	**1,367,411**	-
Difference due to change in applicable statutory tax rate	**4,303**	(47,551)
At the effective income tax rate of 25.12% (31st March, 2019: 20.70%)	**6,974,411**	18,129,823
Income tax expense reported in the statement of profit and loss	**6,974,411**	18,129,823

c) Reconciliation of deferred tax liabilities (net)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening balance		
Tax income/(expense) during the period recog	**-**	-
Closing balance	**-**	-

d) The Company has timing differences in respect of carried forward business loss aggregating to u 9,006,969/- (Previous Year: u 32,138,532) under the Income Tax Act, 1961 Deferred tax asset on account of this difference has not been recognized on the considerations of prudence.

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**166,913**	616,147
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**28,671**	380,037
(iii) (a) The amount of interest paid to the supplier beyond the appointed day	**-**	-
(b) The amounts of the payment made to the supplier beyond the appointed day	**630,630**	2,407,389
(iv) The amount of interest due and payable for the year	**71,212**	380,037
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**1,158,106**	1,086,896
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**2,674**	9,874

Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.

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

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 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.

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

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.

46 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:

				in INR
	Carrying value		Fair value	
	Year ended 31st March, 2020	Year ended 31st March, 2019	**Year ended 31st March, 2020**	Year ended 31st March, 2019
I) Financial assets				
Loans - Non Current				
Security Deposits	**223,050**	344,550	**223,050**	344,550
Loans - Current				
Security Deposits	**-**	150,000	**-**	150,000
Others current financial assets				
Interest receivable	**565,524**	29,323	**565,524**	29,323
	788,574	523,873	**788,574**	523,873
II) Financial liabilities				
Short term borrowings				
Overdraft	**-**	20,146,759	**-**	20,146,759
LC Discounting Facility	**-**	9,727,013	**-**	9,727,013
Demand loans from companies	**2,711,529**	2,470,860	**2,711,529**	2,470,860
Lease Liability	**1,606,151**	-	**1,606,151**	-
Other financial liabilities				
Creditors for capital expenditure	**360,029**	373,145	**360,029**	373,145
Other amounts payable	**1,164,973**	2,667,161	**1,164,973**	2,667,161
	5,842,682	35,384,938	**5,842,682**	35,384,938

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

The fair 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.

47 Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets	Significant observable	Significant unobservable	Total
Assets for which fair value has been disclosed					
Security Deposits	3/31/2020	**-**	**-**	**223,050**	**223,050**
Interest receivable	3/31/2020	**-**	**-**	**565,524**	**565,524**
Liabilities for which fair value has been disclosed					
Overdraft	3/31/2020	**-**	**-**	**-**	**-**
LC Discounting Facility	3/31/2020	**-**	**-**	**-**	**-**
Demand loans	3/31/2020	**-**	**-**	**2,711,529**	**2,711,529**
Lease Liability	3/31/2020	**-**	**1,606,151**	**-**	**1,606,151**
Creditors for capital expenditure	3/31/2020	**-**	**-**	**360,029**	**360,029**
Other amounts payable	3/31/2020	**-**	**-**	**1,164,973**	**1,164,973**
Assets for which fair value has been disclosed					
Security Deposits - Current	3/31/2019	-	-	344,550	344,550
Security Deposits - Non Current	3/31/2019	-	-	150,000	150,000
Interest receivable	3/31/2019	-	-	29,323	29,323
Liabilities for which fair value has been disclosed					
Overdraft	3/31/2019	-	-	20,146,759	20,146,759
LC Discounting Facility	3/31/2019	-	-	9,727,013	9,727,013
Demand loans	3/31/2019	-	-	2,470,860	2,470,860
Lease Liability	3/31/2020	-	-	-	-
Creditors for capital expenditure	3/31/2019	-	-	373,145	373,145
Other amounts payable	3/31/2019	-	-	2,667,161	2,667,161

48 Financial risk management disclosure :

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2020 and 31st March, 2019.
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, 2020 and 31st March, 2019 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 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 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 USD Rate	**Effect on profit before tax**	**Effect on equity pre-tax**
31st March, 2020	**5.00%**	**285**	**285**
	-5.00%	**(285)**	**(285)**
31st March, 2019	5.00%	-	-
	-5.00%	-	-

	Change in EUR Rate	**Effect on profit before tax**	**Effect on equity pre-tax**
31st March, 2020	**5.00%**	**-**	**-**
	-5.00%	**-**	**-**
31st March, 2019	5.00%	31,974	31,974
	-5.00%	(31,974)	(31,974)

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 INR**

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2020						
LC Discounting Facility	-	-	-	-	-	-
Demand loans from companies	2,711,529	-	-	-	-	2,711,529
Lease Liability	-	385,921	1,220,230			1,606,151
Creditors for capital expenditure	360,029	-	-	-	-	360,029
Other amounts payable	1,164,973	-	-	-	-	1,164,973
	4,236,531	385,921	1,220,230	-	-	5,842,682

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2019						
Overdraft		20,146,759				20,146,759
LC Discounting Facility	-	9,727,013	-	-	-	9,727,013
Demand loans from companies	2,470,860	-	-	-	-	2,470,860
Creditors for capital expenditure	373,145	-	-	-	-	373,145
Other amounts payable	2,667,161	-	-	-	-	2,667,161
	5,511,166	29,873,772	-	-	-	35,384,938

49 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

in INR

		As at 31st March, 2020	As at 31st March, 2019
b)	**Changes in Contract Assets are as under :**		
	Balance at the beginning of the year	-	19,292,000
	Revenue recognised during the year	-	1,508,000
	Invoices raised during the year	-	(20,800,000)
	Balance at the end of the year	-	-
c)	**Changes in Contract Liabilities are as under :**		
	Balance at the beginning of the year	**27,467,179**	115,763,810
	Revenue recognised from unearned revenue/advance from customers at the beginning of the year	**(24,582,278)**	(95,611,429)
	Increased due to invoicing during the year excluding the amounts recognised as revenue during the year	-	7,314,798
	Decreased due to adjustment against revenue out of advance received during the year	**(1,290,870)**	-
	Balance at the end of the year	**1,594,031**	27,467,179

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, 2020, other than those meeting the exclusion criteria mentioned above, is A 1,594,031/-(Previous year $ 2,884,901/-). Out of this, the Company expects to recognize revenue of A 1,494,184/- (Previous year R 1,794,141/-) 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:

	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue recognised as per Statement of Profit & loss		
Sale of products[(a)]	**29,061,244**	**(8,746,337)**
Sale of services	**57,982,699**	**236,326,894**
	87,043,943	**227,580,557**
Add : Adjustments		
Deferment of Sales	**1,594,031**	**2,884,901**
Contract Price	**88,637,974**	**230,465,458**

(a) Sale of products reflected for FY 2018-19 is net of rejections out of sales made in earlier years of R 12,751,690.

50 Leases

The Company has lease contract for 36 months commencing from 30th March, 2018 for the plot situated at Survey No. 23/2, (New RDO 23/4) Gundlapochampally Village and Grampanchayat, Medchal Mandal, Ranga Reddy, Hyderabad, District - Medchal, Telangana along with the factory building constructed on the plot for the purpose of carrying on its business operations. The Company's obligations under lease is secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. The lease contract includes extension and termination options.

i) The carrying amount of right-of-use assets recognised and the movements during the period:

in INR

	Buildings
As at 31st March, 2019.	-
Additions	**3,038,859**
Depreciation	**(1,519,428)**
As at 31st March, 2020.	**1,519,431**

ii) The carrying amount of lease liability and the movements during the period:

	For the year ended 31st March, 2020
As at 31st March, 2019.	-
Additions	**3,038,859**
Accretion of Interest	**307,088**
Payments	**(1,739,796)**
As at 31st March, 2020.	**1,606,151**
Current	**1,606,151**
Non - Current	-

iii) The amounts recognised in Statement of profit and loss :

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation expense of right-of-use assets	**1,519,428**	-
Interest expense on lease liabilities	**307,088**	-
Expense relating to short-term leases	**150,000**	2,341,480
As at 31st March, 2020.	**1,976,516**	2,341,480

iv) The Company had total cash outflows for leases of A 1,889,796/- (31st March, 2019: A 2,341,480/-). The Company also had non-cash addition of A 3,038,859/- (31st March, 2019: NIL) to right-of-use assets and lease liabilities.

51 Capital commitments :

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities

	For the year ended 31st March, 2020	**For the year ended 31st March, 2019**
For Property, plant and equipment	754,950	-

52 Corporate Social Responsibility :

The Company has formed Corporate Social Responsibility (CSR) Committee and has also 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 INR

	For the year ended 31st March, 2020	**For the year ended 31st March, 2019**
Gross Amount required to be spent by the Company during the year	122,132	-
Amount spent during the year	-	-
Shortfall	122,132	-
Cumulative Shortfall	**122,132**	**-**

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy

Chief Financial Officer

Tanay Mishra

Company Secretary

Place : Pune
Date : June 15, 2020

Place : Pune
Date : June 15, 2020

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BF Elbit Advanced Systems Private Limited

Directors	**Registered Office**	**Auditors**
Mr.B.N.Kalyani	Pune Cantonment,	P.V.Deo
Mr.A.B.Kalyani	Mundhwa,	Chartered Accountant
Mr.Rajinder Singh Bhatia	Pune 411036	604,Jeevan Heights,
Mr.Shai Israel Cohen		Thorat Colony,Erandwana,
Mr.Yehuda Vered		Pune - 411004

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2020

To,

The Members,

Your Directors have pleasure in presenting the Board Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2020.

1. PERFORMANCE OF THE COMPANY

(Amount in Rupees)

Particulars	As on March 31, 2020	As on March 31, 2019
Total Revenue	97,473,124	64,744,800
Depreciation/Amortization	594,916	1,396
Other expenses	6,597,853	1,441,592
Total expenses	110,764,670	73,618,452
Profit / (Loss) before Tax	(12,892,754)	(8,873,652)
Current Tax	NIL	NIL
Profit / (Loss) after Tax	(12,892,754)	(8,873,652)
Earnings per equity share Basic / Diluted	(6.51)	(4.48)

2. DIVIDEND

Since the Company does not have any distributable profit, the Board has not recommended any dividend for the financial year ended March 31, 2020.

3. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

4. STATE OF COMPANY'S AFFAIRS

The Company is yet to start manufacturing activity. During the year, the Company has undertaken trading business.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

There are no adverse material changes or commitments occurring after March 31, 2020 which affect the financial position of the Company or may require disclosure.

6. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture and associate company.

7. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

The Company has not made any Investment, given guarantee and securities during the year under review.

9. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control which commensurate with its size and the nature of its operations.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

10. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

In financial year 2019-20, the Board of the Company met seven (7) times. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

11. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013, Mr. Babasaheb N. Kalyani (DIN: 00089380) and Mr. Amit B. Kalyani (DIN: 00089430) retire by rotation and being eligible, offers themselves for reappointment.

During the year under review, there has been no change in directorship of the Company.

12. SHARE CAPITAL

As on March 31, 2020, Paid up Share Capital of the Company is 19,80,408 Equity Shares of face value of Rs.10/- each amounting to Rs.1,98,04,080/-.

Further, during the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at March 31, 2020 and of the Loss of the Company for the year under review;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

14. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

15. AUDITORS

The Company appointed Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No. 041609), as the Statutory Auditor of the Company, in its Annual General Meeting held on July 31, 2029 for a term of five years i.e. till the conclusion of the 12th Annual General Meeting of the Company to be held in the Financial Year 2024-25.

Recently, Mr. Prashant V. Deo has communicated to the Company that he is converting his practice into a Limited Liability Partnership, in the name of P V Deo & Associates LLP and tendered his resignation as a Statutory Auditor in individual capacity, with effect from the conclusion of the ensuing Annual General Meeting.

Considering the same, the Company intends to appoint P V Deo & Associates LLP (FRN W100637) as the Statutory Auditor for a term of five consecutive years from the conclusion of the ensuing AGM till the conclusion of the Annual General Meeting of the Company to be held in the Financial Year 2025-26 (i.e. form the FY 2020-2021 to FY 2024-2025).

The Company has received letter from P V Deo & Associates LLP (FRN W100637), Chartered Accountant, Pune, to the effect that their appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and the conditions prescribed read with the Rule 4 of Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment.

16. AUDITORS' REPORT

As regards adverse remark stated in item No (vii) (a) of "Annexure A" of Auditor's Report regarding irregularity in fees payable under MVAT Act, your directors wish to state as under:

At the time of registration with the MVAT authorities, the Company had kept some security deposit as per the erstwhile MVAT Act. Since now the MVAT Act has been replaced by the Goods and Service Tax Act, the security deposit is due for refund. The Company is in process of settling the fees to be paid to the authority against the said security deposit.

17. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No.MGT-9 as required under Section 92 of the Companies Act, 2013 for the financial year ending March 31, 2020 is appended as **Annexure "A"** and forms part of this report.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 entered by the Company during the financial year ended 31st March, 2020 is appended as **Annexure "B"** in prescribed Form AOC-2 and forms part of this report.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There is nothing to be reported with regards to conservation of energy, technology absorption and the Company has not entered into any transactions involving foreign exchange earnings and outgo.

Details of Foreign Exchange earnings and Outgo: NIL

20. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

21. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

There are no employees in the Company.

22. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

23. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and cooperation all through the year.

For and on behalf of the Board of Directors

B. N. Kalyani
Director
DIN : 00089380

Rajinder Singh Bhatia
Director
DIN : 05333963

Place : Pune

Date : June 24, 2020

Annexure "A"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U29270PN2012PTC144268
ii)	Registration date	August 2, 2012
iii)	Name of the Company	BF Elbit Advanced Systems Private Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune 411 036. Tel. No. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1	Other retail sale not in stores, stalls or markets	47990	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	51	Section 2(87)(ii)

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2019

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	10,10,000	10,10,000	51	10,10,000	NIL	10,10,000	51	NIL
Sub-total (A) (1):-	**NIL**	**10,10,000**	**10,10,000**	**51**	**10,10,000**	NIL	**10,10,000**	**51**	**NIL**
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	9,70,408	9,70,408	49	NIL	9,70,408	9,70,408	49	NIL
Sub-total (A) (2):-	NIL	9,70,408	9,70,408	49	NIL	9,70,408	9,70,408	49	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**19,80,408**	**19,80,408**	**100**	**10,10,000**	**9,70,408**	**19,80,408**	**100**	**NIL**
B.Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**19,80,408**	**19,80,408**	**100**	**10,10,000**	**9,70,408**	**19,80,408**	**100**	**NIL**

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Bharat Forge Limited	10,10,000	51	NIL	10,10,000	51	NIL	NIL
2	Elbit Systems Land and C4I Limited	9,70,408	49	NIL	9,70,408	49	NIL	NIL
	Total	**19,80,408**	**100**	**NIL**	**19,80,408**	**100**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	19,80,408	100	19,80,408	100
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
3	At the End of the year	19,80,408	100	19,80,408	100

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors & KMPs :

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit Rs.	Unsecured Loans Rs.	Unsecured Loans Rs.	Total Indebtedness Rs.
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	93,092,637/-	11,108,974/-	104,201,611/-
ii.) Interest due but not paid	NIL	9,190,908/-	1,009,568/-	10,200,476/-
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**102,283,545/-**	**12,118,542/-**	**114,402,087/-**
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	504,000/-	NIL	504,000/-
Net Change	**NIL**	**504,000/-**	**NIL**	**504,000/-**
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	92,588,637/-	11,108,974/-	103,697,611/-
ii.) Interest due but not paid	NIL	24,858,288/-	2,114,026/-	26,972,314/-
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**117,446,925/-**	**13,223,000/-**	**130,669,925/-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act				N.A.

B. Remuneration to other Directors

The Company does not pay remuneration to any other Directors.

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company does not have Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

B. N. Kalyani
Director
DIN : 00089380

Rajinder Singh Bhatia
Director
DIN : 05333963

Place : Pune

Date : June 24, 2020

Annexure -"B"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019, which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

a	Name(s) of the related party and nature of relationship	Bharat Forge Limited				
b	Nature of contracts/ arrangements/ transactions	Inter Corporate Deposit	Lease of Property	Purchase of Material	Reimbursement of expenses paid	Reimbursement of expenses received
c	Duration of the contracts / arrangements/transactions	Payable on demand	Five Years can be extended Mutually	One Time	One Time	One Time
d	Salient terms of the contracts or arrangements or transactions including the value, if any	At an interest of 10% p. a. During the year company paid interest of Rs.10,675,757/- and repaid Rs. 504,000/-	As per sub-let agreement Rs.4,80,000/- per annum	As per Purchase Order Rs.76,094,400/-	Reimbursement of various expenses paid at cost Rs. 56,47,500/-	Reimbursement of transport cost received Rs. 88,987/-
E	Date(s) of approval by the Board, if any	March 29,2016	March 12,2014	-	-	-
F	Amount paid as advances, if any	NIL	NIL	NIL	NIL	NIL

a	Name(s) of the related party and nature of relationship	Kalyani Strategic Systems Limited	Elbit Systems Land and C4I Limited
b	Nature of contracts/ arrangements/ transactions	Interest on Inter Corporate Deposit	One Time
c	Duration of the contracts / arrangements/transactions	Payable on demand	Sale of Goods
d	Salient terms of the contracts or arrangements or transactions including the value, if any	At an interest of 9.70% p. a. During the year Rs.1,227,176/- paid as interest	As per Purchase Order Rs. 10,324,324/-
e	Date(s) of approval by the Board, if any	September 9,2015	-
f	Amount paid as advances, if any	NIL	NIL

For and on behalf of the Board of Directors

Place : Pune

Date : June 24, 2020

B. N. Kalyani
Director
DIN : 00089380

Rajinder Singh Bhatia
Director
DIN : 05333963

Independent Auditor's Report

To the Members of BF Elbit Advanced Systems Private Limited

Report on the Financial Statements

Opinion
I have audited the accompanying financial statements of **BF Elbit Advanced Systems Private Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2020, 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 my opinion and to the best of my information and according to the explanations given to me, 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, 2020, 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
I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters
I have determined that there are not key audit matters to be reported in my report.

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 my auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Board's Report including Annexures to Board's Report if I conclude that there is a material misstatement therein, I am 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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, I am also responsible for expressing my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I 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, I report that:

   a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

   b) In my opinion, proper books of account as required by law have been kept by the Company, so far as appears from my examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In my 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, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 my 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 my opinion and to the best of my information and according to the explanations given to me :

   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.

P. V. Deo
Chartered Accountant
Membership No. 041609
UDIN: 20041609AAAA3D8869
Place : Pune
Date : June 24,2020

“ANNEXURE A” REFERRED TO IN THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITEDFOR THE YEAR ENDED 31ST MARCH, 2020.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i)

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) The Company does not own any immovable properties.

(ii) The inventory comprising stock of raw materials was physically verified at reasonable intervals during the year by the management. As explained to me, no material discrepancies were noticed by the management on physical verification of stocks.

(iii) 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 Companies Act, 2013.

(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) 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 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 me 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 me, 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, 2020 for a period of more than six months from the date those became payable ***save and except the following liabilities which were outstanding for a period of more than six months from the date those became payable.***

- ***Fees payable under MVAT Act : ₹ 21,000/-***

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, 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 me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to me and based on my 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609
UDIN: 20041609AAAA3D8869
Place : Pune
Date : June 24,2020

“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, 2020.

I have audited the internal financial controls over financial reporting of **BF Elbit Advanced Systems Private Limited** (“the Company”) as of 31st March, 2020 in conjunction with my 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my 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 I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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

BF Elbit Advanced Systems Private Limited

Balance sheet as at 31st March, 2020

		Notes	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
I.	**ASSETS**			
1	**Non-current assets**			
a)	Property, plant and equipment	3	**3,93,873**	18,050
b)	Right of use assets	4	**11,18,420**	-
c)	Capital Work in progress		**30,408**	-
d)	Intagible assets	5	**6,63,589**	-
e)	Financial assets			
i)	Other financial assets	6	**45,000**	45,000
f)	Other non-current assets	7	**1,76,71,500**	1,76,71,500
			1,99,22,790	1,77,34,550
2	**Current assets**			
a)	Inventories	8	-	1,54,35,784
b)	Financial assets			
i)	Trade receivables	9	**3,87,35,085**	6,26,83,488
ii)	Cash and cash equivalents	10	**3,56,29,092**	1,98,66,556
c)	Other current assets	11	**36,24,355**	42,07,093
			7,79,88,532	10,21,92,921
	TOTAL :		**9,79,11,322**	11,99,27,471
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
a)	Equity share capital	12	**1,98,04,080**	1,98,04,080
b)	Other equity	13	**(11,75,29,737)**	(10,46,36,983)
			(9,77,25,657)	(8,48,32,903)
2	**Non Current liabilities**			
a)	Financial liabilities			
i)	Lease liabilities	27	**7,95,301**	**-**
			7,95,301	-
2	**Current liabilities**			
a)	Financial Liabilities			
i)	Borrowings	14	**13,06,69,925**	11,44,02,087
ii)	Trade payables	15		
	Total outstanding dues of micro enterprises and small enterprises		-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**6,33,55,994**	8,97,97,312
iii)	Lease liabilities	27	**3,76,639**	-
iii)	Other financial liabilities	16	**1,87,252**	-
b)	Other current liabilities	17	**2,51,868**	5,60,975
			19,48,41,678	20,47,60,374
	TOTAL :		**9,79,11,322**	11,99,27,471
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 37		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo	**B. N. Kalyani**	**Rajinder Singh Bhatia**
Chartered Accountant	**Director**	**Director**
Membership No. 041609	**DIN: 00089380**	**DIN: 05333963**

Place : Pune
Date : June 24, 2020

Place : Pune
Date : June 24, 2020

BF Elbit Advanced Systems Private Limited

Statement of profit and loss for the year ended 31st March, 2020

		Notes	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
I.	**Income**			
a)	Revenue from operations (net)	18	**9,74,73,124**	6,47,44,800
b)	Other Income	19	**3,98,792**	-
	Total Revenue		**9,78,71,916**	6,47,44,800
II.	**Expenses**			
a)	Purchases of stock-in-trade	20	**7,60,94,400**	7,62,77,384
b)	Changes in inventories of stock-in-trade	21	**1,54,35,784**	(1,54,35,784)
c)	Finance costs	22	**1,20,41,717**	1,13,33,864
d)	Depreciation and amortization expenses	23	**5,94,916**	1,396
e)	Other expenses	24	**65,97,853**	14,41,592
	Total expenses		**11,07,64,670**	7,36,18,452
III.	**Loss before tax**		**(1,28,92,754)**	(88,73,652)
IV.	**Tax expenses**		**-**	-
V.	**Loss for the year**		**(1,28,92,754)**	(88,73,652)
VI.	**Other comprehensive income**		**-**	-
VII.	**Total Comprehensive Income for the period (V+VI)**		**(1,28,92,754)**	(88,73,652)
VIII.	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**			
a)	Basic (In ₹)	28	**(6.51)**	(4.48)
b)	Diluted (In ₹)	28	**(6.51)**	(4.48)
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 37		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo	**B. N. Kalyani**	**Rajinder Singh Bhatia**
Chartered Accountant	**Director**	**Director**
Membership No. 041609	**DIN: 00089380**	**DIN: 05333963**

Place : Pune
Date : June 24, 2020

Date : June 24, 2020

BF Elbit Advanced Systems Private Limited

Statement of changes in equity for the year ended 31st March, 2020

a Equity share capital

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
As at beginning of the year	**1,98,04,080**	1,98,04,080
Changes in equity share capital during the year	**-**	-
As at end of the year	**1,98,04,080**	1,98,04,080

b Other equity

	Retained Earnings ₹
Balance as at 1st April, 2018.	(9,57,63,331)
Add :	
Loss for the year	(88,73,652)
Balance as at 31st March, 2019.	(10,46,36,983)
Add :	
Loss for the year	**(1,28,92,754)**
Balance as at 31st March, 2020.	**(11,75,29,737)**
c Total equity (a+b)	**(9,77,25,657)**

Significant accounting policies and notes forming an integral part of the financial statements 1 to 37

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo	**B. N. Kalyani**	**Rajinder Singh Bhatia**
Chartered Accoun	**Director**	**Director**
Membership No. 041609	**DIN: 00089380**	**DIN: 05333963**

Place : Pune
Date : June 24, 2020

Place : Pune
Date : June 24, 2020

BF Elbit Advanced Systems Private Limited

Cash Flow Statement for the year ended 31st March, 2020

			Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
(A)	**Cash flow from operating activities**			
	Loss before tax		**(1,28,92,754)**	(88,73,652)
	Add :			
	Depreciation and amortization expenses		**5,94,916**	1,396
	Interest paid on borrowings		**1,19,02,933**	1,13,33,864
	Interest paid on lease liabilties		**1,38,784**	-
	Unrealised Foreign Exchange loss/(gain)		**(3,98,792)**	5,40,848
	Operating loss before working capital changes		**(6,54,913)**	30,02,456
	Movements in working capital :			
	(Increase) / decrease in other current assets		**5,82,738**	(22,03,851)
	(Increase) / decrease in other financial assets		**-**	(20,000)
	(Increase) / decrease in inventories		**1,54,35,784**	(1,54,35,784)
	(Increase) / decrease in trade receivables		**2,43,47,195**	(6,26,83,488)
	Increase / (decrease) in trade payables		**(2,64,41,318)**	8,29,00,930
	Increase / (decrease) in other current financial liabilities		**1,87,252**	-
	Increase / (decrease) in other current liabilities		**(3,09,107)**	3,41,975
			1,38,02,544	28,99,782
	Cash generated from operations		**1,31,47,631**	59,02,238
	Direct taxes paid (net of refunds)		**-**	-
	Net cash flows from operating activities	**(A)**	**1,31,47,631**	59,02,238
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**(4,75,000)**	-
	Purchase of intangible assets		**(7,95,000)**	-
	Net cash flows used in investing activities	**(B)**	**(12,70,000)**	-
(C)	**Cash flows from financing activities**			
	Proceeds from short term borrowings (net of repayment)		**1,62,67,838**	1,08,55,676
	Interest Paid		**(1,19,02,933)**	(1,13,33,864)
	Payment of principle lease liabilities		**(3,41,216)**	-
	Payment of interest on lease liabilities		**(1,38,784)**	-
	Net cash flows from/(used in) financing activities	**(C)**	**38,84,905**	(4,78,188)
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**1,57,62,536**	54,24,050
(E)	**Cash and cash equivalents at the beginning of the year**		**1,98,66,556**	1,44,42,506
(F)	**Cash and cash equivalents at the end of the year**		**3,56,29,092**	1,98,66,556

		As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Components of cash and cash equivalents as at			
Balances with banks in current accounts		**3,56,29,092**	1,98,66,556
	TOTAL :	**3,56,29,092**	1,98,66,556

Significant accounting policies and notes forming an integral part of the financial statements 1 to 37

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : June 24, 2020

On behalf of the Board of Directors,

B.N. Kalyani	**Rajinder Singh Bhatia**
Director	**Director**
DIN: 00089380	**DIN: 05333963**

Place : Pune
Date : June 24, 2020

Notes forming part of the financial statements for the year ended 31st March, 2020

1 Corporate information:

BF Elbit Advanced Systems Private Limited was incorporated on 2nd August, 2012, as a private limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited and thus deemed to be a public company within the meaning of Sec. 2(71) of the Companies Act, 2013. The Company is a 51:49 Joint Venture between Bharat Forge Limited and Elbit Systems Land and C4I Limited of Israel. Bharat Forge Limited is the Holding Company.

The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres. During the financial year covered by these statements, the Company was engaged exclusively in carrying out trial runs of its products.

2 Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

2.2 Changes in accounting policies:

a) Leases :

On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1st April 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company adopted Ind AS 116, effective annual reporting period beginning on 1st April, 2019. The Company applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1st April, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this Standard recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. On that date, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate as at 1st April, 2019. In accordance with the standard, the Company elected not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

b) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations :

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Company’s financial statements.

c) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment :

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

i) Whether an entity considers uncertain tax treatments separately

ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities

iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

iv) How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.
The Company applies significant judgement in identifying uncertainties over income tax treatments.
Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

2.3 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.

2.4 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 9th August, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.5 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

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

i In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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

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 judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 18.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Export incentives :

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

c) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

d) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

e) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.14.

f) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

g) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

h) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.7 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

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/Goods and service tax 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 excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.
Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Building - Temporary structure	3 Years
ii)	Computers	3 Years
iii)	Office equipment	5 Years

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 profit or loss in the period in which the expenditure is incurred.

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

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

The Company amortizes software over three years.

2.10 Leases :

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

i) Right of use assets

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

	Type of Asset	
i)	Building	3 to 30 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.

Group as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.11 Inventories :

Inventories comprises of traded goods are stated at the lower of costs determined on weighted average basis and net realisable value.

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 March 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 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 (Previous year Ind AS 17)

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

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	Revised	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.

2.15 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.

2.16 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.

2.19 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.

2.20 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.

Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes forming part of the financial statements for the year ended 31st March, 2020

3 Property, plant and equipment :

	Building - Temporary structure ₹	Office Equipments ₹	Computers ₹	Total ₹
Gross block, at cost :				
As at 1st April, 2019.	6,67,813	1,79,840	-	8,47,653
Additions	-	-	-	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2019.	**6,67,813**	**1,79,840**	**-**	**8,47,653**
Additions	**-**	**-**	**4,44,592**	**4,44,592**
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2020.	**6,67,813**	**1,79,840**	**4,44,592**	**12,92,245**
Depreciation and amortization :				
As at 1st April, 2019.	6,67,813	1,60,394	-	**8,28,207**
Disposals	-	-	-	-
Adjustments	-	-	-	-
For the year	-	1,396	-	**1,396**
Upto 31st March, 2019.	**6,67,813**	**1,61,790**	**-**	**8,29,603**
Disposals	-	-	-	-
Adjustments	-	-	-	-
For the year	-	**4,618**	**64,151**	**68,769**
Upto 31st March, 2020.	**6,67,813**	**1,66,408**	**64,151**	**8,98,372**
Net Block :				
As at 31st March, 2019.	-	18,050	-	18,050
As at 31st March, 2020.	**-**	**13,432**	**3,80,441**	**3,93,873**

4 Right of use assets :

	Right of use assets ₹	Total ₹
Gross block, at cost :		
As at 1st April, 2019.	-	-
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2019.	**-**	**-**
Additions	**15,13,156**	**15,13,156**
Disposals	**-**	-
Adjustments	**-**	-
As at 31st March, 2020.	**15,13,156**	**15,13,156**
Depreciation and amortization :	-	-
Disposals	**-**	-
Adjustments	**-**	-
For the year	-	-
Upto 31st March, 2019.	**-**	**-**
Disposals	**-**	-
Adjustments	**-**	-
For the year	**3,94,736**	**3,94,736**
Upto 31st March, 2020.	**3,94,736**	**3,94,736**
Net Block :		
As at 31st March, 2019.	-	-
As at 31st March, 2020.	**11,18,420**	**11,18,420**

5 Intangible assets :

	Software ₹	Total ₹
Gross block, at cost :		
As at 1st April, 2019.	-	-
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2019.	-	-
Additions	**7,95,000**	**7,95,000**
Disposals	-	-
Adjustments	-	-
As at 31st March, 2020.	**7,95,000**	**7,95,000**
Depreciation and amortization :	-	-
Disposals	-	-
Adjustments	-	-
For the year	-	-
Upto 31st March, 2019.	-	-
Disposals	-	-
Adjustments	-	-
For the year	**1,31,411**	**1,31,411**
Upto 31st March, 2020.	**1,31,411**	**1,31,411**
Net Block :		
As at 31st March, 2019.	-	-
As at 31st March, 2020.	**6,63,589**	**6,63,589**

6 Other financial assets (Non-current)
(Unsecured, Good)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Deposits	**45,000**	45,000
TOTAL :	**45,000**	45,000

7 Other non-current assets
(Unsecured, Good)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Capital advance to a related party	**1,76,71,500**	1,76,71,500
TOTAL :	**1,76,71,500**	1,76,71,500

For terms and conditions relating to related party receivables, refer note no. 26

8 Inventories

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Stock in trade	**-**	1,54,35,784
TOTAL :	**-**	1,54,35,784

9 Trade receivables

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Credit impaired	**-**	-
Others, including related party receivables	**3,87,35,085**	6,26,83,488
TOTAL :	**3,87,35,085**	6,26,83,488

For terms and conditions relating to related party receivables, refer note no. 26

10 Cash and cash equivalents

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Balances with banks		
In current accounts	**3,56,29,092**	1,98,66,556
TOTAL :	**3,56,29,092**	1,98,66,556

11 Other current assets
(Unsecured, Good)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Balances with government authorities	**36,19,265**	42,05,584
Prepaid expenses	**4,106**	-
Advances recoverable in cash or in kind for value to be received		
From others	**984**	1,509
TOTAL :	**36,24,355**	42,07,093

12 Equity share capital

		As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Authorised			
1,50,00,000	(1,50,00,000) Equity shares of ₹ 10/- each	**15,00,00,000**	15,00,00,000
Issued			
19,80,408	(19,80,408) Equity shares of ₹ 10/- each	**1,98,04,080**	1,98,04,080
Subscribed and fully paid-up			
19,80,408	(19,80,408) Equity shares of ₹ 10/- each	**1,98,04,080**	1,98,04,080
Total issued, subscribed and fully paid-up share capital :		**1,98,04,080**	1,98,04,080

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at 31st March, 2020 Nos.	₹	As at 31st March, 2019 Nos.	₹
At the beginning of the year	**19,80,408**	**1,98,04,080**	19,80,408	1,98,04,080
Shares Issued during the year	**-**	**-**	-	-
Shares bought back during the year	**-**	**-**	-	-
Outstanding at the end of the year	**19,80,408**	**1,98,04,080**	19,80,408	1,98,04,080

(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, 2020 Nos.	% of Holding	As at 31st March, 2019 Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**10,10,000**	**51**	10,10,000	51
Elbit Systems Land and C4I Limited	**9,70,408**	**49**	9,70,408	49
	19,80,408	**100**	19,80,408	100

including the shares held through nominees

13 Other equity

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Retained earnings		
As per last account	**(10,46,36,983)**	(9,57,63,331)
Loss for the year	**(1,28,92,754)**	(88,73,652)
Less : Appropriations	**-**	-
Closing balance	**(11,75,29,737)**	(10,46,36,983)

14 Borrowings (Current)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Demand loans from companies[(a)(b)]	**13,06,69,925**	11,44,02,087
TOTAL :	**13,06,69,925**	11,44,02,087
(a) Includes Loan from Bharat Forge Ltd, the Holding Company which carries interest @ 10% p.a.	**11,74,46,925**	10,22,83,545
(b) Includes Loan from other related party which carries interest @ 9.70% p.a.	**1,32,23,000**	1,21,18,542

15 Trade payables :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (including related party payables)	**6,33,55,994**	8,97,97,312
TOTAL :	**6,33,55,994**	8,97,97,312

For terms and conditions relating to related party payables, refer note no. 26

16 Other financial liabilities (Current)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Duty drawback refundable	**1,87,252**	-
TOTAL :	**1,87,252**	-

17 Other current liabilities

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Statutory liabilities	**2,51,868**	5,60,975
TOTAL :	**2,51,868**	5,60,975

18 Revenue from operations (net):

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Sale of products	**9,74,73,124**	6,47,44,800
TOTAL :	**9,74,73,124**	6,47,44,800

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2020 and 31st March, 2019 by offerings and contract type.

Revenue by offerings :		
Sale of products	**9,74,73,124**	6,47,44,800
TOTAL :	**9,74,73,124**	6,47,44,800
Revenue by geographical segments :		
Within India	**8,71,48,800**	6,47,44,800
Outside India	**1,03,24,324**	-
TOTAL :	**9,74,73,124**	6,47,44,800
Revenue by contract type :		
Fixed price contracts	**9,74,73,124**	6,47,44,800
TOTAL :	**9,74,73,124**	6,47,44,800

19 Other Income:

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Gain on foreign exchange fluctuations	**3,98,792**	-
TOTAL :	**3,98,792**	-

20 Purchases of Stock-in-trade :

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Purchases of stock-in-trade	**7,60,94,400**	7,62,77,384
TOTAL :	**7,60,94,400**	7,62,77,384

21 Changes in inventories of stock-in-trade :
(Increase)/Decrease in inventories :

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Inventories at the beginning of the year		
Stock-in-trade	**1,54,35,784**	-
Inventories at the close of the year		
Stock-in-trade	**-**	1,54,35,784
TOTAL :	**1,54,35,784**	(1,54,35,784)

22 Finance costs :

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Interest on borrowings	**1,19,02,933**	1,13,33,864
Interest on lease liabilities	**1,38,784**	-
TOTAL :	**1,20,41,717**	1,13,33,864

23 Depreciation and amortization expenses

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
On property, plant and equipment	**68,769**	1,396
On intangible assets	**1,31,411**	-
On right of use assets	**3,94,736**	-
TOTAL :	**5,94,916**	1,396

24 Other expenses

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Insurance	**6,463**	-
Rent	**-**	4,80,000
Legal and professional fees	**3,70,785**	76,408
Payment to Auditors (Refer details below)	**1,35,000**	90,000
Loss on foreign exchange fluctuations	**-**	5,40,848
Rates & taxes	**6,992**	75,130
Outward transport expenses	**4,31,664**	-
Business promotion expenses	**50,00,000**	-
Miscellaneous expenses#	**6,46,949**	1,79,206
TOTAL :	**65,97,853**	14,41,592

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

Payment to auditors

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
As auditor:		
- Audit fee	**1,00,000**	80,000
- Tax Audit Fees	**25,000**	-
- Income Tax matters	**10,000**	10,000
- Out of pocket expenses reimbursed	**-**	-
TOTAL :	**1,35,000**	90,000

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 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 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.

26 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 Companies :	Kalyani Strategic Systems Limited

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

Sr. No.	Nature of transaction	Note	Bharat Forge Limited	Elbit Systems Land and C4I Limited	Kalyani Strategic Systems Limited	Total
			₹	₹	₹	₹
1	Reimbursement of expenses paid	(a)	**5,647,500**	**-**	**-**	**5,647,500**
			-	-	-	-
2	Reimbursement of expenses received	(b)	**88,987**	**-**	**-**	**88,987**
			-	-	-	-
3	Rent paid	(c)	**480,000**	**-**	**-**	**480,000**
			(480,000)	-	-	(480,000)
4	Interest Paid	(d) & (e)	**10,675,757**	**-**	**1,227,176**	**11,902,933**
			(10,212,120)	-	(1,121,744)	(11,333,864)
5	Repayment of Inter Corporate Loan	(d) & (e)	**504,000**	**-**	**-**	**504,000**
			(6,659,582)	-	-	(6,659,582)
6	Purchase of material	(f)	**76,094,400**	**-**	**-**	**76,094,400**
			(76,277,384)	-	-	(76,277,384)
7	Sale of goods	(g)	**-**	**10,324,324**	**-**	**10,324,324**
			-	-	-	-

(a) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(b) Expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

(c) The Company has entered into an arrangement with the Holding Company, in the nature of cancellable operating lease for land for locating its manufacturing facilities. The lease is for a period of five years. The term of leases can be extended mutually by the parties.

(d) The loan borrowed from the Holding Company is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest at the rate of 10 % p.a.

(e) The loan borrowed from other related party is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest at the rate of 9.70% p.a.

(f) The Company has purchased material from the Holding company for the purpose of trading.

(g) The Company has sold material to its related party at normal credit terms.

(iii) **Balances outstanding**

Sr. No.	Nature of transaction		Bharat Forge Limited ₹	Elbit Systems Land and C4I Limited ₹	Kalyani Strategic Systems Limited ₹	Total ₹
1	Demand Loans(including interest payable on these loans)		**117,446,925** (102,283,545)	**-** -	**13,223,000** (12,118,542)	**130,669,925** (114,402,087)
2	Capital advance given		**-** -	**17,671,500** (17,671,500)	**-** -	**17,671,500** (17,671,500)
3	Trade payable		**62,969,283** (89,607,312)	**-** -	**-** -	**62,969,283** (89,607,312)
4	Trade receivable		**-** -	**10,723,117** -	**-** -	**10,723,117** -

(Figures in bracket indicate previous year)

27 Leases :

Company as lessee

The Company has lease contracts for building used in its operations. Lease of building have lease term of five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further

Below are the carrying amounts of right-of-use assets recognised and the movements during the year :

	Buildings ₹
As at 1st April, 2019	**-**
Additions	**1,513,156**
Depreciation	**(394,736)**
As at 31st March, 2020	**1,118,420**

Below are the carrying amounts of lease liabilities and the movements during the year :

	Year ended 31st March, 2020 ₹
As at 1st April, 2019	**1,513,156**
Additions	**-**
Accretion of interest	**138,784**
Payments	**(480,000)**
As at 31st March, 2020	**1,171,940**
Current	**376,639**
Non - Current	**795,301**

The following are the amounts recognised in profit or loss:

	Year ended 31st March, 2020 ₹
Depreciation expense of right-of-use assets	**394,736**
Interest expense on lease liabilities	**138,784**
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	**533,520**

The Company had total cash outflows for leases of ₹ 480,000/- (31st March, 2019: ₹ 480,000/-). The company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,513,156/- (31st March, 2019: NIL).

28 Earnings per share (EPS) :

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders as at 31st March	**(12,892,754)**	(8,873,652)
Weighted average number of equity shares in calculating basic EPS	**1,980,408**	1,980,408
EPS - Basic (in ₹)	**(6.51)**	(4.48)
EPS - Diluted - (in ₹)	**(6.51)**	(4.48)

29 Details of unhedged foreign currency exposures :

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

		As at 31st March, 2020		As at 31st March, 2019	
		USD	**₹**	USD	₹
a)	Capital Advance	**280,000**	**17,671,500**	280,000	17,671,500
b)	Trade receivable	**142,243**	**10,723,117**	-	-

30 Commitments :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for.	**10,554,026**	9,683,982
For commitments relating to lease agreements, please refer note 27	**1,171,940**	-

31 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 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.

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. See Note 32 and 33 for further disclosures.

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.

32 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, 2020 ₹	As at 31st March, 2019 ₹	**As at 31st March, 2020 ₹**	As at 31st March, 2019 ₹
Financial assets				
Other current financial assets				
Deposits	**45,000**	45,000	**45,000**	45,000
Total	**45,000**	45,000	**45,000**	45,000
Financial liabilities				
Lease liability (Non-current)	**795,301**	-	**795,301**	-
Demand loans from companies	**130,669,925**	114,402,087	**130,669,925**	114,402,087
Lease liability (Current)	**376,639**	-	**376,639**	-
Duty drawback refundable	**187,252**	-	**187,252**	-
Total	**132,029,117**	114,402,087	**132,029,117**	114,402,087

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

The fair 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.

33 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					
Deposits	**3/31/2020**	**-**	**-**	**45,000**	**45,000**
Liabilities for which fair value has been disclosed					
Lease liability (Non-current)	**3/31/2020**	**-**	**-**	**795,301**	**795,301**
Demand loans from companies	**3/31/2020**	**-**	**-**	**130,669,925**	**130,669,925**
Lease liability (Current)	**3/31/2020**	**-**	**-**	**376,639**	**376,639**
Duty drawback refundable	**3/31/2020**	**-**	**-**	**187,252**	**187,252**
Assets for which fair value has been disclosed					
Deposits	3/31/2019	-	-	45,000	45,000
Liabilities for which fair value has been disclosed					
Demand loans from companies	3/31/2019	-	-	114,402,087	114,402,087

34 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, 2020 and 31st March, 2019.
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, 2020 and 31st March, 2019 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.

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
As at 31st March, 2020						
Lease liability (Non-current)	-	-	-	795,301	-	795,301
Demand loans from companies	130,669,925	-	-	-	-	130,669,925
Lease liability (Current)	-	90,701	285,938	-	-	376,639
Duty drawback refundable	187,252	-	-	-	-	187,252
	130,857,177	**90,701**	**285,938**	**795,301**	**-**	**132,029,117**
As at 31st March, 2019						
Demand loans from companies	114,402,087	-	-	-	-	114,402,087
	114,402,087	**-**	**-**	**-**	**-**	**114,402,087**

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.

		As at 31st March 2020 ₹	As at 31st March 2019 ₹
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	-	-
c)	**Changes in Contract Liabilities are as under :**		
	Balance at the beginning of the year	-	-
	Revenue recognised from unearned	-	-
	Increased due to invoicing during the year	-	-
	Decreased due to adjustment against	-	-
	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 haveany performance obligations that are completely or partially unsatisfied as at 31st March, 2020 and 31st March, 2019, 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, 2020 ₹	Year ended 31st March, 2019 ₹
Revenue recognised as per Statement of Profit & loss		
Sale of products	**9,74,73,124**	6,47,44,800
Add : Adjustments	-	-
Contract Price	**9,74,73,124**	6,47,44,800

36 Going concern :

The Company has incurred losses of ₹ 12,892,754/- (31st March, 2019 : ₹ 8,873,652/-) during the year. As at 31st March, 2020, the Company's accumulated losses are ₹ 117,529,737/- (31st March, 2019 : ₹ 104,636,983/-) which have completely eroded the net worth of the Company. The Company also has net current liabilities of ₹ 116,853,146/- as at 31st March, 2020 (31st March, 2019 : ₹ 102,567,453/-). The management is confident of streamlining the operations so as to start generating profits. The Company is also evaluating possibilities of having appropriate working capital facilities from banks and financial institutions for funding the requirements. Further, the majority shareholders have confirmed their commitment and have provided unconditional support to the Company to ensure that the Company continues to operate and is able to meet all liabilities in future when they fall due for payment. Accordingly 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.

37 Income tax :

a) Accounting loss before tax

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Accounting loss before tax	**(1,28,92,754)**	(88,73,652)
At India's enacted tax rate of 26.00% (31st March, 2019: 26%)	**(33,52,116)**	(23,07,150)
Deferred tax savings on current year accounting loss	**32,89,539**	22,94,643
Tax effect of non-deductible expenses	**-**	(2,427)
Tax effect due to change in tax rate	-	-
Deferred tax not recognised on prudence basis	**62,577**	14,934
At the effective income tax rate of 0% (31st March, 2019: 0%)	-	-
Income tax expense reported in the statement of profit and loss	-	-

b) The Company has carried foraward business loss ₹ 138,860/- (31st March, 2019 : ₹ 138,860/-) and unabsorbed depreciation of ₹ 427,313/- (31st March, 2019 : ₹ 352,580/-). 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 ₹ 324,245/- (31st March, 2019 ₹ 265,179/-).

As per my attached report of the even date,

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : June 24, 2020

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : June 24, 2020

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

Sr. No.	Nature of transaction	Note	Bharat Forge Limited	Elbit Systems Land and C4I Limited	Kalyani Strategic Systems Limited	Total
			₹	₹	₹	₹
1	Reimbursement of expenses paid	(a)	**5,647,500**	**-**	**-**	**5,647,500**
			-	-	-	-
2	Reimbursement of expenses received	(b)	**88,987**	**-**	**-**	**88,987**
			-	-	-	-
3	Rent paid	(c)	**480,000**	**-**	**-**	**480,000**
			(480,000)	-	-	(480,000)
4	Interest Paid	(d) & (e)	**10,675,757**	**-**	**1,227,176**	**11,902,933**
			(10,212,120)	-	(1,121,744)	(11,333,864)
5	Repayment of Inter Corporate Loan	(d) & (e)	**504,000**	**-**	**-**	**504,000**
			(6,659,582)	-	-	(6,659,582)
6	Purchase of material	(f)	**76,094,400**	**-**	**-**	**76,094,400**
			(76,277,384)	-	-	(76,277,384)
7	Sale of goods	(g)	**-**	**10,324,324**	**-**	**10,324,324**
			-	-	-	-

(a) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(b) Expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

(c) The Company has entered into an arrangement with the Holding Company, in the nature of cancellable operating lease for land for locating its manufacturing facilities. The lease is for a period of five years. The term of leases can be extended mutually by the parties.

(d) The loan borrowed from the Holding Company is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest at the rate of 10 % p.a.

(e) The loan borrowed from other related party is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest at the rate of 9.70% p.a.

(f) The Company has purchased material from the Holding company for the purpose of trading.

(g) The Company has sold material to its related party at normal credit terms.

(iii) **Balances outstanding**

Sr. No.	Nature of transaction		Bharat Forge Limited ₹	Elbit Systems Land and C4I Limited ₹	Kalyani Strategic Systems Limited ₹	Total ₹
1	Demand Loans(including interest payable on these loans)		**117,446,925** (102,283,545)	**-** -	**13,223,000** (12,118,542)	**130,669,925** (114,402,087)
2	Capital advance given		**-** -	**17,671,500** (17,671,500)	**-** -	**17,671,500** (17,671,500)
3	Trade payable		**62,969,283** (89,607,312)	**-** -	**-** -	**62,969,283** (89,607,312)
4	Trade receivable		**-** -	**10,723,117** -	**-** -	**10,723,117** -

(Figures in bracket indicate previous year)

27 Leases :

Company as lessee

The Company has lease contracts for building used in its operations. Lease of building have lease term of five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further

Below are the carrying amounts of right-of-use assets recognised and the movements during the year :

	Buildings ₹
As at 1st April, 2019	-
Additions	**1,513,156**
Depreciation	**(394,736)**
As at 31st March, 2020	**1,118,420**

Below are the carrying amounts of lease liabilities and the movements during the year :

	Year ended 31st March, 2020 ₹
As at 1st April, 2019	**1,513,156**
Additions	**-**
Accretion of interest	**138,784**
Payments	**(480,000)**
As at 31st March, 2020	**1,171,940**
Current	**376,639**
Non - Current	**795,301**

The following are the amounts recognised in profit or loss:

	Year ended 31st March, 2020 ₹
Depreciation expense of right-of-use assets	**394,736**
Interest expense on lease liabilities	**138,784**
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	**533,520**

The Company had total cash outflows for leases of ₹ 480,000/- (31st March, 2019: ₹ 480,000/-). The company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,513,156/- (31st March, 2019: NIL).

28 Earnings per share (EPS) :

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders as at 31st March	**(12,892,754)**	(8,873,652)
Weighted average number of equity shares in calculating basic EPS	**1,980,408**	1,980,408
EPS - Basic (in ₹)	**(6.51)**	(4.48)
EPS - Diluted - (in ₹)	**(6.51)**	(4.48)

29 Details of unhedged foreign currency exposures :

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

		As at 31st March, 2020		As at 31st March, 2019	
		USD	**₹**	USD	₹
a)	Capital Advance	**280,000**	**17,671,500**	280,000	17,671,500
b)	Trade receivable	**142,243**	**10,723,117**	-	-

30 Commitments :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for.	**10,554,026**	9,683,982
For commitments relating to lease agreements, please refer note 27	**1,171,940**	-

31 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 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.

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. See Note 32 and 33 for further disclosures.

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.

32 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, 2020 ₹	As at 31st March, 2019 ₹	**As at 31st March, 2020 ₹**	As at 31st March, 2019 ₹
Financial assets				
Other current financial assets				
Deposits	**45,000**	45,000	**45,000**	45,000
Total	**45,000**	45,000	**45,000**	45,000
Financial liabilities				
Lease liability (Non-current)	**795,301**	-	**795,301**	-
Demand loans from companies	**130,669,925**	114,402,087	**130,669,925**	114,402,087
Lease liability (Current)	**376,639**	-	**376,639**	-
Duty drawback refundable	**187,252**	-	**187,252**	-
Total	**132,029,117**	114,402,087	**132,029,117**	114,402,087

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

The fair 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.

33 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					
Deposits	**3/31/2020**	**-**	**-**	**45,000**	**45,000**
Liabilities for which fair value has been disclosed					
Lease liability (Non-current)	**3/31/2020**	**-**	**-**	**795,301**	**795,301**
Demand loans from companies	**3/31/2020**	**-**	**-**	**130,669,925**	**130,669,925**
Lease liability (Current)	**3/31/2020**	**-**	**-**	**376,639**	**376,639**
Duty drawback refundable	**3/31/2020**	**-**	**-**	**187,252**	**187,252**
Assets for which fair value has been disclosed					
Deposits	3/31/2019	-	-	45,000	45,000
Liabilities for which fair value has been disclosed					
Demand loans from companies	3/31/2019	-	-	114,402,087	114,402,087

34 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, 2020 and 31st March, 2019.
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, 2020 and 31st March, 2019 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.

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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.

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
As at 31st March, 2020						
Lease liability (Non-current)	-	-	-	795,301	-	795,301
Demand loans from companies	130,669,925	-	-	-	-	130,669,925
Lease liability (Current)	-	90,701	285,938	-	-	376,639
Duty drawback refundable	187,252	-	-	-	-	187,252
	130,857,177	**90,701**	**285,938**	**795,301**	**-**	**132,029,117**
As at 31st March, 2019						
Demand loans from companies	114,402,087	-	-	-	-	114,402,087
	114,402,087	**-**	**-**	**-**	**-**	**114,402,087**

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.

		As at 31st March 2020 ₹	As at 31st March 2019 ₹
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	-	-
c)	**Changes in Contract Liabilities are as under :**		
	Balance at the beginning of the year	-	-
	Revenue recognised from unearned	-	-
	Increased due to invoicing during the year	-	-
	Decreased due to adjustment against	-	-
	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 haveany performance obligations that are completely or partially unsatisfied as at 31st March, 2020 and 31st March, 2019, 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, 2020 ₹	Year ended 31st March, 2019 ₹
Revenue recognised as per Statement of Profit & loss		
Sale of products	**97,473,124**	64,744,800
Add : Adjustments	-	-
Contract Price	**97,473,124**	64,744,800

36 Going concern :

The Company has incurred losses of ₹ 12,892,754/- (31st March, 2019 : ₹ 8,873,652/-) during the year. As at 31st March, 2020, the Company's accumulated losses are ₹ 117,529,737/- (31st March, 2019 : ₹ 104,636,983/-) which have completely eroded the net worth of the Company. The Company also has net current liabilities of ₹ 116,853,146/- as at 31st March, 2020 (31st March, 2019 : ₹ 102,567,453/-). The management is confident of streamlining the operations so as to start generating profits. The Company is also evaluating possibilities of having appropriate working capital facilities from banks and financial institutions for funding the requirements. Further, the majority shareholders have confirmed their commitment and have provided unconditional support to the Company to ensure that the Company continues to operate and is able to meet all liabilities in future when they fall due for payment. Accordingly 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.

37 Income tax :

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020 and 31st March 2019:

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Accounting loss before tax	**(12,892,754)**	(8,873,652)
At India's enacted tax rate of 26.00% (31st March, 2019: 26%)	-	-
Deferred tax savings on current year accounting loss	**(3,352,116)**	(2,307,150)
Tax effect of non-deductible expenses	**3,289,539**	2,294,643
Tax effect due to change in tax rate	-	(2,427)
Deferred tax not recognised on prudence basis	**62,577**	14,934
At the effective income tax rate of 0% (31st March, 2019: 0%)	-	-
Income tax expense reported in the statement of profit and loss	-	-

b) The Company has carried foraward business loss ₹ 138,860/- (31st March, 2019 : ₹ 138,860/-) and unabsorbed depreciation of ₹ 427,313/- (31st March, 2019 : ₹ 352,580/-). 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 ₹ 324,245/- (31st March, 2019 ₹ 265,179/-).

As per my attached report of the even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No. 041609

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : June 24, 2020

Place : Pune
Date : June 24, 2020

Kalyani Rafael Advanced Systems Private Limited

Directors	Registered Office	Auditors
Mr.Rajinder Singh Bhatia	Pune Cantonment,	Deloitte Haskins & Sells LLP
Mr.Vikram Manohar Munje	Mundhwa,	706 B Wing,ICC Trade Tower,
Mr.Moshe Elazar	Pune 411036	Senapati Bapat Road,
		Pune - 411016

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2020

To,

The Members,

Your Directors have pleasure in presenting the 5th Board's Report on the business and operations of the Company and the Audited Financial Statements for the financial Year ended March 31, 2020.

1. PERFORMANCE OF THE COMPANY

The summary of financial results is as under:

(Rupees in Lakh)

Particulars	For Financial Year 2019-20	For Financial Year 2018-19
Total Revenue	6,685.70	10,410.03
Depreciation/Amortization	381.49	359.95
Other expenses	405.70	835.93
Total expenses	6,660.43	10,324.58
Profit/(Loss) before tax	25.27	85.45
Current Tax	NIL	NIL
Deferred Tax	0.46	NIL
Profit/(Loss) after tax	24.81	85.45
Earnings per equity share Basic/Diluted	0.06	0.21

2. DIVIDEND

To conserve the resources for the future growth, the Board of Directors do not recommend any dividend.

3. STATE OF COMPANY'S AFFAIRS

During the year under review the Company received a blanket order for supply of 435 units of Medium Range Surface to Air Munition (MRSAM) to Indian Air Force (IAF) and 560 units to Indian Army. The Cost of the said order is around USD 100 Million.

Further, during the year, the Company received new order of Long Range Glided Kit (LRGK) for 110 units. The order consists of 94 units ordered by IAF and 16 units for export purposes. The Company has already completed order for 94 units.

Further, as part of the On Job Training (OJT) Program agreed between the Company and Rafael, the Company has sent its employees to Rafael, Israel for OJT for Front Servo unit (FS). Production line for FS unit is planned at the Company's facility situated at Hyderabad, to qualify the Company as only certified supplier to Defence Research and Development Organization (DRDO).

Further, during the year, the Company received certification for ISO 27001. This Certification for Information Security shall help the Company to bring the information security under management control.

Further, during the year, the company has applied certificate for ISO 13485:2016 “Medical device – Quality Management System” for Medical Business. Company have already cleared first stage of audit on May 18, 2020 and Second Stage of audit is in the progress.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2020 which can affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

During the year 2019-20, the Board of the Company met 4(four) times on May 12, 2019, August 1, 2019, November 13, 2019 and January 27, 2020. The maximum gap between any two Board Meetings was less than One Hundred and Twenty days.

6. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Moshe Elazar representative of Rafael Advanced Defense System Limited, Joint Venture partner of the Company, resigned as a Director of the Company. The Board places on record its sincere appreciation of the contribution made by Mr. Elazar during his tenure in the Company.

Except that, there is no change in Directors of the Company.

7. SHARE CAPITAL

The Paid-up Equity Share Capital as at March 31, 2020 stood at Rs.398,029,430/- (Rupees Thirty Nine Crores Eighty Lakhs Twenty Nine Thousand Four Hundred Thirty only).

During the year under review, the Company has not issued any shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

8. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture and associate company.

9. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

10. DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, the Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable Accounting Standards have been followed and there were no material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at March 31, 2020 and the profit of the Company for the year under review;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

12. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place the adequate systems of internal control commensurate with its size and the nature of its operations.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

13. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

14. APPOINTMENT OF AUDITORS

At the 3rd (Third) Annual General Meeting held on July 30, 2018, M/s. Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018), Chartered Accountants was appointed as Statutory Auditors of the Company to hold office till the conclusion of the 8th (Eighth) Annual General Meeting to be held in the year 2023.

15. AUDITORS' REPORT

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remarks.

16. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "A"** to this report.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review the Company has entered into the transactions with Related Parties. Details of the same are annexed herewith as **Annexure "B"**.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There is nothing to be reported with regards to conservation of energy, technology absorption and the Company has not entered into any transactions involving foreign exchange earnings and outgo.

Details of Foreign Exchange earnings and Outgo are hereunder:

Total Foreign Exchange Earning	Rs. 86,84,43,298/-
Total Foreign Exchange Outgo	Rs. 92,05,73,476/-

19. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIALPERSONNEL) RULES, 2014

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 information as to names of the top ten employees in terms of remuneration drawn is annexed as **Annexure "C"** to this report.

20. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

21. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

22. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and cooperation all through the year.

On behalf of the Board of Directors
For Kalyani Rafael Advanced Systems Private Limited

Date: June 25, 2020

Place: Pune

Rajinder Singh Bhatia	**Vikram Munje**
Director	**Director**
DIN : 05333963	**DIN : 02772991**

Annexure - "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U29270PN2015PTC156252
ii)	Registration date	August 21, 2015
iii)	Name of the Company	Kalyani Rafael Advanced Systems Private Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune 411 036. Tel. No. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1.	Manufacture of other electrical equipment	27900	96.16%

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kalyani Strategic Systems Limited, Mundhwa, Pune Cantonment, Pune- 411036	U31902PN2010PLC138025	Holding	50	Sec 2(6)

IV. SHARE HOLDING PATTERN
(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	20,299,501	20,299,501	51	NIL	20,299,501	20,299,501	51	NIL
Sub-total (A) (1):-	**NIL**	**20,299,501**	**20,299,501**	**51**	**NIL**	**20,299,501**	**20,299,501**	**51**	**NIL**
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	19,503,442	19,503,442	49	NIL	19,503,442	19,503,442	49	NIL
Sub-total (A) (2):-	**NIL**	**19,503,442**	**19,503,442**	**49**	**NIL**	**19,503,442**	**19,503,442**	**49**	**NIL**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**39,802,943**	**39,802,943**	**100**	**NIL**	**39,802,943**	**39,802,943**	**100**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**39,802,943**	**39,802,943**	**100**	**NIL**	**39,802,943**	**39,802,943**	**100**	**NIL**

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	%change in shareholding during the year
1	Kalyani Strategic Systems Limited (along with its nominee)	19,901,471	50.00	0.00	19,901,471	50.00	0.00	0.00
2	Rafael Advanced Defense Systems Limited	19,503,442	49.00	0.00	19,503,442	49.00	0.00	0.00
3	Kalyani Technoforge Limited	398,030	1.00	0.00	398,030	1.00	0.00	0.00
	Total	**39,802,943**	**100.00**	**0.00**	**39,802,943**	**100.00**	**0.00**	0.00

iii) Change in Promoters' Shareholding:

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Kalyani Strategic Systems Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2019	19,901,471	50.00	19,901,471	50.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL	NIL
	At the End of the year	31/03/2020	19,901,471	50.00	19,901,471	50.00

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	**Rafael Advanced Defense Systems Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2019	19,503,442	49.00	19,503,442	49.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL	NIL
	At the End of the year	31/03/2020	19,503,442	49.00	19,503,442	49.00

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	**Kalyani Technoforge Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2019	398,030	1.00	398,030	1.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL	NIL
	At the End of the year	31/03/2020	398,030	1.00	398,030	1.00

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	**For Each of the Top 10 Shareholders Name, Date & Reason of change**	**Shareholding at the beginning of the year (01-04-2019)**		**Cumulative Shareholding during the year**	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.		**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/Decrease in shareholding during the year specifying reasons for increase/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

Key Managerial Person:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/Decrease in shareholding during the year specifying reasons for increase/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act				NIL

B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of the Director		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act				NIL

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

Sr. No.	Particulars of Remuneration	Mr. Rudra Kumar Jadeja Chief Executive Officer	Total Amount
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	51,59,856	51,59,856
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	1,57,800	1,57,800
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission:		
	- As a % of Profit	NIL	NIL
	- others, specify	NIL	NIL
5.	Others – Variable pay	15,00,000	15,00,000
Total A		**68,17,656**	**68,17,656**
Ceiling as per the Act			NA

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of the Board of Directors
For Kalyani Rafael Advanced Systems Private Limited

Date: June 25, 2020

Place: Pune

Rajinder Singh Bhatia	**Vikram Munje**
Director	**Director**
DIN : 05333963	**DIN : 02772991**

Annexure -"B"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2020, which are not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

(Rs. In Lakh)

a.	Name(s) of the related party and nature of relationship	**Rafael Advanced Defense Systems Limited**	**Bharat Forge Limited**
b.	Nature of contracts / arrangements / transactions	Sale of Goods	Reimbursement of Expenses Paid
c.	Duration of the contracts / arrangements / transactions	License Agreement **Duration –** 5 years from the last date of fulfillment of all the Activation Conditions of the License Agreement.	One time transaction
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Rs. 6,342.82	Rs. 59.00
e.	Date(s) of approval by the Board, if any	NA	NA
f.	Amount paid/ received as advances, if any	Rs. 1,964.64	NIL

Annexure -“C”

DETAILS OF REMUNERATION

A statement showing the names of the top ten employees in terms of remuneration drawn

Statement under Section 197 (12) of the Companies Act, 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors’ Report for the year ended March 31, 2019.

Sr. No	Name of the employee	Remuneration received (Rs.) Per Annum	Nature of employment	Qualification	Experience (Years)	Date of commencement of employment	Age	Last employment	Percentage of equity shares held	Whether any such employee is relative of any Director and if so name of such Director
1	Mr. Rudra Kumar Jadeja	68,17,656/-	Permanent	M. Tech & MBA	38	01-May-18	58 Yrs	Bharat Forge Limited	Nil	Nil
2	B Ravindra Naidu	41,08,282/-	Permanent	M. Tech & B. Tech & MBA	34	01-May-18	58 Yrs	Bharat Forge Limited	Nil	Nil
3	KVV Pavan Kumar	15,76,980/-	Permanent	Diploma	34	03-Apr-17	46 Yrs	Vedang Radio technology Pvt.Ltd	Nil	Nil
4	Subash A	11,87,672/-	Permanent	B.E	13	18-May-17	38 Yrs	Centum Electronics Ltd	Nil	Nil
5	Arvind Kumar M	8,70,936/-	Permanent	MBA, LLB	13	26-Jul-19	34 Yrs	Srinivasa Farms Private Limited	Nil	Nil
6	AN Kotresh	8,05,045/-	Permanent	Diploma	13	16-Aug-17	40 Yrs	Embedded IT Solutions India Pvt. Ltd	Nil	Nil
7	Toram Veeranagababu	7,35,426/-	Permanent	B. Tech	9	07-Jul-17	31 Yrs	Mr. Dhobee Laundry Equipment	Nil	Nil
8	Vikas Rastogi	7,10,516/-	Permanent	B.E	9.5	10-May-17	35 Yrs	Punj Lloyd Ltd	Nil	Nil
9	S Venkata Ramana	6,76,392/-	Permanent	Diploma	32	01-Mar-18	51 Yrs	Analogic Controls India Limited	Nil	Nil
10	P Venkata Sai Kiran	6,52,968/-	Permanent	C.A	2	02-Apr-19	27 Yrs	P.S.Iyyengar & Co.,	Nil	Nil
11	Ajaysinh Rana S	6,26,457/-	Permanent	B.E	7	03-Jul-17	29 Yrs	Texspin Bearings Ltd	Nil	Nil

INDEPENDENT AUDITOR'S REPORT

To The Members of KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the director's report, but does not include the financial statements and our auditor's report thereon. The director's report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

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 loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

    g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(F.R.N. 117266W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)
UDIN: 20209354AAAAHD7840

Place: Hyderabad
Date: June 25, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls 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 **KALYANI RAFAEL ADVANCED SYSTEMS LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(F.R.N.117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)
UDIN: 20209354AAAAHD7840

Place: Hyderabad
Date: June 25, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) In respect of immovable properties of buildings constructed on leasehold land and disclosed as fixed asset in the financial statements, the lease agreement (for land) is in the name of the Company, where the Company is the lessee.

(ii) As explained to us, the inventories were physically verified subsequent to year-end by the Management and no material discrepancies were noted on physical verification.

(iii) 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 Companies Act, 2013.

(iv) The company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) The Company is private limited company and hence the provisions of Section 177 of the Companies Act 2013 are not applicable. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(F.R.N. 117266W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)
UDIN: 20209354AAAAHD7840

Place: Hyderabad
Date: June 25, 2020

Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
1. Non-current assets			
a) Property plant and equipment	3A	**1,394.13**	1,677.04
b) Intangible assets	3B	**27.08**	54.02
c) Right of use assets	3C	**63.42**	-
d) Financial assets			
i) Other financial assets	4	**21.04**	20.69
e) Deferred tax assets (net)	33	**18.94**	-
f) Other non-current assets	5	**387.09**	707.02
		1,911.70	2,458.77
2. Current assets			
a) Inventories	6	**268.51**	111.60
b) Financial assets			
i) Trade receivables	7	**1,988.85**	1,927.67
ii) Cash and cash equivalents	8	**373.18**	908.28
iii) Bank balances other than (ii) above	8	**1,737.41**	1,514.65
iv) Other financial assets	4A	**65.60**	75.05
c) Other current assets	5A	**256.66**	96.46
		4,690.21	4,633.71
TOTAL Assets (1 + 2)		**6,601.91**	7,092.48
II. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	9	**3,980.29**	3,980.29
b) Other equity	10	**(460.38)**	(446.03)
		3,519.91	3,534.25
LIABILITIES			
2. Non-current liabilities			
a) Financial liabilities			
i) Other financial liabilities	11	**31.95**	-
b) Provisions	12	**4.29**	2.46
		36.24	2.46
3. Current liabilities			
a) Financial liabilities			
i) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	13	**98.78**	644.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	13	**1,457.60**	2,327.42
ii) Other financial liabilities	13A	**1,470.51**	504.13
b) Other current liabilities	14	**13.74**	67.24
c) Provisions	15	**5.13**	12.59
		3,045.76	3,555.76
TOTAL Equity and Liabilities (1+2+3)		**6,601.91**	7,092.48

Corporate information & significant accounting policies 1 & 2

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

On behalf of the Board of Directors,

Sumit Trivedi
Partner

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Statement of Profit and Loss for the year ended March 31, 2020

(₹ in Lakhs except equity share and per equity share data)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Revenue from operations	16	**6,428.76**	10,244.32
II. Other income	17	**256.94**	165.71
III. Total income (I + II)		**6,685.70**	10,410.03
IV. Expenses			
a) Cost of materials consumed	18	**1,332.08**	6,289.91
b) Purchases of Stock-in-trade	19	**4,301.11**	2,625.80
c) Changes in stock of finished goods and work-in-progress	20	**-**	(1.40)
d) Employee benefits expenses	21	**217.91**	209.41
e) Finance costs	22	**22.14**	4.98
f) Depreciation and amortisation expense	23	**381.49**	359.95
g) Other expenses	24	**405.70**	835.93
(IV) Total Expenses		**6,660.43**	10,324.58
V. Profit before tax (III - IV)		**25.27**	85.45
VI. Tax Expenses			
- Current tax		**-**	-
- Deferred tax	33	**0.46**	-
Total Tax Expenses (VI)		**0.46**	-
VII. Profit for the year (V - VI)		**24.81**	85.45
VIII. Other Comprehensive Income / (loss)			
(a) Items that will not be reclassified to profit or loss in subsequent period (net of taxes)			
- Remeasurements of the defined benefit (liabilities)/asset		**(0.28)**	(1.00)
Income tax effect		**0.08**	-
	[a]	**(0.20)**	(1.00)
(b) Items that will be reclassified to profit or loss in subsequent period (net of taxes)			
- Movement on cash flow hedges		**(53.98)**	-
Income tax effect		**15.02**	-
	[b]	**(38.96)**	-
Other Comprehensive (loss) for the year (net of taxes)	[a+b]	**(39.16)**	(1.00)
IX. Total Comprehensive (loss)/income for the year (VII + VIII)		**(14.35)**	84.45
X. Earnings per equity share - Basic and diluted (face value per equity share ₹ 10/-)	29	**0.06**	0.21

Corporate information & significant accounting policies 1 & 2
See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

On behalf of the Board of Directors,

Sumit Trivedi
Partner

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Rudra Kumar Jadeja
Chief Executive Officer

Rohan Nirgudkar
Company Secretary

Place: Hyderabad
Date: June 25, 2020

Place: Hyderabad
Date: June 25, 2020

Cash Flow Statement for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities			
Profit before tax		**25.27**	85.45
Adjustments for :			
Depreciation and amortisation		**381.49**	359.95
Finance costs incurred		**22.14**	4.98
Net unrealised exchange (gain) / loss		**(150.30)**	(23.01)
Interest Income		**(124.13)**	(106.35)
Operating profit before working capital changes		**154.47**	321.02
Movements in working capital :			
(Increase) / decrease in other financial assets		**(150.74)**	(2.22)
(Increase) / decrease in other assets		**323.89**	(626.95)
(Increase) / decrease in trade receivables		**53.26**	(1,973.58)
(Increase) / decrease in Inventories		**(156.91)**	(111.60)
Increase / (decrease) in other financial liabilities		**1,243.91**	(1.28)
Increase / (decrease) in Provisions		**(3.17)**	13.14
Increase / (decrease) in trade payables		**(1,497.82)**	2,913.13
Increase / (decrease) in other current liabilities		**(53.50)**	61.44
Cash generated from operations		**(86.61)**	593.10
Income taxes paid		**(4.31)**	(11.17)
Net cash generated by operating activities	**(A)**	**(90.92)**	581.93
Cash flows from investing activities			
Acquisition of property, plant and equipment (including capital work in progress and capital advances)		**(401.40)**	(28.76)
Fixed deposit with banks not considered as cash and cash equivalents is matured		**1,555.65**	1,566.00
Fixed deposit with banks not considered as cash and cash equivalents is invested		**(1,778.38)**	(1,514.65)
Interest income		**114.68**	38.53
Net cash flows (used in)/ generated by investing activities	**(B)**	**(509.45)**	61.12
Cash flows from financing activities			
Repayment of lease liabilities		**(30.85)**	-
Finance costs		**(22.14)**	(4.98)
Net cash (used in) / generated from financing activities	**(C)**	**(52.99)**	(4.98)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(653.37)**	638.07
Cash and cash equivalents at the beginning of the year		**908.28**	161.10
Exchange fluctuation on foreign currency bank balances		118.27	109.11
Cash and cash equivalents at the end of the year (Refer Note 8)		**373.19**	908.28

Note: Figures in brackets represent outflows.

Components of cash and cash equivalents		As at March 31, 2020	As at March 31, 2019
Balances with banks In Current accounts		**373.18**	908.28
	TOTAL :	**373.18**	908.28

Reconciliation of Financial Liabilities - Lease liabilities:

Opening balance	**-**	-
Add: Impact of Ind AS 116	99.53	-
Less: (Repayments) of lease liabilities	(30.85)	-
Closing balance	**68.68**	-

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: June 25, 2020

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Rudra Kumar Jadeja
Chief Executive Officer

Rohan Nirgudkar
Company Secretary

Place: Hyderabad
Date: June 25, 2020

Statement of Changes in Equity for the year ended March 31, 2020

A Equity share capital

(₹ in Lakhs)

Particulars	Number of shares	Total
Balance at April 01, 2019	**3,98,02,943**	**3,980.29**
Changes in equity share capital during the year	-	-
Balance at March 31, 2020	**3,98,02,943**	**3,980.29**
Balance at April 01, 2018	3,98,02,943	3,980.29
Changes in equity share capital during the year	-	-
Balance at March 31, 2019	**3,98,02,943**	**3,980.29**

B Changes in other equity

(₹ in Lakhs)

Particulars	Items of Other Comprehensive Income	Reserves and Surplus	Total
	Effective portion of cash flow Hedge	Retained Earnings	
Balance at April 01, 2019	-	(446.03)	(446.03)
Profit for the year	-	24.81	24.81
Other comprehensive income / (loss) for the year, net of income tax	(38.96)	(0.20)	(39.16)
Balance as at March 31, 2020	**(38.96)**	**(421.42)**	**(460.38)**
Balance at April 01, 2018	-	(530.48)	(530.48)
Profit for the year	-	85.45	85.45
Other comprehensive income / (loss) for the year, net of income tax	-	(1.00)	(1.00)
Balance as at March 31, 2019	**-**	**(446.03)**	**(446.03)**

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date: June 25, 2020

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Rudra Kumar Jadeja
Chief Executive Officer

Rohan Nirgudkar
Company Secretary

Place: Hyderabad
Date: June 25, 2020

1. CORPORATE INFORMATION

Kalyani Rafael Advanced Systems Private Limited was incorporated on August 21, 2015, as a private limited company under the Companies Act, 2013.

The Company has been formed as a joint venture between Kalyani Group and Rafael Advanced Defense Systems Limited, Israel, with the object to engage in business of defence and aerospace that will include activities of conceptualization, research, design, development, production, integration, manufacture, assembly, modification, upgrade overhaul, engineering support, marketing, sales, after sales /product life cycle support and related activities of such programs and to act as off-set partner and/or to undertake off-set activities for original equipment manufacturers in defence, aerospace and other sectors. The Company had set up its manufacturing facilities at Raviryala, Ranga Reddy District, in the state of Telangana, which has been commissioned on August 3, 2017. The Company has commenced its commercial operations thereafter.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.01 Statement of Compliance:

The financial statements which comprise the Balance sheet, the Statement of Profit and Loss, the Cash flow statement and the Statement of changes in Equity ("Financial Statements") have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company adopted Ind AS from April 1, 2016. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value (also refer note 2.21)

2.02 Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policy 2.18. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.03 Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax liabilities, Leases and provisions and contingent liabilities.

Useful lives of property, plant and equipment

The company reviews the useful life of property, plant and equipment at the end of the reporting period .This reassessment may results in change in depreciation expenses in future periods.

Valuation of deferred tax assets

The Company reviews recognition of deferred tax at the end of each reporting period. The policy for the same has been explained under Note 2.08 and 33.

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.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Company has obtained independent fair valuation for financial instruments wherever necessary to determine the appropriate valuation techniques and inputs for fair value measurements. In some cases the fair value of financial instruments is done internally by the management of the Company using market-observable inputs.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The qualified external valuer's establish the appropriate valuation techniques and inputs to the model. The external valuer's report the management of the Company findings every reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities.
Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 31.

Defined benefit obligations

The Company uses actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., to determine such employee benefit obligations.

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 Leases. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.04 Revenue Recognition / Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of Goods:

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

Sale of Products/Goods: Revenue from sale of Products/Goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the Products/Goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of Products/Goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

b) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.05 Foreign Currency

The functional currency of the Company is Indian rupee.

Initial Recognition

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction.

Conversion

Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

2.06 Employee benefits

a) Short-term Employee Benefits -

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognised during the year when the employees render the service.

b) Post Employment Benefits -

(1) Defined Contribution Plan:

Payments to defined contribution retirement benefit schemes viz. Company's Provident Fund Scheme is recognised as an expense when the employees have rendered the service entitling them to the contribution.

(2) Defined Benefit Plan:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• remeasurement.

(i) Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Company has taken a cash accumulation policy with LIC of India for future payment of gratuity to the eligible employees.

(ii) Compensated Absences: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Such benefits are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

2.07 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income/statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

2.08 Property, Plant and Equipment

Property plant & equipment are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of assets are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation on tangible property plant & equipment has been provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of plant and machinery, in whose case the life of the assets has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

i) Plant & Machinery - 10 Years

ii) Tools & Equipments - 10 Years

iii) Lease improvement costs are amortised over the period of the lease term.

Assets individually costing ₹ 5,000 or less are depreciated fully in the year of acquisition. Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition / till the date of sale/discard.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.09 Intangible Assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on written down value method over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10 Impairment

i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired.

IND AS 109 requires expected credit losses to be measured through a loss allowance. Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than six months.

For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

2.11 Inventories

Inventories of raw materials and components, work-in-progress, stock-in-trade, stores & spares and tools & instruments are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is ascertained on a weighted average basis. The cost of work-in-progress and finished goods is determined on absorption cost basis.

2.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Company recognises equity instrument at proceeds received net of direct issue costs.

Reclassification of Financial Assets

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivatives financial instruments and hedge accounting

Initial recognition and subsequent measurement

The company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk.such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequent re-measurement at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk is an unrecognised firm commitment.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking the hedge, the hedging/ economic relationship, the hedge item or transaction, the nature of the risk being hedged, hedged ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below :

Fair value hedges :

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may being as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for the changes in its fair value attributable to the risk being hedged.

The company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognised as on asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in statement of profit and loss. when an unrecognised firm commitment is designated as hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss.

Cash flow hedges :

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instruments is recognised in OCI in the cash flow hedge reserve, while an ineffective portion is recognised immediately in the statement of profit and loss.

The company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. the ineffective portion relating to foreign currency contracts is recognised in finance cost.

Amounts recognised as OCI are transferred to statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.13 Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with IND AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.14 Critical Accounting Judgments and key sources of estimation, uncertainty

The preparation of financial statements and related notes in accordance with IND AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and revenues and expenses.

Actual results could differ from those estimates due to those uncertainties on which assumptions are based. Estimates and assumptions are reviewed annually in order to verify they still reflect the best available knowledge of the Company's operations and of other factors deriving from actual circumstances. Changes, if any, are immediately accounted for in the income statement.

The present economic context, whose effects are spread into some businesses in which the company operates, determined the need to make assumptions related to future development with a high degree of uncertainty. For this reason, it is not possible to exclude that, in the next or in subsequent financial years, actual results may differ from estimated results. These differences, at present unforeseeable and unpredictable, may require adjustments to book values. Estimates are used in many areas, including accounting for non-current assets, deferred tax assets, bad debt provisions on accounts receivable, inventory obsolescence, employee benefits, contingent liabilities and provisions for risks and contingencies.

2.15 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in IND AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.16 Current/Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period Current liabilities include the current portion of long term financial liabilities.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities (including of MAT) are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

2.17 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from other equity, net of any tax effects.

2.18 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:
- in the principle market for the asset or liability
- in the absence of principle market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Determination of Fair Value

1) Financial Assets

The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose

2) Non-Derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

2.19 Dividend

Dividend on share is recorded as liability on the date of approval by the shareholders.

2.21 - 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 Lakhs)

Particulars	March 31, 2020	March 31, 2019
Sale of products		
-Sale of goods	6,342.82	10,244.32
Total revenue	**6,342.82**	10,244.32
Geographical Markets		
a. Within India	-	-
b. Outside India	6,342.82	10,244.32
Total revenue from contracts with customers	**6,342.82**	10,244.32
Timing of revenue recognition		
Goods transferred at a point in time	5,722.28	10,244.32
Bill and Hold transaction	620.54	-
Services transferred over time	-	-
Total revenue from contracts with customers	**6,342.82**	10,244.32

Sale of goods includes F.O.B. value of export of ₹ 6,342.82 Lakhs (March 31, 2019 : ₹ 10,244.32 Lakhs).

b. Contract balances:

Additional disclosure under Trade Receivables Note

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. No provision for ECL on trade receivables.

c. Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments shall be disclosed

(₹ in Lakhs)

Revenue Reconciliation	March 31, 2020	March 31, 2019
Revenue recognised as per Statement of profit & loss	6,342.82	10,244.32
Adjustments	-	-
Contract Price	**6,342.82**	10,244.32

d. Transaction price allocated to the remaining performance obligations

Description of performance obligations:

Sale of goods:

The performance obligation is satisfied upon removal of goods from factory and payment is generally due within 30 to 45 from the date of Invoice. The Company enters into a agreement with customer for products which are to be manufactured. The control of the product manufactured is transferred on the date of removal of goods from factory.

e. Accounting policy:

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

The disclosures of significant accounting judgements relating to revenue from contracts with customers are provided in Note no. f in below:

Revenue for sale of Goods

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

Sale of Products/Goods: Revenue from sale of Products/Goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the Products/Goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of Products/Goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company does not considers the effect of variable consideration.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note No. 30 and 31 (Financial instruments – initial recognition and subsequent measurement and Fair value).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Bill- and - Hold arrangements

A bill-and-hold arrangements is a contract under which an entity bills a customer for a goods but the entity retains physical possession of the goods until it is transferred to the customer at a point of time in future.

An entity shall determine when it has satisfied its performance obligation to transfer a product by evaluating when a customer obtains control of the goods.

f. Judgments

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

Identifying contract with customers

Company enters into agreements with its customers which define the key terms of the contract with customers. However, the rates and quantity for the supplies are separately agreed through purchase orders. Management has exercised judgement to determine that contract with customer for the purpose of Ind AS 115 is agreement is ready along with customer POs for the purpose of identification of performance obligations and other associated terms.

Identifying performance obligation

Company enters into a contract with customer for sale of products which are to be produced using the Sub assemblies and various mechanical parts. The Company also determined that the promises to transfer the product within the context of the contract.

Determination of timing of satisfaction of performance obligation for sale of products

The Company concluded that revenue for sale of products 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 are transferred based on the criteria's mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. Accordingly, the Company has exercised following judgments:

Finished goods

The goods manufactured are "make to print" or "Integration and Testing" as per specific customer designs for which the sub assembly, Harness, Mechanical Parts before commercial production commences. Further, the dispatch of goods is made on the basis of the specific production schedules obtained from the customer. The Company has made judgement in determining the point of time when the control is passed on to the customer considering the terms of contract with customers along with application of various commercial laws and industry practices.

Determination of revenue in case of Bill-and-hold transaction

i) Reason for the bill-and-hold arrangement

The company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer has accepted the control and confirmed to the Company. However, due to the situation of the COVID-19 lock down the physical movement of goods did not happen. Hence, company recognised the revenue of goods on these goods in the current year .

ii) The company identified the goods and stored separately in the factory premises until goods are cleared from the factory premises.

iii) The goods are ready for physical transfer to the customer from the factory premises of the company.

iv) The company cannot use the goods for any other purpose and direct it to another customer.

2.22. Leases

Ind AS 116 Transition note

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019 using the modified retrospective approach, under which Right-of-use assets as at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for related prepayments /accruals). As a result, the comparative financial information has not been restated. The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability. The Company has applied the below practical expedients:

I) The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".
ii) The Company has not applied the requirements of Ind AS 116 for leases of low value assets.
iii) The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
iv) The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

On transition to Ind AS 116, the Company recognised right-of-use asset amounting to ₹ 99.53 lakhs and a lease liability of ₹ 99.53 lakhs.
The Company has recognised interest expenses on leases amounting to ₹ 9.80 lakhs for the year ended March 31, 2020 and depreciation on right-of-use asset amounting to ₹ 36.11 lakhs for the year ended March 31, 2020, in the financial statements.

I) The following is the movement in lease liabilities during the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020
Balance at the beginning	-
Impact on transition of Ind AS 116	99.53
Add: Interest cost accrued during the year	9.80
Less: Payment of lease liabilities including interest	40.65
Balance at the end	**68.68**

ii) The impact of change in accounting policy on account of adoption of Ind AS 116 is as given below

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020
Interest on lease liability (refer note 22)	9.80
Amortisation of right of use assets (refer note 23)	36.11
Less: Lease rental expenses	40.65
Impact on the statement of profit and loss account	**5.26**

iii) Maturity analysis of lease liabilities as on March 31, 2020 on an discounted basis.

(₹ in Lakhs)

Particulars	As at March 31, 2020
Less than one year	36.73
One to three years	31.95
Total discounted lease liabilities as at March 31, 2020	**68.68**

(₹ in Lakhs)

3A. Property, plant and equipment	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
Plant and equipment	**635.25**	790.42
Tools & Instruments	**371.15**	410.19
Computer equipments	**73.54**	64.17
Furniture and fixtures	**44.07**	49.67
Vehicles	**24.14**	-
Office equipment	**7.65**	9.83
Lease hold improvements	**238.33**	352.75
TOTAL - Property, plant and equipment	**1,394.13**	**1,677.04**

Cost	Plant and equipment	Tools & Instruments	Computer Equipments	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Balance as at April 1, 2018	**916.99**	**-**	**184.37**	**58.94**	**-**	**11.89**	**547.10**	**1,719.29**
Additions	-	470.17	1.09	-	-	1.73	-	**472.99**
Disposals / adjustments*	-	-	-	-	-	-	-	**-**
Balance as at March 31, 2019	**916.99**	**470.17**	**185.46**	**58.94**	**-**	**13.62**	**547.10**	**2,192.28**
Additions	4.97	5.67	0.09	-	24.31	0.48	-	**35.52**
Disposals / adjustments*	(112.64)	-	112.64	-	-	-	-	**-**
Balance as at March 31, 2020	**809.32**	**475.84**	**298.19**	**58.94**	**24.31**	**14.10**	**547.10**	**2,227.80**

* 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, 2018	**61.42**	**-**	**35.90**	**3.65**	**-**	**1.33**	**79.93**	**182.23**
Depreciation expense	65.15	59.98	85.39	5.61	-	2.46	114.42	333.01
Balance as at March 31, 2019	**126.57**	**59.98**	**121.29**	**9.26**	**-**	**3.79**	**194.35**	**515.24**
Depreciation expense	76.60	44.71	74.26	5.61	0.17	2.67	114.42	318.44
Depreciation adjustments*	(29.10)	-	29.10	-	-	-	-	-
Balance as at March 31, 2020	**174.07**	**104.69**	**224.65**	**14.87**	**0.17**	**6.46**	**308.77**	**833.68**

(₹ in Lakhs)

3B. Intangible assets	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
Acquired computer software	27.08	54.02
TOTAL	**27.08**	54.02

Cost	Acquired computer software	Total
Balance as at April 1, 2018	85.08	85.08
Additions	-	-
Balance as at March 31, 2019	**85.08**	**85.08**
Additions	-	-
Balance as at March 31, 2020	**85.08**	**85.08**

Accumulated amortisation	Acquired computer software	Total
Balance as at April 1, 2018	**4.12**	**4.12**
Amortisation expense	26.94	26.94
Balance as at March 31, 2019	**31.06**	**31.06**
Amortisation expense	26.94	26.94
Balance as at March 31, 2020	**58.00**	**58.00**

(₹ in Lakhs)

3C. Right-of-use assets	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
Right of use assets: Land & Building	63.42	-
TOTAL - Right-of-use assets	**63.42**	**-**

Cost	Land & Building	Total
Impact on transition of Ind AS 116	99.53	99.53
Additions	-	-
Deletions	-	-
Balance as at March 31, 2020	**99.53**	**99.53**

Accumulated depreciation	Land & Building	Total
Impact on transition of Ind AS 116	36.11	36.11
Additions	-	-
Deletions	-	-
Balance as at March 31, 2020	**36.11**	**36.11**

4 Other non-current financial assets (unsecured, considered good unless otherwise stated)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	**21.04**	20.69
TOTAL :	**21.04**	20.69

4A Other current financial assets (unsecured, considered good unless otherwise stated)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on fixed deposits	**65.60**	75.05
TOTAL :	**65.60**	75.05

5 Other non-current assets (unsecured, considered good unless otherwise stated)

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Tax paid in advance less provision (current tax)	**18.75**	13.88
b)	Balances with Government authorities other than income tax [Net of provision ₹ Nil Lakhs (March 31, 2019 ₹ 32.97 Lakhs)]	**368.34**	693.14
	TOTAL :	**387.09**	707.02

5A Other current assets (unsecured, considered good unless otherwise stated)

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Advance for supplies	**245.50**	85.06
b)	Lease prepayments	**-**	0.31
c)	Prepaid expenses	**11.16**	11.09
	TOTAL :	**256.66**	96.46

6 Inventories

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Raw materials	**267.11**	110.20
b)	Work-in-progress	**1.40**	1.40
	TOTAL :	**268.51**	111.60

7 Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured:		
Considered good	**1,988.85**	1,927.67
TOTAL :	**1,988.85**	1,927.67

Note:

1. Trade receivables are dues in respect of goods sold or services rendered in the normal course of business.
2. The normal credit period allowed by the Company ranges from 30 to 45 days.

8 Cash and cash equivalents

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
A)	**Current cash and bank balance**		
a)	Unrestricted balance with banks	**373.05**	867.21
b)	Balance with banks in deposit accounts	**-**	41.00
c)	Cash in hand	**0.13**	0.07
	Cash and cash equivalent	**373.18**	908.28
B)	**Other Bank balances**		
a)	Balance with banks in deposit accounts [a]	**1,737.41**	1,514.65
	Other bank balances	**1,737.41**	1,514.65
	TOTAL : (A + B)	**2,110.59**	2,422.93
[a]	Under bank's lien as margin for bank guarantees issued.	**131.89**	44.61

9 Equity share capital

(₹ in Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
Authorised capital			
8,00,00,000	(80,000,000) equity shares of ₹ 10 each	**8,000.00**	8,000.00
TOTAL :		**8,000.00**	8,000.00
Issued capital			
3,98,92,943	(39,892,943) equity shares of ₹ 10 each	**3,989.29**	3,989.29
TOTAL :		**3,989.29**	3,989.29
Subscribed and fully paid-up capital			
3,98,02,943	(39,802,943) equity shares of ₹ 10 each	**3,980.29**	3,980.29
TOTAL :		**3,980.29**	3,980.29

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	Particulars	As at March 31, 2020		As at March 31, 2019	
		Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
	At the beginning of the year	**3,98,02,943**	**3,980.29**	3,98,02,943	3,980.29
Add:	Shares issued during the year	-	-	-	-
	No. of shares outstanding at the end of the year	**3,98,02,943**	**3,980.29**	3,98,02,943	3,980.29

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

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Kalyani Strategic Systems Limited	**1,99,01,471**	**50.00%**	1,99,01,471	50.00%
Rafael Advanced Defense Systems Ltd.	**1,95,03,442**	**49.00%**	1,95,03,442	49.00%

(c) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining amounts after deducting all its liabilities in proportion to the number of equity shares held.

10 Other equity

₹ in Lakhs

	Particulars		As at March 31, 2020	As at March 31, 2019
I	**Effective portion of cash flow Hedge**			
	Balance at the beginning of the year		-	-
	Gain/(Loss) for the year (net of deferred tax)		**(38.96)**	-
	Reclassification and ineffectiveness		-	-
	Balance at the end of the year	**Subtotal (I) :**	**(38.96)**	-
II	**Retained earnings**			
	Balance at the beginning of the year		**(446.03)**	(530.48)
	Profit for the year		**24.81**	85.45
	Remeasurements of defined benefits plans, net of tax		**(0.20)**	(1.00)
	Balance at the end of the year	**Subtotal (II) :**	**(421.42)**	(446.03)
	Grand Total (I + II):		**(460.38)**	(446.03)

11 Other non-current financial liabilities :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liability	**31.95**	-
TOTAL :	**31.95**	-

12 Non-current provisions

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision For employee benefits		
Leave encashment	**4.29**	-
Gratuity*	**-**	2.46
TOTAL :	**4.29**	2.46

* Gratuity liability of ₹ 2.46 Lakhs in the Previous Year includes ₹ 1.51 Lakhs liability of two employees transferred from previous employer.

13 Trade payables

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
I.	Total outstanding dues of micro enterprises and small enterprises (Refer Note 28)	**98.78**	644.38
	TOTAL :	**98.78**	644.38
II.	Total outstanding dues of creditors other than micro enterprises and small enterprises		
	i) Acceptances	**-**	-
	ii) Other than Acceptances	**1,443.69**	2,313.50
	iii) Trade Payable for salaries and wages	**13.91**	13.92
	TOTAL :	**1,457.60**	2,327.42
	TOTAL (I + II) :	**1,556.38**	2,971.80

13A Other current financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Payable on purchase of property, plant and equipment	**66.46**	503.38
Rent equalization Liability	**-**	0.75
Advances from customers	**1,313.34**	-
Current maturities of lease liabilities	**36.73**	-
Fair value of cash flow hedges	**53.98**	-
TOTAL :	**1,470.51**	504.13

14 Other current liabilities :

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory liabilities (other than income-tax)	**13.74**	67.24
TOTAL :	**13.74**	67.24

15 Current provisions

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision For employee benefits (Refer Note 32)		
Leave encashment	**2.27**	12.59
Gratuity	**2.86**	-
TOTAL :	**5.13**	12.59

16 Revenue from operations

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue from sale of goods	**6,342.82**	10,244.32
Other operating revenue (Refer Note below)	**85.94**	**-**
TOTAL :	**6,428.76**	10,244.32
Note:		
Other operating revenues comprise:		
Duty draw back on exports	**6.65**	-
Sale of MEIS scrips	**24.23**	-
Others	**55.06**	-
TOTAL :	**85.94**	**-**

17 Other income

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
(a) Interest income		
(i) Bank deposits	**124.13**	106.35
(ii) Income tax refund	**-**	-
(iii) others	**-**	-
(b) Net gain on foreign currency transactions	**132.81**	59.36
TOTAL :	**256.94**	**165.71**

18 Cost of materials consumed

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening stock	**110.20**	-
Add: Purchases (Including consumables)	**1,488.99**	6,400.11
Less: Closing stock	**267.11**	110.20
TOTAL :	**1,332.08**	6,289.91

19 Purchase of stock-in-trade

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Purchases of stock-in-trade	**4,301.11**	2,625.80
TOTAL :	**4,301.11**	2,625.80

20 Changes in stock of finished goods and work-in-progress

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Inventories at the end of the year:		
Work-in-progress	**1.40**	1.40
Inventories at the beginning of the year:		
Work-in-progress	**1.40**	-
NET (INCREASE) / DECREASE :	**-**	(1.40)

21 Employee benefit expenses

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Salaries and wages	**208.56**	202.54
b) Contribution to provident and other funds (Refer Note 32)	**5.72**	3.54
c) Staff welfare expenses	**3.63**	3.33
TOTAL :	**217.91**	209.41

22 Finance costs

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Interest expenses - others	**0.17**	0.19
b) Other borrowing cost - Bank charges	**12.17**	4.79
c) Interest on lease liabilities	**9.80**	-
TOTAL :	**22.14**	4.98

23 Depreciation and amortization expense:

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Depreciation of property, plant and equipment (Refer Note 3A)	**318.44**	333.01
b) Amortisation of intangible assets (Refer Note 3B)	**26.94**	26.94
c) Amortisation of right-of-use assets (Refer Note 3C)	**36.11**	-
TOTAL :	**381.49**	359.95

24 Other expenses

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Power and fuel	**26.87**	38.19
b) Rent including lease rentals	**-**	37.72
c) Repairs & maintenance - others	**11.22**	6.29
d) Rates, insurance and taxes	**12.10**	14.68
e) Allowances for other receivables	**-**	32.97
f) Communication expenses	**4.81**	5.80
g) Travelling and conveyance	**44.27**	27.38
h) Printing & stationery	**2.06**	2.45
i) Legal and professional fees	**111.27**	49.24
j) Payment to auditors	**10.18**	5.00
k) Equipment hire charges	**32.74**	42.05
l) IT Maintenance charges	**0.45**	7.18
m) Manpower outsourcing	**30.85**	28.68
n) Project transfer and training cost	**-**	495.22
o) Event & exhibition expenses	**60.38**	-
p) Miscellaneous expenses	**58.50**	43.08
TOTAL :	**405.70**	835.93

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 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.

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
Key Managerial Personnel	Rudra Kumar Jadeja - Chief Executive Officer

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

(₹ in Lakhs)

Sr. No.	Nature of transaction	Rudra Kumar Jadeja - Chief Executive Officer	Kalyani Strategic Systems Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Sale of goods	- (-)	- (-)	6,342.82 (10,244.32)	- (-)	**6,342.82** (10,244.32)
2	Reimbursement of expenses paid	- (-)	- (-)	- (-)	59.00 (72.83)	**59.00** (72.83)
3	Expenses of PTP Cost	- (-)	- (-)	- (492.69)	- (-)	**-** (492.69)
4	Purchase of property and other assets	- (-)	- (-)	- (491.61)	- (-)	**-** (491.61)
5	Advances received	- (-)	- (-)	1,964.64 (-)	- (-)	**1,964.64** (-)
6	Salary Cost	68.18 (55.88)	- (-)	- (-)	- (-)	**68.18** (55.88)

(iii) Balances outstanding **(₹ in Lakhs)**

Sr. No.	Nature of Balances	Rudra Kumar Jadeja - Chief Executive Officer	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Trade Receivable	- (-)	1,988.85 (1,927.67)	- (-)	**1,988.85** (1,927.67)
2	Trade Payables	- (-)	443.42 (443.42)	54.00 (77.15)	**497.42** (443.42)
3	Payable of property and other assets	- (-)	54.08 (491.61)	- (-)	**54.08** (491.61)
4	Advances	- (-)	1,313.34 (-)	- (-)	**1,313.34** (-)
5	Salary Payable	2.59 (3.31)	- (-)	- (-)	**2.59** (3.31)

Figures in brackets represents previous year .

27 Contingent Liabilities & Commitments

(₹ in Lakhs)

Sr. No	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Contingent liabilities (To the extent not provided for)	**-**	-
b)	Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**368.85**	368.85

28 Dues to Micro and Small Enterprises

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

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
i)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at March 31, 2020	**98.78**	644.38
ii)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at March 31, 2020	**0.25**	11.15
iii)	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	**1,777.73**	-
iv)	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	**-**	-
v)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	**-**	-
vi)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	**15.05**	11.15
vii)	Further interest remaining due and payable for earlier years	**11.15**	-

Interest payable as per section 16 of the Micro, Small and medium Enterprises Development, 2006, for the year is ₹ 15.05 Lakhs (March 31, 2019: ₹ 11.15 Lakhs). The same has not been accrued in the books of the Company.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

29 Earnings per share (EPS)

Particulars		As at March 31, 2020	As at March 31, 2019
Profit for the year attributable to equity shareholders	₹ in lakhs	**24.81**	85.45
Weighted average number of equity shares	Nos.	**3,98,02,943**	3,98,02,943
Earning per share - Basic and diluted	₹	**0.06**	0.21

Note 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 and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Financial Risk Management objectives and policies :

The company's principal financial liabilities other than derivatives comprise loan and borrowings, trade payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets including loans, trade and other receivables and cash and cash equivalent that derive directly from its operations. The company FVTOCI and FVTPL investments and enters into a derivative transactions.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the company. The FRMC provides assurance that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have relevant expertise, appropriate skills and supervision. It is the company's policy that no trading in activities for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below :

i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade payables and borrowings. None of the financial instruments of the Company result in material concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 1,988.85 Lakhs and ₹ 1,927.67 Lakhs as of March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of balances with trade receivables.

Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Singapore Dollar, Great Britain Pound, Japanese Yen against the respective functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange.

The company manages its foreign currency risk by hedging its forecasted sales for next 1 year to the extent of 40% to 50% on rolling basis.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted upto the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The company discloses fair value of the outstanding derivative in the financial statements. The impact on the company's pre-tax equity due to change in fair value of the outstanding forward contracts as follows:

1) Foreign currency exposures hedged by derivatives - ₹ 1,468.42 Lakhs (Previous Year - ₹ Nil)

Particulars	Changes in rate	Effect on OCI
March 31, 2020	USD/INR	(53.98)

2) 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, 2020	As at March 31, 2019
Assets			
Trade receivables	INR	**1,988.79**	1,927.67
Liabilities			
Trade payables	INR	**1,235.09**	2,565.33
Payable on purchase of Property, Plant and Equipment	INR	**54.08**	491.61

below table represents the unhedged foreign currency in respective currencies

iculars	Currency in Lakhs.	As at March 31, 2020	As at March 31, 2019
ts			
rade receivables	USD	**26.38**	27.87
lities			
rade payables	USD	**16.38**	36.29
ayable on purchase of Property, Plant and Equipment	USD	**0.72**	7.33

itivity analysis

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 ıanges 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 period ended	Currency	Change in rate	Effect on pre-tax equity
March 31, 2020	USD	+10%	**102.76**
	USD	-10%	**(102.76)**
March 31, 2019	USD	+10%	(21.19)
	USD	-10%	21.19

ard Exchange Contracts

flow hedges

ign exchange forward contracts measured at fair value through OCI as designated as hedging instruments in cash flow hedges of forecast sales in US Dollars. These forecast transactions are ly probable.

foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

(₹ in Lakhs)

ticulars	March 31, 2020		March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
value of foreign currency forward contracts	-	1,502.70	-	-

terms of foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result , no hedge ineffectiveness arises requiring recognition through t and loss. Amounts of outstanding forward contracts are as follows :

(₹ in Lakhs)

re of Instrument	Currency	Purpose	March 31, 2020		March 31, 2019	
			Foreign Currency	In ₹	Foreign Currency	In ₹
ard contracts	USD	Hedging of highly probable sales	19.93	1,468.42	-	-

cash flow hedges of the expected future sales during the year ended March 31, 2020 were assessed to be highly effective and net unrealised loss of ₹ 38.96 Lakhs (March 31, 2019 : Nil), with ferred tax liability of ₹ 15.02 Lakhs (March 31, 2019 : Nil) relating to the hedge instruments, is included in OCI.

movement in Accumulated OCI for instruments designated in a cash flow hedge is as follows:

(₹ in Lakhs)

	Exchange Rate Risk hedges	
	March 31, 2020	March 31, 2019
nce as the beginning of the year	**-**	-
ins/Losses transferred to P&L on occurrence of the forecast transaction	**-**	-
eferred Tax on the above	**-**	-
ains/Losses transferred to P&L due to cash flows no longer expected to occur	**-**	-
eferred Tax on the above	**-**	-
hange in Fair Value of Effective Portion of cash flow hedges	**(53.98)**	-
eferred Tax on the above	**15.02**	-
ains/Losses transferred to P&L on ineffectiveness	**-**	-
eferred Tax on the above	**-**	-
nce as the end of the year	**(38.96)**	-
ıe above:		
nce relating to continuing hedges	**(38.96)**	-
nce relating to hedge accounting is no longer applied	**-**	-

iquidity Risk

quidity risk management

dity 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 able for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring cast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

aturities of financial liabilities

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

(₹ in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Less than 1 Year	1-3 Years	Less than 1 Year	1-3 Years
ncial liabilities				
e payables	**1,556.38**	**-**	2,971.80	-
ble for Property, Plant & Equipment	**66.46**	**-**	503.38	-
ers	**1,404.05**	**31.95**	-	0.75

31. Fair Value Measurements

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

(₹ in Lakhs)

Particulars	Fair value hierarchy	Carrying amount		Fair Value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
FINANCIAL ASSETS					
Financial assets measured at amortised cost					
(a) Security deposits	Level 2	**21.04**	20.69	**21.04**	20.69
(b) Loans to employees	Level 2	**-**	-	**-**	-
(c) Interest accrued on deposits	Level 2	**65.60**	75.05	**65.60**	75.05
(d) Cash in hand	Level 2	**0.13**	0.07	**0.13**	0.07
(e) Balance with banks in current account	Level 2	**373.05**	867.21	**373.05**	867.21
(f) Balances with banks in deposit accounts	Level 2	**1,737.41**	1,555.65	**1,737.41**	1,555.65
(g) Trade receivables	Level 2	**1,988.85**	1,927.67	**1,988.85**	1,927.67
Financial assets measured at fair value through Statement of Profit & Loss		**-**	-	**-**	-
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
(a) Payables on purchase of property plant & equipment	Level 2	**66.46**	503.38	**66.46**	503.38
(b) Trade Payable	Level 2	**1,556.38**	2,971.80	**1,556.38**	2,971.80
(c) Others	Level 2	**1,395.76**	0.75	**1,395.76**	0.75
Financial liabilities measured at fair value through OCI					
(a) Cash flow Hedge	Level 2	**53.98**	-	53.98	-

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short - term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financials instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investment is determined using quoted net assets value from the fund. Further, the subsequent measurement of all financial assets and liabilities (other than investment in mutual funds) is at amortised cost, using the effective interest method.

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowing of the Company and in case of financial assets is the average market rate of similar credit rated instrument.

The Company maintain policies and procedure to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate fair value:

(a) Fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) Security deposit paid are evaluated by the Company based on parameters such as interest rate non performance risk of the customer. The fair value of the Company's security deposit paid are determined by estimating the incremental borrowing rate of the borrower (primarily the landlords). Such rate has been determined using discount rate that reflects the average interest rate of borrowing taken by similar credit rate companies where the risk of non performance risk is more than significant.

(c) The fair value of the Company's interest bearing borrowing received are determined using discount rate that reflects the entity's borrowing rate as at the end of the reporting period. The own non performance risk as at the reporting was assessed to be insignificant.

32. 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 ₹ 5.72 Lakhs for Provident Fund contributions (March 31, 2019 : ₹ 3.06 Lakhs) in the Statement of Profit and Loss. The provident fund payable by the Company are in accordance with rules framed by the Government from time to time.

(b) Defined Benefit Plans:

Gratuity

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Defined benefit plans – as per actuarial valuation on March 31, 2020 **(₹ in Lakhs)**

Particulars	Funded Plan	
	Gratuity	
	March 31, 2020	**March 31, 2019**
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	**1.57**	0.43
Net interest expense	**0.07**	0.04
Components of defined benefit costs recognised in profit or loss	**1.64**	0.47
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(0.06)**	-
Actuarial gains and loss arising from changes in financial assumptions	**0.54**	0.04
Actuarial gains and loss arising from experience adjustments	**(0.20)**	0.91
Actuarial gains and loss arising from demographic adjustments	**-**	0.05
Components of defined benefit costs recognised in other comprehensive income	**0.28**	1.00
Total	**1.92**	1.47
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**4.10**	2.05
2. Fair value of plan assets as at 31st March	**1.24**	1.10
3. Surplus/(Deficit)	**(2.86)**	(0.95)
4. Current portion of the above	**2.86**	0.00
5. Non current portion of the above	**1.24**	0.95
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**2.05**	0.57
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**-**	-
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**1.57**	0.43
- Past Service Cost	**-**	-
- Interest Expense (Income)	**0.07**	0.04
4. Recognised in Other Comprehensive Income		
Remeasurement (gains) / losses		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**-**	(0.05)
ii. Financial Assumptions	**(0.54)**	(0.04)
iii. Experience Adjustments	**0.20**	(0.91)
iv. Return on plan asset	**(0.06)**	-
5. Benefit payments	**-**	-
6. Present value of defined benefit obligation at the end of the year	**4.09**	2.05

Particulars	Funded Plan	
	Gratuity	
	March 31, 2020	March 31, 2019
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**1.10**	-
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**-**	-
3. Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	**0.08**	-
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return	**0.06**	-
5. Contributions by employer (including benefit payments recoverable)	**-**	1.10
6. Benefit payments	**-**	-
7. Fair value of plan assets at the end of the year	**1.24**	1.10
IV. The Major categories of plan assets (As % of Total Plan Assets)		
- Funds Managed By Insurer	**0%**	0%
V. Actuarial assumptions		
1. Discount rate	**6.00%**	7.00%
2. Expected rate of return on plan assets	**7.00%**	7.60%
3. Attrition rate	**20.00%**	20.00%

Maturity Profile of Defined Benefit Obligation:

Year Ending March 31	Expected Benefit Payment in lakhs (₹)
2021	**0.02**
2022	**0.03**
2023	**0.01**
2024	**0.62**
2025	**0.64**
2026-2030	**4.47**

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	2% Increase		2% Decrease	
	March 31, 2020 ₹ In Lakhs	March 31, 2019 ₹ In Lakhs	March 31, 2020 ₹ In Lakhs	March 31, 2019 ₹ In Lakhs
Defined Benefit Obligation	**4.27**	2.11	**3.95**	1.98

B. Effect of 1 % change in the assumed Salary Escalation Rate	2% Increase		2% Decrease	
	March 31, 2020 ₹ In Lakhs	March 31, 2019 ₹ In Lakhs	March 31, 2020 ₹ In Lakhs	March 31, 2019 ₹ In Lakhs
Defined Benefit Obligation	**3.99**	2.00	**4.22**	2.09

C. Effect of 1 % change in the assumed Withdrawal Rate	2% Increase		2% Decrease	
	March 31, 2020 ₹ In Lakhs	March 31, 2019 ₹ In Lakhs	March 31, 2020 ₹ In Lakhs	March 31, 2019 ₹ In Lakhs
Defined Benefit Obligation	**4.13**	2.04	**4.08**	2.05

VI. Experience Adjustments:	Year Ended	
	March 31, 2020 ₹ In Lakhs	March 31, 2019 ₹ In Lakhs
	Gratuity	
1. Defined Benefit Obligation	**4.09**	2.05
2. Fair value of plan assets	**1.24**	1.10
3. Surplus/(Deficit)	**(2.86)**	(0.95)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**0.34**	1.47
5. Experience adjustment on plan assets [Gain/(Loss)]	**0.06**	-

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.

33. Deferred Tax Assets (net)

(₹ in Lakhs)

Nature of Timing Difference	As at March 31, 2020	As at March 31, 2019
Deferred Tax Liability		
Property, plant and equipment	**(33.49)**	(50.40)
Other deductible timing difference	**(17.37)**	-
Total (A)	**(50.86)**	(50.40)
Deferred Tax Asset		
Items related to OCI	**15.09**	-
MAT credit	**4.31**	-
Carry forward tax losses	**50.40**	50.40
Total (B)	**69.80**	50.40
Deferred Tax Asset / Liability (Net) (A)+(B)	**18.94**	-

(₹ in Lakhs)

2019-2020	Opening Balance	Recognized in Profit & Loss	Recognized in Other Comprehensive Income	MAT credit	Total
Deferred Tax Asset In relation To					
Cash Flow Hedges (including forward element of forward contracts)	-	-	15.02	-	15.02
Remeasurement Defined Benefit Obligation	-	-	0.08	-	0.08
Property, Plant & Equipment	(50.40)	16.91	-	-	(33.49)
Disallowances under Income Tax Act,1961, allowed on payment basis	-	1.54	-	-	1.54
Others	-	(18.91)	-	-	(18.91)
MAT credit	-	-	-	4.31	4.31
Carry forward tax losses	50.40	-	-	-	50.40
Total	**-**	**(0.46)**	**15.09**	**4.31**	**18.94**

Note: No Deferred Tax Asset has been set-up on brought forward of business losses

The income tax expense for the year can be reconciled to the accounting profit as follows: (₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax (A)	25.27	85.45
Enacted tax rate (B)	27.82%	27.82%
Expected Tax Expenses (C=A * B)	7.03	23.77
Adjustments		
Setoff of carry forward losses of earlier years	(7.03)	(23.77)
Tax effects of other adjustments	0.46	-
Total Adjustments - D	**(6.57)**	**(23.77)**
Tax expense recognised in profit or loss (E=C+D)	**0.46**	**-**

34. The Company has considered the possible effects that may result from the pandemic while assessing the recoverability of receivables, inventory, other financial assets and also in estimating future cash flows for probable forecast sale transactions. The Company has also considered the impacts on Deferred Tax Assets. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information . The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions

35. Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification and disclosure.

On behalf of the Board of Directors

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Rudra Kumar Jadeja
Chief Executive Officer

Rohan Nirgudkar
Company Secretary

Place: Hyderabad
Date: June 25, 2020

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Kalyani Strategic Systems Limited

Directors	Registered Office	Auditors
Mr.Kishore Mukund Saletore	Pune Cantonment,	P.V.Deo
Mr.Rajinder Singh Bhatia	Mundhwa,	Chartered Accountant
Mr.Vikram Manohar Munje	Pune 411036	604,Jeevan Heights,
		Thorat Colony,Erandwana,
		Pune - 411004

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2020

To,

The Members,

Your Directors have pleasure in presenting the Board Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2020.

1. PERFORMANCE OF THE COMPANY

The financial results are summarized here under:

(Amount in Rupees)

Particulars	Standalone		Consolidated	
	As on March 31, 2020	**As on March 31, 2019**	**As on March 31, 2020**	**As on March 31, 2019**
Revenue from operations	3,811,998	3,991,035	646,687,995	1,028,423,408
Other Income	8,064,989	3,053,261	33,758,746	19,624,730
Total Revenue	**11,876,987**	**7,044,296**	680,446,741	**1,048,048,138**
Total expenses	**13,197,562**	**4,875,248**	679,240,282	**1,037,334,154**
Profit/(Loss) before Taxes	(1,320,575)	2,169,048	1,193,112	10,688,131
Current Tax	(392,643)	285,000	(392,643)	285,000
MAT credit utilized	Nil	527,000	Nil	527,000
Deferred Tax	47,838	(146,781)	93,507	(146,781)
Profit/(Loss) after Taxes	(975,770)	1,503,829	1,492,248	10,022,912
Earnings per equity share Basic/ Diluted	(0.02)	0.04	0.04	0.28

2. DIVIDEND

Since the Company does not have any distributable profit, the Board has not recommended any dividend for the financial year ended March 31, 2020.

3. RESERVES

During the year under review, no amount is proposed to be transferred to the General Reserves.

4. STATE OF THE AFFAIRS OF THE COMPANY

The Company is yet to start manufacturing activity.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

There are no adverse material changes or commitments occurring after March 31, 2020 which affect the financial position of the Company or may require disclosure.

6. SHARE CAPITAL

As on March 31, 2020, the total authorized share capital of the Company is Rs.500,000,000/-, issued and subscribed capital is Rs. 481,515,760/- and paid-up equity share capital is Rs. 421,326,300/- (i.e. Rs. 361,136,840/- fully paid and Rs. 60,189,460/- partly paid).

During the year, the Company issued 12,037,892 equity shares of Rs. 10/-. The said shares are partly paid and Rs. 5/- per share were called & paid on subscription & allotment.

The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. MEETINGS OF THE BOARD OF DIRECTORS

In 2019-20, the Board of Directors of the Company met five times during the year i.e. on May 18, 2019, July 30, 2019, September 7, 2019, October 16, 2019, January 28, 2020. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rajinder Singh Bhatia (DIN: 05333963), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year, the Company received a show cause notice dated January 22, 2020 from Ministry of Home Affairs (MHA) with respect to grant of Industrial License. Under the said notice, MHA requested some clarification regarding appointment of Independent Directors in the Company. The Company has provided suitable reply to the said show cause notice.

Further, during the year, the Company has made an application to MHA for seeking approval for appointment of Mr. Rajesh Khurana as the Chief Executive Officer of the Company. The Company received approval from MHA for the said appointment on May 26, 2020.

9. DECLARATION BY AN INDEPENDENT DIRECTOR

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

10. NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The Nomination and Remuneration Policy is attached herewith as **Annexure- "A"**

11. AUDITORS

The Company has appointed Mr. P. V. Deo (Membership Number FCA 41609) as the statutory auditor of the Company in the 4th Annual General Meeting held in the year 2015 to hold the office till the conclusion of ensuing Annual General Meeting.

The Company intends to appoint P. V. Deo & Associates LLP as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of the ensuing AGM till the conclusion of the sixth consecutive Annual General Meeting of the Company to be held in the financial year 2025-26 (i.e for the financial year 2020-21 to the financial year 2024-25).

The Company has received letter from P. V. Deo & Associates LLP, Chartered Accountant, Pune, to the effect that their appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and the conditions prescribed read with the Rule 4 of Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment.

12. AUDITORS' REPORT

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remarks.

13. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations.

Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a) in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at March 31, 2020 and of the loss of the Company for the year under review;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis;

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

15. BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act. The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as, the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as, the composition of committees, effectiveness of committee meetings, etc. In a separate meeting of independent directors, performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as, the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

16. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

A statement containing the salient features of the financials of the Financial Statement of Company’s subsidiary and joint venture in the prescribed format AOC-1 is annexed herewith as **Annexure “B”** to this report, in a separate section forming part of the Financial Statement.

17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

18. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

19. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company’s operations in future.

20. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure “C”** to this report.

21. PARTICULARS OF CONTRACTS OR ARRRANGEMENT WITH RELATED PARTIES

All transactions or arrangement entered into by the Company with Related Parties have been done at arm's length and are in ordinary course of business.

Pursuant to section 134 of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 the particulars of such transactions are provided in form AOC-2 which is annexed herewith as **"Annexure D"** to this report. Related Part disclosure as per AS-18 has been provided in Note-28 to the financial statement.

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

There is nothing to be reported with regards to conservation of energy, technology absorption and the Company has not entered into any transactions involving foreign exchange earnings and outgo.

23. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

There are no employees whose particulars are needed to be disclosed in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

24. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

25. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

26. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and on behalf of the Board of Directors
Kalyani Strategic Systems Limited

	Rajinder Singh Bhatia	**Vikram Manohar Munje**
Place: Pune	**Director**	**Director**
Date: June 27, 2020	**DIN : 05333963**	**DIN : 02772991**

Annexure - "A"

Nomination and Remuneration Policy of
Kalyani Strategic Systems Limited

The Board of Directors of Kalyani Strategic Systems Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on November 4, 2017 with immediate effect, consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, as amended from time to time. The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as **"KMP")** and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.

1.4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity.

1.7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. **Board** means Board of Directors of the Company.

2.3. **Directors** mean Directors of the Company.

2.4. **Key Managerial Personnel (KMP)** means

2.4.1. Managing Director

2.4.2. Executive Directors;

2.4.3. Chief Executive Officer

2.4.4. Chief Financial Officer; and

2.4.5. Company Secretary;

2.5. **Senior Management** means personnel of the Company who are members of its core management team being functional head one level below the Board.

3. ROLE OF COMMITTEE

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.1.4. Formulate the criteria for evaluation of performance of independent directors and Board of Directors.

3.1.5. Determine whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of independent directors."

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

a) **Managing Director/Whole-time Director:**
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) **Independent Director:**
An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and

will be eligible for re-appointment for further period of five years, on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

3.2.3. Evaluation

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel.

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.3.1. General:

a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board / the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. <u>Remuneration to Non- Executive / Independent Director:</u>

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. 1,00,000/- (Rupees One Lac Only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government and approved by the Board of Directors from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

4. MEMBERSHIP

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

5.1 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.2 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.3 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.9 Recommend any necessary changes to the Board; and

10.10 Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

11.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 to consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

For Kalyani Strategic Systems Limited

Sd/-
Rajinder Singh Bhatia
Director

Date: November 4, 2017

Place: Pune

Annexure-B

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Kalyani Rafael Advanced Systems Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2019 to March 31, 2020
3.	Reporting currency	INR in Lakh
4.	Share capital	3,980.29
5.	Reserves & surplus	NIL
6.	Total assets	6,601.91
7.	Total Liabilities	3,045.76
8.	Investments	1,737.41
9.	Turnover	6,685.70
10.	Profit before taxation	25.27
11.	Provision for taxation (Deferred Tax)	0.46
12.	Profit after taxation	24.81
13.	Proposed Dividend	NIL
14.	% of shareholding	50%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Latest audited Balance Sheet Date	31 March, 2020
Shares of Associate/Joint Ventures held by the Company on the year end	
(i) No. of Shares	10,000 Equity Shares
(ii) Amount of investment in Associate/Joint Venture	Rs. 1,00,000/-
(iii) Extend of Holdings %	50%
Description of how there is significant influence	There is a significant influence due to percentage of holding of Share Capital
Reason why the associate/joint venture is not consolidated	NA
Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. (8,187/-)
Profit/(Loss) for the year	
(i) Considered in Consolidation	Rs. (21,534/-)
(ii) Not Considered in Consolidation	NIL

Annexure - "C"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U31902PN2010PLC138025
ii)	Registration date	December 20, 2010
iii)	Name of the Company	Kalyani Strategic Systems Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune 411 036. Tel. No. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company
1.	NA	-	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	51	Sec 2(46)
2	Kalyani Rafael Advanced Systems Private Limited	U29270PN2015PTC156252	Subsidiary*	50	Sec 2(46)
3	BF Premier Energy Systems Private Limited Mundhwa, Pune Cantonment, Pune-411036	U24292PN2015PTC154278	Joint Venture	50	Sec 2(6)

*Having common control

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	18,417,973	NIL	18,417,973	51	24,557,297*	NIL	24,557,297*	51	NIL
Sub-total (A) (1):-	18,417,973	NIL	18,417,973	51	24,557,297*	NIL	24,557,297*	51	NIL
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**18,417,973**	**NIL**	**18,417,973**	**51**	24,557,297*	NIL	24,557,297*	**51**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	5	17,695,706	17,695,711	49	23,594,279*	NIL	23,594,279*	49	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	5	17,695,706	17,695,711	49	23,594,279*	NIL	23,594,279*	49	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**18,417,978**	**17,695,706**	**36,113,684**	**100**	**48,151,576***	**NIL**	**48,151,576***	**100**	NIL

*Includes partly paid up shares

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Bharat Forge Limited	18,417,973	51	NIL	24,557,297*	51	NIL	NIL

*Includes partly paid up shares

iii) Change in Promoters' Shareholding:

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Bharat Forge Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2019	18,417,973	51	18,417,973	51
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	16/10/2019 (Rights Issue)	6,139,324*	-	24,557,297*	51
	At the End of the year	31/03/2020	24,557,297*	51	24,557,297*	51

*Includes partly paid up shares

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Kalyani Global Engineering Private Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2019	3,972,506	11	3,972,506	11
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	16/10/2019 (Rights Issue)	1,324,168*	-	5,296,674*	11
	At the End of the year	31/03/2020	5,296,674*	11	5,296,674*	11

*Includes partly paid up shares

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	**Sundaram Trading and Investment Private Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2019	6,861,600	19	6,861,600	19
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	16/10/2019 (Rights Issue)	2,287,200*	-	9,148,800*	19
	At the End of the year	31/03/2020	9,148,800*	19	9,148,800*	19

*Includes partly paid up shares

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	**Saarloha Advanced Materials Private Limited** **(Previously known as Kalyani Carpenter Special Steels Private Limited)**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2019	6,861,600	19	6,861,600	19
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	16/10/2019 (Rights Issue)	2,287,200*	-	9,148,800*	19
	At the End of the year	31/03/2020	9,148,800*	19	9,148,800*	19

*Includes partly paid up shares

v) Shareholding of Directors and Key Managerial Personnel:

<u>Shareholding of Directors</u>:

Sl. No.		**Shareholding at the beginning of the year (01-04-2019)**		**Cumulative Shareholding during the year**	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year (31-03-2020)	NIL	NIL	NIL	NIL

Key Managerial Person

Sl. No.		Shareholding at the beginning of the year (01-04-2019)		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year (31-03-2020)	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the Financial year				
i.) Addition	NIL	15,07,77,637/-	NIL	15,07,77,637/-
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	15,00,00,000/-	NIL	15,00,00,000/-
ii.) Interest due but not paid	NIL	7,77,637/-	NIL	7,77,637/-
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**15,07,77,637/-**	**NIL**	**15,07,77,637/-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	**Particulars of Remuneration**	**Name of the Managing Director/Whole-time Director/Manager**		**Total Amount**
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act		NIL		

B. Remuneration to other Directors

Sr. No.	**Particulars of Remuneration**	**Name of Director**		**Total Amount**
1.	Gross Salary	**Mr. T V Prasad**	**Mr. M V Krishna**	
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify – **Sitting Fees**	5,000	NIL	10,000
Total		**5,000**	**NIL**	**5,000**
Ceiling as per the Act				NA

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company does not pay remuneration to any Key Managerial Personnel

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors
Kalyani Strategic Systems Limited

Place: Pune
Date: June 27, 2020

Rajinder Singh Bhatia
Director
DIN : 05333963

Vikram Manohar Munje
Director
DIN : 02772991

Annexure -"D"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2020, which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

<table>
<tr><td>a.</td><td>Name(s) of the related party and nature of relationship</td><td colspan="4">Bharat Forge Limited</td><td>BF Elbit Advanced Systems Private Limited</td><td>Analogic Controls India Limited</td></tr>
<tr><td>b.</td><td>Nature of contracts / arrangements / transactions</td><td>Purchase Return</td><td>Inter Corporate Loan</td><td>Interest on Inter-Corporate Loan</td><td>Expenses incurred by other party</td><td>Interest on Inter-Corporate Loan</td><td>Rent</td></tr>
<tr><td>c.</td><td>Duration of the contracts / arrangements / transactions</td><td>One Time Transaction</td><td colspan="2">6 Months from the date of disbursement</td><td>One Time</td><td>Inter-Corporate Loan payable on demand</td><td>36 months form March 30, 2018 till March 29, 2021</td></tr>
<tr><td>d.</td><td>Salient terms of the contracts or arrangements or transactions including the value, if any</td><td>Components Purchased were returned Rs. 38,11,998/-</td><td colspan="2">Rate of Interest 7.25% p.a.</td><td>Reimbursement of Expenses. No profit element.

Rs. 2,24,110/-</td><td>Rate of interest 9.70% p.a.

Rs. 12,27,176/-</td><td>Monthly rent of Rs. 1,44,983/- to be paid till 10th of every month.</td></tr>
<tr><td>e.</td><td>Date(s) of approval by the Board, if any</td><td>NA</td><td>January 28, 2020</td><td>January 28, 2020</td><td>NA</td><td>August 25, 2015</td><td>March 29, 2018 (Audit Committee approval date)</td></tr>
<tr><td>f.</td><td>Amount paid/ received as advances, if any</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
</table>

Independent Auditor's Report

To the Members of Kalyani Strategic Systems Limited

Opinion
I have audited the accompanying standalone financial statements of **Kalyani Strategic Systems Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss including other comprehensive income, the statement of changes in equity and 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 my opinion and to the best of my information and according to the explanations given to me, 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, 2020, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Key Audit Matters
I have determined that there are not key audit matters to be reported in my report.

Basis for Opinion
I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 my auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to me after the date of this auditor's report.

My opinion on the standalone financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the standalone financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Board's Report including Annexures to Board's Report if I conclude that there is a material misstatement therein, I am 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 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 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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, I am also responsible for expressing my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I 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, I report that:

   a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

   b) In my opinion, proper books of account as required by law have been kept by the Company, so far as appears from my examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In my opinion, the aforesaid consolidated 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, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 my 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 my opinion and to the best of my information and according to the explanations given to me :

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.

P. V. Deo
Chartered Accountant
Membership No. 041609
Place : Pune
Date: 27th June, 2020

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2020.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i)

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) According to the information and explanations given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory comprising stock in trade was physically verified at reasonable intervals during the year by the management. As explained to us, no material discrepancies were noticed by the management on physical verification of stocks.

(iii)

(a) The Company has granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013.

(b) The terms and conditions of the grant of the said loan were not found prima facie prejudicial to the Company's interest.

(c) The said loan is repayable on demand and hence no schedule of repayment of principal or payment of interest has been stipulated. Principal repayments or interest payments had not fallen due during the period covered by this report.

(iv) In my opinion and according to the information and explanations given to me, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii)

(a) According to the records of the Company, the Company was found to be regular in depositing undisputed statutory dues including 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 me 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 me, 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, 2020 for a year of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, 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 me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to me and based on my 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609
Place : Pune
Date: 27th June, 2020

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2020.

I have audited the internal financial controls over financial reporting of **Kalyani Strategic Systems Limited** ("the Company") as of 31st March, 2020 in conjunction with my 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
My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my 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 I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 my 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, 2020, 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.

P. V. Deo
Chartered Accountant
Membership No. 041609
Place : Pune
Date: 27th June, 2020

Kalyani Strategic Systems Limited

Standalone Balance Sheet as at 31st March, 2020

	Notes	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
I. ASSETS			
1. Non-current assets			
a) Property, Plant and Equipment	3	**54,627,436**	130,311,044
b) Right of use assets	4	**74,003,591**	-
c) Capital Work In Progress		**4,108,047**	-
d) Financial Assets			
Investments	5	**200,014,710**	200,014,710
e) Other non-current assets	6	**2,207,473**	-
f) Deferred Tax Assets (net)	7	**85,801**	133,639
g) Income tax assets (net)	8	**409,340**	2,332
		335,456,398	330,461,725
2. Current assets			
a) Inventories	9	**1,354,059**	3,812,000
b) Financial Assets			
i) Investments	10	**35,833,769**	-
ii) Trade Receivable	11	**-**	-
iii) Cash and cash equivalents	12	**2,843,568**	5,723,739
iv) Bank balances other than (iii) above	12	**173,972,398**	3,145,748
v) Loans	13	**13,396,998**	12,307,540
c) Other current assets	14	**2,789,363**	3,546,387
		230,190,155	28,535,414
TOTAL :		**565,646,553**	358,997,139
II. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	15	**421,326,300**	361,136,840
b) Other equity	16	**(8,822,605)**	(7,822,433)
		412,503,695	353,314,407
2. Non-Current liabilities			
a) Long Term Provisions	17	**87,610**	-
		87,610	-
2. Current liabilities			
a) Financial Liabilities			
i) Short Term Borrowings	18	**150,000,000**	-
ii) Trade Payables	19		
Total outstanding dues of micro enterprises and small enterprises		**16,890**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,942,048**	5,155,447
iii) Other Financial Liabilities	20	**777,637**	-
b) Short Term Provisions	21	**5,291**	-
c) Other Current Liabilities	22	**313,382**	28,012
d) Current Tax Liabilities (net)	23	**-**	499,273
		153,055,248	5,682,732
TOTAL :		**565,646,553**	358,997,139
Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 48		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No : 041609

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: 27th June, 2020

Place: Pune
Date: 27th June, 2020

Kalyani Strategic Systems Limited

Standalone Statement of Profit and Loss for the year ended 31st March, 2020

		Notes	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
I.	**Revenue from operations**	24	**3,811,998**	3,991,035
II.	**Other Income**	25	**8,064,989**	3,053,261
	Total revenue		**11,876,987**	7,044,296
III.	**Expenses**			
	Cost of material consumed	26	**-**	-
	Purchases of Stock in trade	27	**-**	5,256,478
	Changes in inventories of Stock in trade	28	**3,811,998**	(3,812,000)
	Employee Benefits Expenses	29	**1,329,288**	-
	Finance Cost	30	**875,413**	50,000
	Depreciation and amortization expense	31	**1,873,517**	1,810,288
	Other expenses	32	**5,307,346**	1,570,482
IV.	**Total expenses**		**13,197,562**	4,875,248
V.	**Profit/ (Loss) before tax (III - IV)**		**(1,320,575)**	2,169,048
VI.	**Tax expenses**			
	Current tax		**(392,643)**	285,000
	MAT Credit Utilised		**-**	527,000
	Deferred tax		**47,838**	(146,781)
			(344,805)	665,219
VII.	**Profit/ (Loss) for the year (V - VI)**		**(975,770)**	1,503,829
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		**(24,402)**	-
IX.	**Total Comprehensive Income for the period (VII+VIII)**		**(1,000,172)**	1,503,829
X.	**Earnings per equity share [nominal value of share x 10/-] - fully paid shares**			
a)	Basic (In x)	36	**(0.02)**	0.04
b)	Diluted (In x)	36	**(0.02)**	0.04
	Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 48		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No : 041609

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: 27th June, 2020

Place: Pune
Date: 27th June, 2020

Standalone Statement of changes in equity for the year ended 31st March, 2020

a Equity share capital

	Balance at the beginning of the year ₹	Changes in Equity share Capital during the year ₹	Balance at the end of the year ₹
i) For the Year ended 31st March, 2020	361,136,840	60,189,460	421,326,300
ii) For the Year ended 31st March, 2019	361,136,840	-	361,136,840

b Other equity

	Retained Earnings ₹	Other Comprehensive Income ₹	Total ₹
Balance at the beginning of the Year	(9,326,262)	-	(9,326,262)
Add :			
Total Comprehensive Income for the Year	1,503,829	-	1,503,829
Balance at the end of the period 31st March, 2019	(7,822,433)	-	(7,822,433)
Add :			
Total Comprehensive Income for the year	(975,770)	(24,402)	(1,000,172)
Balance at the end of the Year 31st March, 2020	**(8,798,203)**	**(24,402)**	**(8,822,605)**
c Total equity (a+b)			**412,503,695**

Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements 1 to 48

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No : 041609

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: 27th June, 2020

Place: Pune
Date: 27th June, 2020

Kalyani Strategic Systems Limited

Standalone Cash Flow Statement for the year ended 31st March, 2020

			Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
(A)	**Cash flow from operating activities**			
	Profit/(loss) before tax		**(1,320,575)**	2,169,048
	Add :			
	Depreciation		**1,873,517**	1,810,289
	Interest paid on intercorporate loans		**864,043**	-
	Interst on Income Tax		**-**	50,000
	Income tax expenses		**2,558**	30
	Other Comprehensive Income			
	Remeasurement of the net defined benefit liability/asset		**(24,402)**	-
			1,395,141	4,029,367
	Less : Income considered separately			
	Interest received on intercorporate loans		**(1,227,176)**	(1,121,744)
	Interest received from bank		**(1,154,935)**	(191,721)
	Profit on sale of units of mutual fund		**(252,592)**	-
	Fair Value Adjustment		**(833,769)**	-
	Operating profit/(loss) before working capital changes		**(2,073,331)**	2,715,902
	Movements in working capital :			
	Increase / (decrease) in Trade Payables		**(3,196,509)**	3,979,158
	Increase / (decrease) in Other Current Liabilities		**285,370**	(156,371)
	Increase / (decrease) in Other Current Financial Liabilities		**777,637**	-
	Increase / (decrease) in Short Term Provisions		**5,291**	-
	Increase / (decrease) in Long Term Provisions		**87,610**	-
	(Increase) / decrease in other non-current assets		**(2,207,473)**	787,456
	(Increase) / decrease in Trade Receivable		**-**	61,038
	(Increase) / decrease in Loans		**15,000**	(160,000)
	(Increase) / decrease in other current assets		**757,024**	(3,511,867)
	(Increase) / decrease in Inventories		**2,457,941**	(3,812,000)
			(1,018,109)	(2,812,586)
	Cash generated from operations		**(3,091,440)**	(96,684)
	Direct taxes paid (net of refunds)		**(516,196)**	(815,537)
	Net cash from/(used in) operating activities	**(A)**	**(3,607,636)**	(912,221)
(B)	**Cash flows from investing activities**			
	Purchase of Property, Plant and Equipment		**(4,301,547)**	-
	Investments in Units of Mutual Fund		**(55,000,000)**	-
	Sale of Investment in Mutual Funds		**20,252,592**	-
	Investments In/(liquidation of) fixed deposits		**(170,826,650)**	(3,145,748)
	Interest received from bank		**1,154,935**	191,721
	Net cash used in investing activities	**(B)**	**(208,720,670)**	(2,954,027)
(C)	**Cash flows from financing activities**			
	Proceeds from issue of Equity Shares		**60,189,460**	-
	Inter corporate loans given		**(1,104,458)**	(1,009,568)
	Interest received on Inter corporate loans		**1,227,176**	1,121,744
	Inter corporate loans accepted		**150,000,000**	-
	Interest paid on Intercoprorate Loan		**(864,043)**	-
	Net cash from/(used in) financing activities	**(C)**	**209,448,135**	112,176
(D)	**Net increase / (Decrease) in cash and cash equivalents (A+B+C)**		**(2,880,171)**	(3,754,072)
(E)	**Cash and cash equivalents at the beginning of the year**		**5,723,739**	9,477,811
(F)	**Cash and cash equivalents at the end of the year**		**2,843,568**	5,723,739

		As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Components of cash and cash equivalents			
Cash in Hand		**-**	-
Balances with banks			
In Current accounts		**2,843,568**	5,723,739
	TOTAL :	**2,843,568**	5,723,739
Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 48		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No : 041609

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: 27th June, 2020

Place: Pune
Date: 27th June, 2020

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

1. Corporate information :

Kalyani Strategic Systems Limited was incorporated on December 20, 2010, as a public limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited, which holds 51% 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.

The Company has identified 12 months as its operating cycle.

2. Significant accounting policies:

2.1 Basis of accounting and preparation of standalone financial statements:

These 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.

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).

2.2 Changes in accounting policies:

a) Leases :

On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1st April 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on- balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company adopted Ind AS 116, effective annual reporting period beginning on 1st April, 2019. The Company applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1st April, 2019). Accordingly, the Company has not restated comparative information. The cumulative effect of initially applying this Standard is required to be recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. On that date, the Company is required to recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1st April, 2019. In the absence of material differences, no adjustment has been recognised in the opening balance of retained earnings as on 1st April, 2019. In the absence of material amount of lease liability measured at the present value of the remaining lease payments, no liability has been recognised on the date of initial application. In accordance with the standard, the Company elected not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

b) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations :

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Company's financial statements.

c) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment :

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

i) Whether an entity considers uncertain tax treatments separately

ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities

iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

iv) How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

2.3 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 perating 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.

2.4. 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).

Exchange differences
The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

I Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

II Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

III All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.5 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

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

i In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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

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

2.6 Revenue Recognition :

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

The policy of recognizing the revenue is determined by the five stage model proposed by Ind AS 115 “Revenue from contract with customers”. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 23

a) Revenue from sale of goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade Receivables :

A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 10

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Dividend income :

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

h) Profit / Loss on sale of investments

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.7 Government grants :

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

2.8 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

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

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes/Goods and service tax 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.

2.9 Property, Plant & equipment :

Property, plant and equipment, capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

'The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

Type of Asset	Estimated Useful Life
i) Factory Building	30 Years
ii) Plant & 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 or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Intangible Assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

2.11 Leases :

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

Company as a Lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) Right of use assets

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

Type of Asset	Estimated Useful Life
a) Leasehold Land	Over the period of lease agreement

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

ii) Lease Liabilities :

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

iii) Short Term Leases and eases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.12 Inventories :

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

2.13 Impairment of Non-financial assets :

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

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

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

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

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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

2.15 Retirement and other employee benefits :

a) Provident Fund:

The Company operates a defined contribution plan.

For all the employees of the Company, portion of provident fund is contributed to the Government administered pension fund which is a defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Gratuity :

'The Company operates a defined benefits plan for its employees. The plan is at present unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method. Actuarial valuation is carried out for the plan using the project unit credit method.

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

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

c) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.16 Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A **Asset :**

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company’s investments in its subsidiary, associate and joint venture are carried at cost in accordance with Ind AS 27.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

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

e)Debt Instruments 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.

e) Equity Investments :

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

The Company has chosen to account for investments in subsidiaries, joint ventures and associates at cost determined in accordance with IND AS -27.

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

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

f) Depreciation

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 (Previous year Ind AS 17)

iv Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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

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

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/

expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

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

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

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

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

B **Financial liabilities :**

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables.

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

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

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

ii Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) Derecognition

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

C **Embedded derivatives :**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D **Reclassification of financial assets :**

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

Original Classification	Revised Classification	Accounting Treatment

Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E **Offsetting of financial instruments :**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents :

'Cash and cash equivalents comprise cash at bank and in hand and short-term 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.

2.18 Dividend to equity holders :

'The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.19 Segment reporting :

'Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.20 Earnings per share :

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.21 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.

2.22 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.23 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes forming part of the Financial Statements for the year ended 31st March, 2020

4 Right of use assets :

	Land ₹	Total ₹
GROSS BLOCK, AT COST :		
Reclassified on account of adoption of Ind AS 116	**75,741,700**	**75,741,700**
Additions	-	**-**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2020.	**75,741,700**	**75,741,700**
DEPRECIATION AND AMORTIZATION :		**-**
Reclassified on account of adoption of Ind AS 116	**838,324**	**-**
Disposals	-	**-**
Adjustments	-	**-**
For the year	**899,785**	**899,785**
Upto 31st March, 2020.	**1,738,109**	**1,738,109**
NET BLOCK :		
Upto 31st March, 2020.	**74,003,591**	**74,003,591**

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

5. Non Current Investments :

No of shares held			As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
(At Cost)				
Equity Instruments, Unquoted :				
Investments in Subsidiary :				
19,901,471	(19,901,471)	Equity shares having Face value of p 10/- each, fully paid up, of Kalyani Rafael Advanced Systems Private Limited[(a)]	**199,014,710**	199,014,710
Investments in Joint Ventures :				
100,000	(100,000)	Equity shares having Face value of p 10/- each, fully paid up, of BF Premier Energy Systems Private Limited	**1,000,000**	1,000,000
		TOTAL :	**200,014,710**	200,014,710

(a) On 31st March, 2020 and on 31st March, 2019, 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 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.

6 Other non-current assets
(Unsecured, Good)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Capital Advances	**730,000**	-
Prepaid Expenses	**1,477,473**	-
TOTAL :	**2,207,473**	-

7 Deferred Tax Asset/(Liability) (Net) :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Deferred Tax Assets :		
Unabsorbed lossed and depreciation	**-**	-
Disallowances	**94,751**	138,659
	94,751	138,659
Deferred Tax Liability :		
Timing differences for		
Depreciation	**8,950**	5,020
	8,950	5,020
Deferred Tax Assets/(Liability) (Net)	**85,801**	133,639

8 Income tax assets (net):

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Taxes paid in Advance (Net)	**409,340**	2,332
TOTAL :	**409,340**	2,332

9 Inventories
(As taken, valued and certified by the Directors)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Raw material	**1,354,057**	-
Stock in trade	**2**	3,812,000
(Stock lying with third parties A 2/- (previous year : A 38,12,000)		
TOTAL :	**1,354,059**	3,812,000

10 Current Investments :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
(At Fair Value through Profit And Loss)		
In Units of Mutual Funds, Quoted :		
9,172.597 (NIL) Units of HDFC Liquid Fund - Direct Plan - Growth Option	**35,833,769**	-
TOTAL :	**35,833,769**	-

11 Trade Receivable :
(Unsecured)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Good	-	-
Credit Impaired	-	2,856,721
Less : Allowances for credit losses	-	(2,856,721)
TOTAL :	-	-

12 Cash and cash equivalents :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Cash and Cash Equivalents :		
Cash in Hand	-	-
Balances with banks		
In Current accounts	**2,843,568**	5,723,739
	2,843,568	5,723,739
Other bank balances :		
In fixed deposits[(a)(b)(c)]	**173,972,398**	3,145,748
	173,972,398	3,145,748
TOTAL :	**176,815,966**	8,869,487

(a) Out of above FD's having original maturity less than 3 months.	**165,577,209**	-
(b) Other FD's having maturiy after 3 months but within 12 Months.	**8,395,189**	3,145,748

(c) All the FD's are pledged with the Bank for issuing bank guarrantees

13 Loans :
(Unsecured, Good)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Short term		
Deposits	**173,998**	188,998
Short Term Loan to related parties:		
Inter-corporate loan to a fellow subsidiary[(a)(b)]	**13,223,000**	12,118,542
TOTAL :	**13,396,998**	12,307,540

(a) Including interest due, thereon
(b) For terms and conditions relating to related party receivable refer Note No. 35

14 Other Current Assets :
(Unsecured, Good)

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
GST Input Tax Credit and refund claims	**1,022,144**	796,700
Advance to vendors		
To a Holding Company[(a)]	**467,322**	
To a fellow subsidiary[(a)]	**-**	2,667,161
To other vendors	**728,568**	82,526
Prepaid Expenses	**571,329**	-
TOTAL :	**2,789,363**	3,546,387

(a) For terms and conditions relating to related party receivable refer Note No. 35

15. Equity share capital

				As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Authorised					
50,000,000	(50,000,000)	Equity shares of z 10/- each		**500,000,000**	500,000,000
			TOTAL :	**500,000,000**	500,000,000
Issued					
48,151,576	(36,113,684)	Equity shares of z 10/- each		**481,515,760**	361,136,840
			TOTAL :	**481,515,760**	361,136,840
Subscribed					
48,151,576	(36,113,684)	Equity shares of z 10/- each		**481,515,760**	361,136,840
			TOTAL :	**481,515,760**	361,136,840
Paid-up					
36,113,684	(36,113,684)	Equity shares of z 10/- each, fully paid up		**361,136,840**	361,136,840
12,037,892	-	Equity shares of z 10/- each, u 5/- per share paid up		**60,189,460**	-
48,151,576	(36,113,684)		TOTAL :	**421,326,300**	361,136,840

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2020 Nos.	As at 31st March, 2020 ₹	As at 31st March, 2019 Nos.	As at 31st March, 2019 ₹
At the beginning of the year	**36,113,684**	**361,136,840**	36,113,684	361,136,840
Shares Issued during the year (u 5/- per share paid up)	**12,037,892**	**60,189,460**	-	-
Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	**48,151,576**	**421,326,300**	36,113,684	361,136,840

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of x 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.

The Company has issued 12,037,892 equity shares of Rs.10/- each at par to the existing shareholders on rights basis, during the financial year. These shares are partly paid with Rs.5/- per share paid up. These shares rank pari-passu in all respects with the existing equity shares.

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

Name of Shareholder	31st March, 2020 Nos.	31st March, 2020 % of Holding	As at 31st March, 2019 Nos.	As at 31st March, 2019 % of Holding
Equity shares of x 10 each fully paid up				
Bharat Forge Limited, the Holding Company[#]	**18,417,978**	**51.00**	18,417,978	51.00
Sundaram Trading and Investment Private Limited	**6,861,600**	**19.00**	6,861,600	19.00
Saarloha Advanced Materials Private Limited	**6,861,600**	**19.00**	6,861,600	19.00
Kalyani Global Engineering Private Limited	**3,972,506**	**11.00**	3,972,506	11.00
Equity shares of x 10 each fully paid, u 5/- per share paid up				
Bharat Forge Limited, the Holding Company	**6,139,324**	**51.00**	-	-
Sundaram Trading and Investment Private Limited	**2,287,200**	**19.00**	-	-
Saarloha Advanced Materials Private Limited	**2,287,200**	**19.00**	-	-
Kalyani Global Engineering Private Limited	**1,324,168**	**11.00**	-	-

[#] including the shares held through nominees

16 Other equity

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Surplus in the Statement of Profit and Loss		
As per last account	**(7,822,433)**	(9,326,262)
Add :		
Profit / (Loss) for the year	**(975,770)**	1,503,829
Items of OCI		
Re-measurement gains / (losses) on defined benefit obligations	**(24,402)**	-
Closing balance	**(8,822,605)**	(7,822,433)

17 Long Term Provisions :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Provisions for Employee Benefits :		
Gratuity	**24,402**	-
Compensated absences	**63,208**	-
TOTAL :	**87,610**	-

18 Short Term Borrowings :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Unsecured :		
Loans from the Holding Company [(a)(b)]	**150,000,000**	-
TOTAL :	**150,000,000**	-

[(a)] Rate of interest for intercorporate loan is 7.25% and the loan is repayable within 6 months from the date of disbursement.

[(b)] For terms and conditions relating to related party receivable refer Note No. 35

19 Trade Payables :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Trade Payables :		
Total outstanding dues of micro enterprises and small enterprises	**16,890**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,942,048**	5,155,447
TOTAL :	**1,958,938**	5,155,447

20 Other Current Financial Liabilities

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Interest accrued but not due on loan from the Holding Company	**777,637**	-
TOTAL :	**777,637**	-

[(a)] Rate of interest for intercorporate loan is 7.25% and the loan is repayable within 6 months from the date of disbursement.

[(b)] For terms and conditions relating to related party receivable refer Note No. 35

21 Short Term Provisions :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Provisions for Employee Benefits :		
Compensated absences	**5,291**	-
TOTAL :	**5,291**	-

22 Other Current Liabilities :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Statutory liabilities	**313,382**	28,012
TOTAL :	**313,382**	28,012

23 Current Tax Liabilities :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Provision for taxation(Net)	-	499,273
TOTAL :	-	499,273

24 Revenue from operations

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Sale of products	-	1,570,085
Other operating revenue	**3,811,998**	2,420,950
TOTAL :	**3,811,998**	3,991,035

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2020 by offerings and contract type.

Revenue by offerings :		
Sale of products	-	1,570,085
TOTAL :	-	1,570,085
Revenue by geographical Segment :		
Within India	-	1,570,085
TOTAL :	-	1,570,085
Revenue by contract type :		
Fixed price contracts	-	1,570,085
TOTAL :	-	1,570,085

25 Other Income

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Interest received		
On loan to a fellow subsidiary	**1,227,176**	1,121,744
On Bank FD's	**1,154,935**	191,721
Lease rent received	**1,739,796**	1,739,796
Profit on sale on short term investments	**252,592**	-
Fair value gain on short term investments	**833,769**	-
Provision for Doubtful Debts Written Back	**2,856,721**	-
TOTAL :	**8,064,989**	3,053,261

26 Cost of material consumed

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Inventory at the beginning of the year	-	-
Add: Purchases	**1,354,059**	-
Less: Inventory at the end of the year	**(1,354,059)**	-
Cost of raw material and components consumed	**-**	-

27 Purchases of Stock in trade

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Purchases of Stock in Trade	-	5,256,478
TOTAL :	-	5,256,478

28 Changes in inventories of Stock in trade :

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Inventories at the beginning		
Stock in trade	**3,812,000**	-
Inventories at the close		
Stock in trade	**2**	3,812,000
TOTAL :	**3,811,998**	(3,812,000)

29 Employee Benefit Expenses :

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Salaries and Wages including bonus	**1,141,976**	-
Contributions to provident and other funds	**138,096**	-
Staff Welfare Expenses	**49,216**	-
TOTAL :	**1,329,288**	-

30 Finance Cost

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Interest on Intercoporate Borrowings	**864,043**	-
Interest on Income Tax	-	50,000
Other interest	**11,370**	-
TOTAL :	**875,413**	50,000

31 Depreciation and amortization expenses

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Depreciation on property, plant and equipment	**973,732**	1,810,288
Depreciation on Right of use assets	**899,785**	
TOTAL :	**1,873,517**	1,810,288

32 Other expenses

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
Water Service Charges	**602,019**	-
Freight and Forwarding Charges	**438,718**	-
Legal and professional fees	**513,935**	224,082
Payment to Auditors (Refer details below)	**200,000**	200,000
Bank Charges	**169,466**	54,468
Travelling and Conveyance Expenses	**-**	1,062,382
Share Issue Expenses	**121,250**	-
Bad Debts	**2,856,721**	-
Miscellaneous expenses#	**405,237**	29,550
TOTAL :	**5,307,346**	1,570,482

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

Payment to auditors

	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
As auditor:		
- Audit fee	**170,000**	170,000
- Certification	**30,000**	30,000
TOTAL :	**200,000**	200,000

33 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 qua required to contribute a specified percentage of the payroll costs to the funds. The Company recognized contributions in the statement of profit and loss. The contributions payable to this plan by the Company are a

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the 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 specific benefit. The level of benefits provided depends on the member's length of service and salary at re years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year Gratuity Act, 1972. The Plan is unfunded 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 comp 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 ma company is successfully able to neutralize valuation swings caused by interest rate movements. He management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem sma defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure pu defined benefit payments resulting in a higher present value of liabilities especially unexpected sala lead to uncertainties in estimating this increasing risk.

2) Unfunded Plan Risk

The liability is unfunded as on 31st March, 2020.

The following table summarises the components of net benefit expense recognised in the statemen recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

Mortality table
Discount rate
Expected rate of return on plan assets
Salary Growth Rate
Expected average remaining working lives (in years)
Withdrawal rate

Changes in the present value of the defined benefit obligation recognised in balance sheet are as foll

Present value of obligation as at the beginning of the year
Interest expense
Current service cost
Benefits (paid)
Remeasurements on obligation [Actuarial (Gain) / Loss]
Present value of obligation as at the end of the year
Remeasurement for the period [Actuarial (Gain)/loss]

	Year ended 31st March, 2020 ₹
Experience (Gain) / Loss on plan liabilities	**24,402**
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, 2020 ₹
Opening amount recognised in OCI outside profit and loss account	-
Remeasurement for the period-Obligation (Gain)/Loss	**24,402**
Remeasurement for the period-Plan assets (Gain)/Loss	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**24,402**
Closing amount recognised in OCI outside profit and loss account	**24,402**

The amounts to be recognised in the Balance Sheet

	Year ended 31st March, 2020 ₹
Present value of obligation as at the end of the period	**(24,402)**
Fair value of plan assets as at the end of the period	-
Net Asset / (liability) to be recognised in balance sheet	**(24,402)**

Expense recognised in the statement of profit and loss

	Year ended 31st March, 2020 ₹
Current service cost	-
Net Interest (Income) / Expense	-
Net periodic benefit cost recognised in the statement of profit and loss	-

Reconciliation of Net Asset/(Liability) recognised:

	Year ended 31st March, 2020 ₹
Net asset / (liability) recognised at the beginning of the period	-
Company contributions	-
Expense recognised at the end of period	-
Amount recognised outside profit & loss for the period	**(24,402)**
Net asset / (liability) recognised at the end of the period	**(24,402)**

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount rate	Present value of obligation Year ended 31st March, 2020 ₹
Increase in discount rate by 100 basis points	**21,068**
Decrease in discount rate by 100 basis points	**28,621**

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

Salary growth rate	Present value of obligation Year ended 31st March, 2020 ₹
Increase in salary growth rate by 100 basis points	**28,304**
Decrease in salary growth rate by 100 basis points	**21,243**

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

Withdrawal rate	Present value of obligation Year ended 31st March, 2020 ₹
Increase in withdrawal rate by 100 basis points	**24,320**
Decrease in withdrawal rate by 100 basis points	**24,499**

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

Year Ending	31st March, 2020 ₹
Within the next 12 months (next annual reporting period)	-

Amount for the current and previous three years are as follows:

	31st March, 2020 ₹
Present Value of Defined Benefit Obligation	**24,402**
Fair Value of Plan Asset	-
Funded Status [Surplus/ (Deficit)]	**(24,402)**
Experience gain / (loss) adjustments on plan liabilities	**(24,402)**
Experience gain / (loss) adjustments on plan assets	-

(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.

Sr. No.		As at 31st March, 2020 ₹
1	Present Value of Obligation	**68,499**
2	Fair Value of Plan Assets*	-
3	Net asset/(liability) recognized in the Balance Sheet	**(68,499)**

* The Company has not funded the liability as on 31st March, 2020.

34 Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of business of scientific, technical and other research and development in the field of developing/ deploying advance defence, aerospace and other strategic areas; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

35 Related Party disclosures

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

Key Management Personal : i) Mr. Pramod Madhukar Puranik - Chief Executive Officer[a]
ii) Mr. Yogendra Thakar - Chief Financial officer[a]
iii) Ms. Jenny Chhabada - Company Secretary[a]
(a) On deputation from Bharat Forge Limited, the Holding Company

Holding Company : i) Bharat Forge Limited

Subsidiary Company : i) Kalyani Rafael Advanced Systems Private Limited

Fellow Subsidiary Companies : i) BF Elbit Advanced Systems Private Limited
ii) Analogic Controls India Limited
iii) BF Infrastructure Limited

Joint Venture : i) BF Premier Energy Systems Private Limited

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

Sr. No.	Nature of transaction	Terms and Conditions (Refer foot note no.)	Key Management Personnel	Holding Company	Subsidiary Company	Fellow Subsidiary Companies		Total
			Yogendra Thakar	Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	
			₹	₹	₹	₹	₹	₹
1	Share Allotment	(a)	**-**	**30,696,620**	**-**	**-**	**-**	**30,696,620**
			(-)	(-)	(-)	(-)	(-)	-
2	Intercorporate loan accepted	(b)	**-**	**150,000,000**	**-**	**-**	**-**	**150,000,000**
			(-)	(-)	(-)	(-)	(-)	-
3	Rent Income received	(c)	**-**	**-**	**-**	**-**	**1,739,796**	**1,739,796**
			(-)	(-)	(-)	(-)	(1,739,796)	(1,739,796)
4	Interest received on Intercorporate loan	(d)	**-**	**-**	**-**	**1,227,176**	**-**	**1,227,176**
			(-)	(-)	(-)	(1,121,744)	(-)	(1,121,744)
5	Interest paid on Intercorporate loan	(b)	**-**	**864,043**	**-**	**-**	**-**	**864,043**
			(-)	(-)	(-)	(-)	(-)	-
6	Purchases	(e)	**-**	**-**	**-**	**-**	**-**	**-**
			(-)	(4,498,160)	(-)	(-)	-	(4,498,160)
7	Expenses incurred by other party on behalf of the Company	(f)	**6,450**	**224,110**	**-**	**-**	**-**	**230,560**
			(29,769)	(-)	(-)	(-)	(-)	(29,769)
8	Purchases return charged back	(g)	**-**	**3,811,998**	**-**	**-**	**-**	**3,811,998**
			(-)	(-)	(-)	(-)	(2,856,721)	(2,856,721)

(a) Equity shares have been allotted by the Company to the related parties in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(b) The loan accepted from the related party is unsecured and repayable within 6 months from the date of disbursement. The loan carried interest at the rate of 7.25% p.a.

(c) The Company has entered into a leave and license agreement with the related party to grant licence to use and occupy the premises during the lease period. The lease is in the nature of operating lease

(d) The loan given to the related party is unsecured and repayable on demand and the same is compliant with the provisions of section 186 of the Companies Act, 2013. The loan carried interest at the rate of 9.70% p.a.

(e) Purchases from the related party made during the previous year were in the ordinary course of business and the same had been made at arm's length price and were subject to normal credit terms.

(f) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(g) Purchases from the related party made during the earlier year were in the ordinary course of business and the same had been rejected hence the same has been chaged back to the party.

(iii) **Balances outstanding**

Sr. No.	Nature of transaction			Holding Company	Subsidiary Company	Fellow Subsidiary Company		Total
			Yogendra Thakar	Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	
			₹	₹	₹	₹	₹	₹
1	Intercorporate Loan receivable(including interest due thereon)		**-** (-)	**-** (-)	**-** (-)	**13,223,000** (12,118,542)	**-** (-)	**13,223,000** (12,118,542)
2	Intercorporate Loan payable		**-** (-)	**150,000,000** (-)	**-** (-)	**-** (-)	**-** (-)	**150,000,000** -
3	Interest accrued but not due on intercorporate loan		**-** (-)	**777,637** (-)	**-** (-)	**-** (-)	**-** (-)	**777,637** -
4	Trade Payable		**-** (-)	**-** (3,998,160)	**-** (-)	**-** (-)	**-** (-)	**-** (3,998,160)
5	Advance Received		**-** (-)	**467,322** (-)	**-** (-)	**-** (-)	**-** -	**467,322** -
6	Advance given		**-** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (2,667,161)	**-** (2,667,161)

(Figures in bracket indicate previous year)

36 Earnings per share (EPS)

		Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
	Numerator for basic and diluted EPS		
	Profit for the year attributable to shareholders as at 31st March	**(975,770)**	1,503,829
I	**Basic Earning Per Share**		
	Earnings per equity share [nominal value of share ₹ 10/-] - #		
	Weighted Average Number of Shares	**39,139,602**	36,113,684
	Basic Earning Per Share (In ₹)	**(0.02)**	0.04
	The paid up equity share capital of the Company includes 12,037,892 partly paid up equity shares having face value of ₹ 10/-, Rs.5/- per share paid up. For the calculation of basic earnings per share these shares are treated as a fraction of an equity share to the extent that those are entitled to participate in dividends during the period relative to a fully paid up equity share.		
II	**Diluted Earning Per Share**		
	Earnings per equity share [nominal value of share ₹ 10/-] - #		
	Weighted Average Number of Shares	**42,165,520**	36,113,684
a)	**Diluted Earnings per equity share [nominal value of share ₹ 10/-] - fully paid shares**	**(0.02)**	0.04
	For the calculation of diluted EPS the partly paid up equity shares to the extent that partly paid shares are not entitled to participate in dividends during the period are treated as the equivalent of warrants or options in the calculation of diluted earnings per share.		

37 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% (Previous year 50%)

d) Description of the method used to account for the investments: Cost

38 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.

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. See Note 39 and 40 for further disclosures.

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.

Variable consideration

The Company estimates variable consideration to be included in the transaction price for the sale of goods with escalations.

The Company estimates the variable consideration with respect to above based on an analysis of accumulated historical experience. The Company adjust estimate of revenue at the earlier of when the most likely amount of consideration we expect to receive changes or when the consideration becomes fixed.

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.

39 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, 2020 ₹	As at 31st March, 2019 ₹	**As at 31st March, 2020 ₹**	As at 31st March, 2019 ₹
I) Financial assets				
Investments				
In Units of Mutual Fund	**35,833,769**	-	**35,833,769**	-
Other current financial assets				
Deposits	**173,998**	188,998	**173,998**	188,998
Short Term Loan to related parties:	**13,223,000**	12,118,542	**13,223,000**	12,118,542
Total Financial Assets :	**49,230,767**	12,307,540	**49,230,767**	12,307,540
II) Financial Liabilities				
Borrowings	**150,000,000**	**-**	**150,000,000**	-
Interest payable on Loans from a Holding Company	**777,637**	-	**777,637**	-
Total Financial Liabilities :	**150,777,637**	-	**150,777,637**	-

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

40 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					
Investment in Units of Mutual Fund	**3/31/2020**	**35,833,769**	**-**		**35,833,769**
Deposits	**3/31/2020**	**-**	**-**	**173,998**	**173,998**
Short Term Loan to related parties	**3/31/2020**	**-**	**-**	**13,223,000**	**13,223,000**
Assets for which fair value has been disclosed					
Investment in Units of Mutual Fund	3/31/2019	-	-	-	-
Deposits	3/31/2019	-	-	188,998	188,998
Loans	3/31/2019			12,118,542	12,118,542
Liabilities for which fair value has been disclosed					
Borrowings	**3/31/2020**	**-**	**-**	**150,000,000**	**150,000,000**
Interest payable on Loans from a Holding Company	**3/31/2020**	**-**	**-**	**777,637**	**777,637**
Liabilities for which fair value has been disclosed	3/31/2019	-	-	-	-

41 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, 2020 and 31st March, 2019.

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, 2020, 31st March, 2019 including the effect of hedge accounting(if any)

i) Equity price risk

The Company's investment in equity instruments comprise mainly of investments in subsidiaries and Joint Ventures which are strategic long term investments. Reports on the equity portfolio are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was x 200,014,710/- (for previous year ended 31st March, 2019 - a 200,014,710/-)

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2020 and 31st March, 2019 is the carrying amounts as illustrated in Note 12.

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 Company's financial liabilities based on contractual undiscounted payments are payable on demand.

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

		As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	11,370	-
(iii)	(a) The amount of interest paid to the supplier beyond the appointed day	-	-
	(b) The amounts of the payment made to the supplier beyond the appointed day	2,628,804	-
(iv)	The amount of interest due and payable for the year	11,370	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	11,370	-
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

43 Expenditure in Foreign Currency

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Tavelling Expenses	-	276,898

44 Value of Imports calculated on CIF basis

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Purchase of Raw material	247,501	-

45 Contingent Liabilities not provided for

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Stamp duty exemption under Package Scheme of Incentive, 2013.[(a)]	3,317,139	3,317,139

(a) The Company has availed exemption from stamp duty amounting to A 3,317,139/-, in respect of agreement to lease executed during the previous financial year. The said exemption is availed in accordance with the Package Scheme of Incentive, 2013 of the Government of Maharashtra. As per the conditions attached, the Company is required to start the activities within a period of three years from the date of instrument, which is 17th January, 2018. The Company will be liable to pay the whole of the stamp duty and applicable penalty in the event the Company is unable to fulfill this condition. In the Opinion of Directors, the Company will be able to fulfill this condition comfortably and hence cash outflow on that account is highly unlikely.

(b) The Company is in the process of setting up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. The Company had sought extension of timeline for completion of construction up to 9th March, 2021. The same has been granted by MIDC without any additional charge. The Management is confident regarding the competion of work in due course of time.

46 Capital commitments :

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
For Property, plant and equipment	6,180,000	-

47 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 period:

	Leasehold Land ₹	₹
Reclassified on account of adoption of Ind AS 116		
Gross Block, At Cost :	75,741,700	
Less : Depreciation And Amortization :	838,324	
		74,903,376
Additions		-
Depreciation		(899,785)
As at 31st March, 2020.		74,003,591

ii) The amounts recognised in Statement of profit and loss :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Depreciation expense of right-of-use assets	899,785	838,324
	899,785	838,324

iii) Company has not incurred any cash outflow for leases in current year. (31st March, 2019: u 75,741,700/-). The right to use asset has been acquired from the Bharat Forge Limited, the holding Company by making one time payment. In the absence of material amount of lease liability measured at the present value of the remaining lease payments, no liability has been recognised.

B Company as lessor

The Company has leased out its plot situated at Survey No. 23/2, (New RDO 23/ అ/4) Gundlapochampally Village and Grampanchayat, Medchal Mandal, Ranga Reddy, Hyderabad, District - Medchal, Telangana along with the factory building constructed on the plot to its associated company under the contract for the period of 36 months commencing from 30th March, 2018. These are generally in the nature of operating lease. The lease contract includes extension and termination options. Renewal of license term shall be at Both the parties reserve the right to terminate the Agreement by giving written notice.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Within one year	**1,739,796**	1,739,796
After one year but not more than five years	**-**	1,739,796
More than five years	**-**	-

48 Income Tax :

a) The major components of income tax expense for the years ended 31st March, 2020 and 31st March, 2019 are

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Current income tax		
Current income tax charge	-	812,000
MAT Credit Utilised	-	527,000
Taxes for earlier years	**(392,643)**	(527,000)
Deferred tax		
Relating to origination and reversal of temporary differences	**47,838**	(146,781)
	(344,805)	665,219

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020 and 31st March 2019 :

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Accounting profit/(loss) before tax	**(1,320,575)**	2,169,048
At India's enacted tax rate of 26% (31st March 2019: 26%)	-	564,000
Tax effect due to non-taxable income for Indian tax purposes	**47,838**	(135,704)
Tax effect of non-deductible expenses	-	767,325
Current tax for earlier years	**(392,643)**	(527,000)
Minimum Alternate tax payable (rate of 19.24% (31st March 2019: 19.24%)	-	-
Other	-	(3,402)
At effective income tax rate of 27.54% (31st March 2019: 30.67%)	**(344,805)**	665,219
Income tax expense reported in the statement of profit and loss	**(344,805)**	665,219

c) Reconciliation of deferred tax liabilities/(Asset) (net)

Opening balance	**(133,639)**	13,142
Tax income/(expense) during the period recognised in profit or loss	**47,838**	(146,781)
Closing balance	**(85,801)**	(133,639)

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Membership No.: 160187

Place: Pune
Date: 27th June, 2020

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: 27th June, 2020

Eternus Performance Materials Private Limited

Directors	Registered Office	Auditors
Mr.Rahul S. Pangre Mr.Vyankoji A. Shinde	D-71, FIVE STAR M.I.D.C, Kagal Hatkanangale, Tal – Hatkanangale, Kolhapur 416 236	Yatiraj Marda Chartered Accountant G -2, 2104/8, Triveni Vihar Appt, Behind LIC Colony, Ruikar Colony Road, Kolhapur - 416005

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2020

To,
The Members,

Your Directors have pleasure in presenting the Board's Report on the business and operations of the Company and the Audited Financial Statements for the financial Year ended March 31, 2020.

1. PERFORMANCE OF THE COMPANY

The summary of financial results is as under:

(Amount in Rupees)

Particulars	For Financial Year 2019-20	For Financial Year 2018-19
Total Revenue	90,87,581	52,41,539
Depreciation/Amortization	5,83,978	3,31,373
Other expenses	3365126	19,25,736
Total expenses	98,17,686	74,00,847
Profit/(Loss) before tax	(730,105)	(21,59,308)
Current Tax	-	-
Deferred Tax	137200	75,600
Profit/(Loss) after tax	(592,905)	(2083,708)
Earnings per equity share Basic/Diluted	(3.67)	(26.05)

2. DIVIDEND

To conserve the resources for the future growth, the Board of Directors do not recommend any dividend.

3. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2020 which can affect the financial position of the Company or may require disclosure.

4. MEETINGS OF THE BOARD OF DIRECTORS

During the year 2019-20, the Board of the Company met 7 (Seven) times on 08/04/2019, 18/06/2019, 03/08/2019, 16/09/2019, 02/11/2019, 17/01/2020 and 17/03/2020. The maximum gap between any two Board Meetings was less than One Hundred and Twenty days.

5. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, there is no change in Directors of the Company.

6. SHARE CAPITAL

The Paid-up Equity Share Capital as at March 31, 2020 stood at Rs.**16,32,260/-** (Rupees Sixteen Lakh, Thirty-Two Thousand, Two Hundred and Sixty only).

During the year under review, the company had issued Equity Shares of Rs.**83,226/-** (Rupees Eighty Three Thousand Two Hundred and Twenty Six only).

During the year under review, the Company has not issued any shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture and associate company.
The Company is the subsidiary company of BHARAT FORGE LTD.

8. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, the Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable Accounting Standards have been followed and there were no material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at March 31, 2020 and the profit of the Company for the year under review;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

11. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place the adequate systems of internal control commensurate with its size and the nature of its operations.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

12. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

13. APPOINTMENT OF AUDITORS

The tenure of the previous appointment of the Auditor ends on ensuing Annual General Meeting, and the Board of the Directors decided to Appoint M/s. V.T. & Associates (Firm Registration No. FRN : 110017S), Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the Annual General Meeting to be held for FY 2024-25 of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.

14. AUDITORS' REPORT

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remarks.

15. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "A"** to this report.

16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review the Company has entered into the transactions with Related Parties. **As per Annexure B**

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There is nothing to be reported with regards to conservation of energy, technology absorption and the Company has entered into any transactions involving foreign exchange earnings and outgo.

Details of Foreign Exchange earnings and Outgo are hereunder:

Total Foreign Exchange Earning	Rs. 210848.58
Total Foreign Exchange Outgo	NIL

18. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIALPERSONNEL) RULES, 2014

Terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Not applicable to the Company.

19. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

20. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

21. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and cooperation all through the year.

For and on behalf of the Board of Directors of
ETERNUS PERFORMANCE MATERIALS PRIVATE LIMITED

Rahul S. Pangre	**Vyankoji A. Shinde**
Director	**Director**
DIN : 05324896	**DIN : 05325712**
Place : Kolhapur	**Place : Kolhapur**
Date : 12th August 2020	**Date : 12th August 2020**

Annexure - "A"
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U74900PN2012PTC144091
ii)	Registration date	18/07/2012
iii)	Name of the Company	ETERNUS PERFORMANCE MATERIALS PRIVATE LIMITED
iv)	Category/Sub category of the Company	Private Company Limited By Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	D-71, FIVE STAR M.I.D.C, Kagal Hatkanangale, Tal – Hatkanangale, Dist – Kolhapur 416 236 cs@eternus.biz www.eternus.biz, mob:- 9820604750
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Appilcable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1	Manufacturer of Plastic products	2520	100%

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Limited	L25209PN1961PLC012046	Holding	51%	

IV. SHARE HOLDING PATTERN
(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	NIL	80000	80000	100%	NIL	80000	80000	49.09 %	
b) Bodies Corp.						83226	83226	50.98 %	
Sub-total (A) (1):-						**163226**	**163226**	**100%**	
(2) Foreign									
a)NRI Individual									
b) Bodies Corp.									
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**80000**	**80000**	**100%**	**NIL**	**163226**	**163226**	**100%**	
B. Public Shareholding									
1. Institutions									
2. Non-Institutions									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**NIL**	**80000**	**80000**	**100%**	**NIL**	**163226**	**163226**	**100%**	

Shareholding of Promoters:

Sl. No.	**Shareholder's Name**	**Shareholding at the beginning of the year**			**Shareholding at the end of the year**			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	%change in shareholding during the year
1	Mr. Vyankoji Shinde	40,000	24.55%		40,000	24.55%		
2	Mr. Rahul Pangre	40,000	24.55%		40,000	24.55%		
3	Bharat Forge Ltd	-	-		83,226	50.98%		
	Total	**80000**	**100%**		**1,63,226**	**100%**		

ii) Change in Promoters' Shareholding:

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year		0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	08/04/2019	83,226	50.98%	83,226	50.98%
	At the End of the year		83,226	50.98%	83,226	50.98%

iii) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	**For Each of the Top 10 Shareholders Name, Date & Reason of change**	**Shareholding at the beginning of the year (01-04-2019)**		**Cumulative Shareholding during the year**	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

iv) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year				
2	Date wise increase/Decrease in shareholding during the year specifying reasons for increase/decrease e.g. Allotment/transfer/bonus/sweat equity etc.				
3	At the end of the year				

Key Managerial Person:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year				
2	Date wise increase/Decrease in shareholding during the year specifying reasons for increase/decrease e.g. Allotment/transfer/bonus/sweat equity etc.				
3	At the end of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	4,99,404	97,73,424	-	1,02,72,828
i.) Principal Amount	4,99,404	97,73,424	-	1,02,72,828
ii.) Interest due but not paid	-	-	-	-
iii.) Interest accrue but not due	-	-	-	-
Total(i+ii+iii)	4,99,404	97,73,424	-	1,02,72,828
Change in Indebtedness during the Financial year				
i.) Addition	4,94,862	10,75,000	-	15,69,862
ii.) Reduction	-	-	-	-
Net Change	4,94,862	10,75,000	-	15,69,862
Indebtedness at the end of the Financial year				
i.) Principal Amount	9,94,266	1,08,48,424	-	1,18,42,690
ii.) Interest due but not paid	-	-		-
iii.) Interest accrue but not due	-	-		-
Total(i+ii+iii)	9,94,266	1,08,48,424		1,18,42,690

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
		Rahul Pangre	**Vyankoji Shinde**	
1.	Gross Salary	2400000/-	2400000/-	48,00,000/-
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-

	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission:	-	-	-
	- As a % of Profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
Total A				
Ceiling as per the Act				

B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of the Director		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961			
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961			
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission:			
	- As a % of Profit			
	- others, specify			
5.	Others, please specify			
Total A				
Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

Sr. No.	Particulars of Remuneration		
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961		
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission:		
	- As a % of Profit		
	- others, specify		

5.	Others – Variable pay		
Total A			
Ceiling as per the Act		NA	

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors of
ETERNUS PERFORMANCE MATERIALS PRIVATE LIMITED

Rahul S. Pangre Director
DIN : 05324896

Place : Kolhapur
Date : 12th August 2020

Vyankoji A. Shinde Director
DIN : 05325712

Place : Kolhapur
Date : 12th August 2020

Annexure -"B"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2020, which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

a.	Name(s) of the related party and nature of relationship	**Aeternus**
b.	Nature of contracts / arrangements / transactions	Sale Purchase
c.	Duration of the contracts / arrangements / transactions	**3 Years from 01st April 2019**
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Date(s) of approval by the Board, if any	08th January, 2019
f.	Amount paid/ received as advances, if any	N.A

Independent Auditor's Report

To the Members of Eternus Performance Materials Private Limited

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, 2020, 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, 2020, 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 are 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

As required by the Companies (Auditor's Report) Order, 2016 ("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.

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 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 March 31, 2020 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

a. The Company does not have any pending litigations which would impact its financial position;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **V T & ASSOCIATES**

Chartered Accountants

Yatiraj Marda

Partner

Mem. No. 108945

Place – Kolhapur

Date : 12th August 2020

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)

1. In respect of the Company's fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets of the Company were physically verified in full by the management during the year. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.

   (c) The Company has a program of verification to cover all the items of fixed assets 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 assets.

   Pursuant to the program, certain fixed assets 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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, 2020 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.

8 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.

9. 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.

10. 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.

11. In our opinion the managerial remuneration for the year ended March 2020,has been paid /provided by the company to their directors in accordance with the provision of section 197 read with Schedule V of the Act..

12. The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.

13. 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.

14 According to the information and explanations given to us and based on 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, paragraph 3(xiv) of the order is not applicable.

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 non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.

16 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.

For **V T & ASSOCIATES**

Chartered Accountants

Yatiraj Marda

Partner

Mem. No. 108945

Place – Kolhapur

Date : 12th August 2020

Balance Sheet as at 31st March, 2020.

	Note	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
I ASSETS			
1 Non-current Assets			
(a) Property, plant and equipment	4	**7,191,615**	7,861,698
(b) Right of use asset	5	**642,546**	-
(c) Intangible assets	5	**1,118,926**	399,794
(d) Financial Assets			
(i) Other financial assets	6	**124,000**	124,000
(e) Other non-current assets	7	**100,000**	100,000
(f) Income tax assets (net)	8	**37,832**	34,560
		9,214,919	8,520,052
2 Current Assets			
(a) Inventories	9	**2,761,334**	2,087,050
(b) Financial Assets			
(i) Trade receivables	10	**9,277,183**	8,373,032
(ii) Cash and cash equivalents	11	**132,229**	552,478
(iii) Other financial assets	12	**7,214,877**	2,041,535
(c) Other Current Assets	13	**80,383**	168,420
		19,466,006	13,222,515
TOTAL		**28,680,925**	21,742,567
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	14	**1,632,260**	800,000
(b) Other Equity		**2,380,848**	60,843
		4,013,108	860,843
2 Non-current Liabilities			
(a) Deferred tax liabilities (Net)	15	**160,200**	297,400
		160,200	297,400
3 Current Liabilities			
(a) Financial Liabilities			
(i) Short term Borrowings	16	**11,842,690**	10,272,828
(ii) Trade payables			
Dues of micro enterprises and small enterprises	17	**-**	-
Dues of creditors other than micro enterprises and small enterprises	17	**11,883,332**	5,298,911
(iii) Other financial liabilities	18	**100,000**	100,000
(b) Other Current Liabilities	19	**681,595**	4,912,585
(c) Income tax liabilities	20	**-**	-
		24,507,617	20,584,324
TOTAL		**28,680,925**	21,742,567

Significant accounting policies and notes forming an integral part of the financial statements 1 to 42

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

On behalf of the Board of Directors,

Yatiraj Marda
Partner
Membership No. 108945

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 12th August 2020

Place : Kolhapur
Date : 12th August 2020

Statement of Profit and Loss for the year ended 31st March, 2020.

		Note No.	Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
I	Revenue from Operations	21	**9,086,211**	5,241,539
II	Other Income	22	**1,370**	-
III	**TOTAL INCOME**		**9,087,581**	5,241,539
IV	**EXPENSES**			
	Cost of Material Consumed	23	**1,726,976**	632,603
	Changes in inventories of Finished Goods	24	**(690,908)**	-
	Employee Benefit Expenses	25	**4,732,099**	4,500,814
	Finance Costs	26	**100,415**	10,321
	Depreciation & Amortisation Expense	27	**583,978**	331,373
	Other Expenses	28	**3,365,126**	1,925,736
	TOTAL EXPENSES		**9,817,686**	7,400,847
V	**Loss before tax**		**(730,105)**	(2,159,308)
VI	**Tax Expense**			
	Current tax		**-**	-
	Deferred tax		**137,200**	75,600
			137,200	75,600
VII	**Loss for the Year**		**(592,905)**	(2,083,708)
VII	**OTHER COMPREHENSIVE INCOME**		**-**	-
	Total other comprehensive income, net of tax		-	-
VIII	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**(592,905)**	(2,083,708)
IX	**Earnings per share (of ₹ 10/- each):**			
	Basic	32	**(3.67)**	(26.05)
	Diluted	32	**(3.67)**	(26.05)
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 42		

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

On behalf of the Board of Directors,

Yatiraj Marda
Partner
Membership No. 108945

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 12th August 2020

Place : Kolhapur
Date : 12th August 2020

Statement of changes in equity for the year ended 31st March, 2020.

a. Equity share capital

	As at 31st March, 2020 Nos.	₹	As at 31st March, 2019 Nos.	₹
Equity shares of ₹ 10/- each issued, subscribed and fully paid up				
As at beginning of the year	**80,000**	**800,000**	80,000	800,000
Equity shares issued during the period	**83,226**	**832,260**	-	-
As at end of the year	**163,226**	**1,632,260**	80,000	800,000

b. Other Equity

	Reserves and Surplus		
	Securities Premium ₹	Retained earnings ₹	Total ₹
Balance as at 1st April, 2018 as per previous GAAP	-	2,324,621	2,324,621
Changes in accounting policy due to adpotion of Ind AS			
Prior period errors being			
Preliminary expenses written off	-	(36,236)	(36,236)
Amortisation of leased land	-	(66,675)	(66,675)
Restatement of deferred tax liability	-	126,250	126,250
Income tax assets not recoverable written off	-	(212,867)	(212,867)
Restatement of foreign currency debtors	-	9,458	9,458
Restated balance as at 1st April, 2018 as per Ind AS	**-**	**2,144,551**	**2,144,551**
Changes in other equity for the year ended 31st March, 2019			
Loss for the year	-	(2,083,708)	(2,083,708)
Balance as at 31st March, 2019	**-**	**60,843**	**60,843**
Changes in other equity for the period ended 31st March, 2020			
Received for shares issued during the period	**2,912,910**	-	**2,912,910**
Loss for the period	-	**(592,905)**	**(592,905)**
Balance as at 31st March, 2020	**2,912,910**	**(532,062)**	**2,380,848**

-

Significant accounting policies and notes forming an integral part of the financial statements to 42

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

On behalf of the Board of Directors,

Yatiraj Marda
Partner
Membership No. 108945

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur Date : 12th August 2020

Place : Kolhapur
Date : 12th August 2020

Cashflow Statement for the year ended 31st March, 2020.

		Year ended 31st March, 2020 ₹	Year ended 31st March, 2019 ₹
I.	**Cashflow from operating activities**		
	Loss before tax	**(730,105)**	(2,159,308)
	Add :		
	Depreciation	**583,978**	331,373
	Interest on short term borrowings	**76,273**	10,321
	Income tax expenses	**17,252**	-
		(52,602)	(1,817,614)
	Less :		
	Interest on income tax	**(1,370)**	-
	Operating loss before working capital changes	**(53,972)**	(1,817,614)
	Movements in working capital :		
	Increase / (decrease) in trade payables	**6,584,421**	743,591
	Increase / (decrease) in other current liabilities	**(4,230,990)**	(2,276,970)
	Increase / (decrease) in other current financial liabilities	**-**	(254,000)
	(Increase) / decrease in trade receivable	**(904,151)**	3,642,249
	(Increase) / decrease in other current assets	**88,037**	175,706
	(Increase) / decrease in other current financial assets	**(5,173,342)**	(2,036,135)
	(Increase) / decrease in inventories	**(674,284)**	(238,489)
		(4,310,309)	(244,048)
	Cash generated from operations	**(4,364,281)**	(2,061,662)
	Direct taxes paid (net of refunds)	**(19,154)**	(162,300)
	Net cashflow used in operating activities	**(4,383,435)**	(2,223,962)
II.	**Cashflow from investing activities**		
	Purchase of property, plant and equipment	**(357,437)**	(145,000)
	Purchase of intangible assets	**(918,136)**	(400,000)
	Net cashflow used in investing activities	**(1,275,573)**	(545,000)
III.	**Cashflow from financing activities**		
	Proceeds from issue of equity shares	**3,745,170**	-
	Proceeds from short term borrowings	**1,569,862**	2,834,404
	Interest paid on short term borrowings	**(76,273)**	(10,321)
	Net cashflow from financing activities	**5,238,759**	2,824,083
IV.			
	Net increase / (Decrease) in cash and cash equivalents (I+II+III)	**(420,249)**	55,121
V.	**Cash and cash equivalents at the beginning of the year**	**552,478**	497,357
VI.	**Cash and cash equivalents at the end of the year**	**132,229**	552,478
	Components of cash and cash equivalents :		
	Balances with banks		
	In current accounts	**37,698**	511,188
	Cash on hand	**94,531**	41,290
		132,229	552,478

Significant accounting policies and notes forming an integral part of the financial statements 1 to 42

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945

Place : Kolhapur
Date : 12th August 2020

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 12th August 2020

Notes forming part of the financial statements for the year ended 31st March, 2020.

1 Corporate information :

Eternus Performance Materials Private Limited is a private limited company incorporated on 18th July, 2012. The Company is engaged in the

2 First -time adoption of Ind ASs :

These financial statements of the Company for the year ended 31st March, 2020 constitute the first financial statements prepared in
The transition to Ind ASs has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and

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
The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities wherever existed,

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.

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

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

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

a) Transactions and balances
Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the

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

3.4 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value

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
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

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

3.5 Revenue recognition :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an

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.

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

c) Contract Assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company

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

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest

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

3.6 Government Grants :

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will
When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current

3.7 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of the assets and liabilities and

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes

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
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

3.8 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provision of Schedule II to the

	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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no

3.9 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the

	Type of Asset	Estimated useful life
i)	Software	3 years

3.10 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

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

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

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

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

	Type of Asset	
i)	Leaseholde 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

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been

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

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

3.12 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,

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill

3.13 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

3.14 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

b) Post Employment Benefits :

No separate provisions of retirement benefits or privilege leave benefits of such employees are recognized in the books of the

3.15 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

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

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)

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured

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

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
In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as
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
If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding
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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original

h) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade

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

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

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected

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

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

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

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

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial

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

ii Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract –

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no

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

3.16 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

3.17 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

3.18 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

3.19 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares

3.20 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the

3.21 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make

Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of

4 Property, plant and equipment :

	Leasehold Land ₹	Factory Building ₹	Computers and Printers ₹	Plant and Equipment ₹	Furniture and Fixtures ₹	Electrical Installation ₹	Total ₹
GROSS BLOCK, AT COST :							
As at 1st April, 2017.	724,461	7,375,318	59,459	368,971	226,494	403,848	**9,158,551**
Additions	-	-	-	-	-		**-**
Disposals	-	-	-	-	-		**-**
As at 1st April, 2018.	724,461	7,375,318	59,459	368,971	226,494	403,848	**9,158,551**
Additions	-	-	-	145,000	-	-	**145,000**
Disposals	-	-	-	-	-	-	-
As at 31st March, 2019.	724,461	7,375,318	59,459	513,971	226,494	403,848	**9,303,551**
Additions	-	-	111,525	66,462	179,450	-	**357,437**
Disposals	-	-	-	-	-	-	**-**
Reclassification on account of adoption of IND AS 116	(724,461)	-	-	-	-	-	**(724,461)**
As at 31st March, 2020.	**-**	**7,375,318**	**170,984**	**580,433**	**405,944**	**403,848**	8,936,527
DEPRECIATION AND AMORTIZATION :							
As at 1st April, 2017.	-	522,134	56,486	23,474	35,820	85,728	**723,642**
Disposals	-	-	-	-	-	-	**-**
Adjustments	66,675	-	-	-	-	-	**66,675**
For the year	-	236,682	-	23,691	22,009	38,837	**321,219**
As at 1st April, 2018.	66,675	758,816	56,486	47,165	57,829	124,565	**1,111,536**
Disposals	-	-	-	-	-		**-**
For the year	7,620	236,681	-	25,170	22,009	38,837	**330,317**
Upto 31st March, 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 period	**-**	**236,680**	**31,810**	**34,799**	**35,228**	**38,837**	377,354
In respect of assets held for sale	-	-	-	-	-	-	-
As at 31st March, 2020.	**-**	**1,232,177**	**88,296**	**107,134**	**115,066**	**202,239**	**1,744,912**
NET BLOCK :							
As at 1st April, 2018.	657,786	6,616,502	2,973	321,806	168,665	279,283	8,047,015
As at 31st March, 2019.	650,166	6,379,821	2,973	441,636	146,656	240,446	7,861,698
As at 31st March, 2020.	**-**	**6,143,141**	**82,688**	**473,299**	**290,878**	**201,609**	**7,191,615**

5 Intangible assets :

	Right of use asset ₹	Softwares ₹	Total Intangible Assets ₹
GROSS BLOCK, AT COST :			
As at 1st April, 2017.	-	17,000	**17,000**
Additions	-	-	**-**
Disposals	-	-	**-**
Adjustments	-	-	**-**
As at 31st March, 2018.	-	**17,000**	**-**
Additions	-	400,000	**400,000**
Disposals	-	-	**-**
As at 31st March, 2019.	-	**417,000**	**417,000**
Additions	**-**	**918,136**	**918,136**
Disposals	**-**	**-**	**-**
Reclassification on account of adoption of IND AS 116	**724,461**	**-**	**724,461**
As at 31st March, 2020.	**724,461**	**1,335,136**	**2,059,597**
DEPRECIATION AND AMORTIZATION :			
Upto 1st April, 2017.	-	16,150	**16,150**
Disposals	-	-	**-**
For the year	-	-	**-**
Upto 31st March, 2018.	**-**	**16,150**	**16,150**
Disposals		-	**-**
For the year		1,056	**1,056**
Upto 31st March, 2019.	-	**17,206**	**17,206**
Disposals	-	-	**-**
Reclassification on account of adoption of IND AS 116	**74,295**	**-**	**74,295**
For the period	**7,620**	**199,004**	**206,624**
As at 31st March, 2020.	**81,915**	**216,210**	**298,125**
NET BLOCK :			
As at 1st April, 2018.	-	850	850
As at 31st March, 2019.	-	399,794	399,794
As at 31st March, 2020.	**642,546**	**1,118,926**	**1,761,472**

		As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
6	**Other financial assets (Non-current, Good) :**		
	Security deposits[a]	**124,000**	124,000
	TOTAL :	**124,000**	124,000
	(a) Financial assets carried at amortized cost		
7	**Other non-current assets (Good) :**		
	Capital Advances	**100,000**	100,000
	TOTAL :	**100,000**	100,000
8	**Income tax assets :**		
	Taxes paid in advance, net of provisions	**37,832**	34,560
	TOTAL :	**37,832**	34,560
9	**Inventories :**		
	(As taken, valued and certified by the Directors)		
	Finished Goods	**2,448,322**	1,757,414
	Raw Material	**313,012**	329,636
	TOTAL :	**2,761,334**	2,087,050
10	**Trade Receivables :**		
	(Unsecured)		
	Credit impaired	**-**	-
	Others	**9,277,183**	8,373,032
	(including related party payables)		
	TOTAL :	**9,277,183**	8,373,032
	For terms and conditions relating to related party receivables, refer note no. 31		
11	**Cash and cash equivalents :**		
	Balances with banks		
	In current accounts	**37,698**	511,188
	Cash on hand	**94,531**	41,290
	TOTAL :	**132,229**	552,478
12	**Other financial assets (Current), good :**		
	Security deposits	**-**	-
	Government grant receivable	**7,214,877**	2,041,535
	TOTAL :	**7,214,877**	2,041,535
13	**Other current assets, good :**		
	Advances to suppliers	**8,083**	114,345
	Advances to Employees	**72,300**	54,075
	TOTAL :	**80,383**	168,420

Notes forming part of the financial statements for the year ended 31st March, 2020.

				As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
14 Equity share capital :					
Authorised :					
200,000	(80,000)	(80,000)	Equity shares of ₹ 10/-, each	**2,000,000**	800,000
200,000	(80,000)	(80,000)		**2,000,000**	800,000
Issued, Subscribed and Paid up :					
163,226	(80,000)	(80,000)	Equity Shares of ₹ 10/-, each, fully paid up	**1,632,260**	800,000
163,226	(80,000)	(80,000)		**1,632,260**	800,000

(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 distributi 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, 2020 and 31st March, 2019 is set out below.

	As at 31st March, 2020		As at 31st March, 2019		As at 1st Ap
	No. of Shares	**Amount in ₹**	No. of Shares	Amount in ₹	No. of Shares
Balance at the beginning of the year	**80,000**	**800,000**	80,000	800,000	80,000
Add: Shares issued during the year	**83,226**	**832,260**	-	-	
Balance at the close of the year	**163,226**	**1,632,260**	80,000	800,000	80,000

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	**As at 31st March, 2020**		As at 31st March, 2019		As at 1st Ap
	No. of Shares	**% age**	No. of Shares	% age	No. of Shares
Bharat Forge Ltd.$	**83,226**	**51.00**	-	-	-
Vyankoji Shinde	**40,000**	**24.50**	40,000	50.00	40,000
Rahul Pangre	**40,000**	**24.50**	40,000	50.00	40,000

$ The Holding Company

Notes forming part of the financial statements for the year ended 31st March, 2020.

		As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
15	**Deferred tax Liabilities (net) :**		
	Deferred Tax Liabilities :		
	Timing differences for		
	Depreciation	**534,200**	449,000
	Less : Deferred Tax Assets :		
	Timing differences for		
	Disallowances and unabsorbed depreciation	**374,000**	151,600
	TOTAL :	**160,200**	297,400
16	**Short-Term Borrowings :**		
	Secured		
	Cash Credit[(a)]	**994,266**	499,404
	Unsecured		
	Loan from directors and their relatives[(b)]	**10,848,424**	9,773,424
	TOTAL :	**11,842,690**	10,272,828

For terms and conditions relating to related party receivables, refer note no. 31

(a) Cash credit from IDBI Bank :
The cash credit facility taken from IDBI Bank 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) Loans from directors and their relatives are interest free and repayable on demand.

17	**Trade Payables :**		
	Total outstanding dues of micro enterprises and small enterprises	**-**	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**11,883,332**	5,298,911
	TOTAL :	**11,883,332**	5,298,911
18	**Other Financial Liabilities :**		
	Creditors for capital expenditure		
	Total outstanding dues of micro enterprises and small enterprises	**-**	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**100,000**	100,000
	TOTAL :	**100,000**	100,000

19 Other Current Liabilities :

Statutory liabililties	**643,763**	1,048,716
Contract liabilities - Advances from customers (including related party payables)	**37,832**	3,863,869
TOTAL :	**681,595**	4,912,585

For terms and conditions relating to related party receivables, refer note no. 31

20 Income tax liabilities :

Provision for taxation	**-**	-
TOTAL :	**-**	-

		For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
21	**Revenue from operations :**		
	Sale of products	**9,086,211**	5,241,539
	TOTAL :	**9,086,211**	5,241,539

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2020 and 31st March, 2019 by offerings and contract type.

Revenue by offerings :			
Sale of products		**9,086,211**	5,241,539
	TOTAL :	**9,086,211**	5,241,539
Revenue by geographical segments :			
Within India		**8,875,362**	4,990,361
Outside India		**210,849**	251,178
	TOTAL :	**9,086,211**	5,241,539
Revenue by contract type :			
Fixed price contracts		**9,086,211**	5,241,539
	TOTAL :	**9,086,211**	5,241,539

22	**Other Income :**			
	Interest on Income Tax Refund		**1,370**	-
		TOTAL :	**1,370**	-
23	**Cost of raw material and components consumed :**			
	Inventory at the beginning of the year		**329,636**	91,147
	Add: Purchases		**1,710,352**	871,092
			2,039,988	962,239
	Less: Inventory at the end of the year (Refer note 9)		**(313,012)**	(329,636)
	Cost of raw material and components consumed	**TOTAL :**	**1,726,976**	632,603

24 Changes in inventories :

Inventories at the beginning of the year		
Finished Goods	**1,757,414**	1,757,414
	1,757,414	1,757,414
Inventories at the close of the year		
Finished Goods	**2,448,322**	1,757,414
	2,448,322	1,757,414
TOTAL :	**(690,908)**	-

25 Employee benefit expenses :
(Including Directors' remuneration)

Salaries and Wages	**4,414,631**	4,403,619
Staff welfare expenses	**317,468**	97,195
TOTAL :	**4,732,099**	4,500,814

For terms and conditions relating to related party receivables, refer note no. 31

26 Finance costs :

Interest on Cash Credit	**76,273**	10,321
Other Interest paid	**24,142**	-
TOTAL :	**100,415**	10,321

27 Depreciation and Amortization :

On Property, Plant and Equipment	**377,354**	330,317
On Intangible Assets	**199,004**	1,056
On Right of Use Asset	**7,620**	-
TOTAL :	**583,978**	331,373

28 Other expenses :

Factory Expenses	**106,263**	35,093
Labour Charges	**1,991,278**	573,030
Electricity Charges	**247,410**	195,230
Communication	**22,961**	-
Insurance	**-**	6,936
Travelling and Conveyance	**290,813**	143,656
Transport and Freight	**118,615**	139,763
Rates and Taxes	**1,200**	23,000
Repairs and Maintenance - Others	**41,066**	21,482
Bank Charges	**25,340**	12,606
Printing and Stationery	**9,458**	2,994
Payment to Auditors	**35,400**	32,700
Testing and Certification Charges	**150,120**	-
Legal and Professional Fees	**252,612**	79,900
Sales promotion	**-**	269,629
Share issue expenses	**28,900**	-
Technology development cost written off	**-**	357,416
Foreign Exchange Loss	**4,669**	9,882
Miscellaneous Expenses	**39,021**	22,419
TOTAL :	**3,365,126**	1,925,736

Payment To Auditors (inclusive of tax) :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
As auditor	**35,400**	32,700
TOTAL :	**35,400**	32,700

29 Segment Reporting :

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. Furthur, services are not provided out of India and hence there are no reportable geographical segments. Accordingly, the financial statement are reflective of the information required by Ind AS 108.

30 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 **₹**
As at 1st April, 2019	-
Additions	**650,166**
Depreciation	**(7,620)**
As at 31st March, 2020	**642,546**

The following are the amounts recognised in profit or loss:

	Year ended **31st March, 2020** **₹**
Depreciation expense of right-of-use assets	**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**

31 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	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)	**4,800,000**	**-**	**-**	**4,800,000**
		(4,400,000)	-	-	(4,400,000)
Procceds of loan taken	(b)	**1,250,000**	**-**	**-**	**1,250,000**
		(2,900,000)	-	-	(2,900,000)
Repayment of loan taken	(b)	**175,000**	**-**	**-**	**175,000**
		(1,065,000)	-	-	(1,065,000)
Reimbusement of expneses received	(c)	**-**	**-**	**26,000**	**26,000**
		-	-	-	-
Reimbusement of expneses paid	(d)	**575,369**	**-**	**-**	**575,369**
		(348,846)	-	-	(348,846)
Sale of products	(e)	**-**	**-**	**6,645,802**	**6,645,802**
		-	-	(3,341,931)	(3,341,931)
Advance for sale of products received	(f)	**-**	**-**	**-**	**-**
		-	-	(3,300,000)	(3,300,000)

(Figures in bracket indicate previous year)

(a) Remuneration paid to the Managing Director as per terms of appointment

(b) The loans taken from Key Mangerial Personnels 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 material to its related party at normal credit terms.

(f) The Company has received advance against purchase order from the related party in the ordinary course of business.

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	**-**	**-**	**2,323,672**	**2,323,672**
	-	-	-	-
Loans taken	**8,538,424**	**2,310,000**	**-**	**10,848,424**
	(7,463,424)	(2,310,000)	-	(9,773,424)
Amounts payable	**5,765,503**	**-**	**-**	**5,765,503**
	(3,521,254)	-	-	(3,521,254)
Advance against sale of products	**-**	**-**	**-**	**-**
	-	-	(3,670,789)	(3,670,789)

(Figures in bracket indicate previous year)

32 Earning per Share (Face Value of ₹ 10 Each) :

	Year ended 31st March, 2020	Year ended 31st March, 2019
	₹	₹
Loss for the year after taxation	**(592,905)**	(2,083,708)
Weighted Average Number of Equity Shares, outstanding during the period	**161,634**	80,000
Basic Earning per Share in rupees	**(3.67)**	(26.05)
Diluted Earning per Share in rupees	**(3.67)**	(26.05)

33 Income Tax :

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020 and 31st March, 2019:

	Year ended 31st March, 2020	Year ended 31st March, 2019
	₹	₹
Accounting loss before tax	**(730,105)**	(2,159,308)
At India's enacted tax rate of 22.88% (31 March 2019: 26%)	**-**	-
Deferred tax savings on unabsorbed depreciation	**(137,200)**	(75,600)
Income tax expense reported in the statement of profit and loss	**(137,200)**	(75,600)

34 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

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

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.

36 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, 2020 ₹	As at 31st March, 2019 ₹	As at 1st April, 2018 ₹	**As at 31st March, 2020 ₹**	As at 31st March, 2019 ₹	As at 1st April, 2018 ₹
I) Financial assets						
Others non current financial assets						
Security Deposits	**124,000**	124,000	124,000	**124,000**	124,000	124,000
Other financial assets (Current)						
Security Deposits	**-**	-	5,400	**-**	-	5,400
Government grant receivable	**7,214,877**	2,041,535	-	**7,214,877**	2,041,535	-
	7,338,877	**2,165,535**	**129,400**	**7,338,877**	**2,165,535**	**129,400**

II) Financial liabilities						
Short term borrowings						
Cash Credit	**994,266**	499,404	-	**994,266**	499,404	-
Demand loans from related parties	**10,848,424**	9,773,424	7,438,424	**10,848,424**	9,773,424	7,438,424
Other financial liabilties						
Creditors for capital expenditure	**100,000**	100,000	354,000	**100,000**	100,000	354,000
	11,942,690	**10,372,828**	**7,792,424**	**11,942,690**	**10,372,828**	**7,792,424**

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.

37 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-20	-	-	124,000	124,000
Other financial assets (Current)					
Security Deposits	31-Mar-20	-	-	-	-
Government grant receivable	31-Mar-20	-	-	7,214,877	7,214,877
Liabilities for which fair value has been disclosed					
Short term borrowings					
Cash Credit	31-Mar-20	-	-	994,266	994,266
Demand loans from related parties	31-Mar-20	-	-	10,848,424	10,848,424
Other financial liabilties					
Creditors for capital expenditure	31-Mar-20	-	-	100,000	100,000
Assets for which fair value has been disclosed					
Other financial assets (Non-current)					
Security Deposits	31-Mar-19	-	-	124,000	124,000
Other financial assets (Current)					
Security Deposits	31-Mar-19	-	-	-	-
Government grant receivable	31-Mar-19	-	-	2,041,535	2,041,535
Liabilities for which fair value has been disclosed					
Short term borrowings					
Cash Credit	31-Mar-19	-	-	499,404	499,404
Demand loans from related parties	31-Mar-19	-	-	9,773,424	9,773,424
Other financial liabilties					
Creditors for capital expenditure	31-Mar-19	-	-	100,000	100,000
Assets for which fair value has been disclosed					
Other financial assets (Non-current)					
Security Deposits	1-Apr-18	-	-	124,000	124,000
Other financial assets (Current)					
Security Deposits	1-Apr-18	-	-	5,400	5,400
Government grant receivable	1-Apr-18	-	-	-	-
Liabilities for which fair value has been disclosed					
Short term borrowings					
Cash Credit	1-Apr-18	-	-	-	-
Demand loans from related parties	1-Apr-18	-	-	7,438,424	7,438,424
Other financial liabilties					
Creditors for capital expenditure	1-Apr-18	-	-	354,000	354,000

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 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, 2020, 31st March, 2019 and 1st April, 2018.

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, 2020, 31st March, 2019 and 1st April, 2018 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, 2020						
Cash Credit	994,266	-	-	-	-	994,266
Demand loans from related parties	10,848,424	-	-	-	-	10,848,424
Creditors for capital expenditure	100,000	-	-	-	-	100,000
	11,942,690	**-**	**-**	**-**	**-**	**11,942,690**
As at 31st March, 2019						
Cash Credit	499,404	-	-	-	-	499,404
Demand loans from related parties	9,773,424	-	-	-	-	9,773,424
Creditors for capital expenditure	100,000	-	-	-	-	100,000
	10,372,828	**-**	**-**	**-**	**-**	**10,372,828**
As at 1st April, 2018						
Demand loans from related parties	7,438,424	-	-	-	-	7,438,424
Creditors for capital expenditure	354,000	-	-	-	-	354,000
	7,792,424	**-**	**-**	**-**	**-**	**7,792,424**

39 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.

		As at 31st March 2020 ₹	As at 31st March 2019 ₹
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	-	-
c)	**Changes in Contract Liabilities are as under :**		
	Balance at the beginning of the year	**3,863,869**	3,879,816
	Revenue recognised from unearned advance from customers at the beginning of the year	**(3,863,869)**	(3,509,027)
	Increased due to advance received during the year	**37,832**	3,493,080
	Balance at the end of the year	**37,832**	3,863,869

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, 2020 and 31st March, 2019, 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, 2020 ₹	Year ended 31st March, 2019 ₹
Revenue recognised as per Statement of Profit & loss			
Sale of products		**9,086,211**	**5,241,539**
Add : Adjustments		-	-
Contract Price	**TOTAL :**	**9,086,211**	5,241,539

40 Exemptions availed on first time adoption of Ind-AS :

a) Property, plant & equipment :

The Company has elected to continue with the carrying values for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition to Ind ASs in accordance with paragraph D7AA of Ind AS 101 "First Time Adoption of Ind AS".

41 Reconciliation of equity as previously reported under IGAAP and Ind AS

	Note	As at 31st March, 2019			As at 1st April, 2018		
		IGAAP ₹	**Effects of transition to Ind-AS** ₹	**Ind-AS** ₹	IGAAP ₹	Effects of transition to Ind-AS ₹	Ind-AS ₹
I. ASSETS							
1 Non-current assets							
(a) Property, Plant and Equipment	A	**7,935,993**	**(74,295)**	**7,861,698**	8,113,689	(66,674)	8,047,015
(a) Property, Plant and Equipment							
(c) Intangible assets		**399,794**	-	**399,794**	850	-	850
(d) Financial Assets							
(i) Other financial assets		**124,000**	-	**124,000**	124,000	-	124,000
(e) Other non-current assets		**100,000**	-	**100,000**	100,000	-	100,000
(f) Income tax assets (net)	A	**247,427**	**(212,867)**	**34,560**	85,127	(85,127)	-
		8,807,214	**(287,162)**	**8,520,052**	8,423,666	(151,801)	8,271,865

		Note						
2	**Current assets**							
	(a) Inventories		**2,087,050**	**-**	**2,087,050**	1,848,561	-	1,848,561
	(b) Financial Assets							
	(i) Trade receivables		**8,373,456**	**(424)**	**8,373,032**	12,005,823	9,458	12,015,281
	(ii) Current Investments	A	**2,398,951**	**(357,416)**	**2,041,535**	5,400	-	5,400
	(iii) Cash and cash equivalents		**552,478**	**-**	**552,478**	497,357	-	497,357
	(c) Other Current Assets	A	**199,656**	**(31,236)**	**168,420**	380,362	(36,236)	344,126
			13,611,591	**(389,076)**	**13,222,515**	14,737,503	(26,778)	14,710,725
		TOTAL :	**22,418,805**	**(676,238)**	**21,742,567**	23,161,169	(178,579)	22,982,590
II. EQUITY AND LIABILITIES								
1	**Equity**							
	(a) Equity share capital		**800,000**	**-**	**800,000**	800,000	-	800,000
	(b) Other equity	A	**450,529**	**(389,686)**	**60,843**	2,324,620	(180,069)	2,144,551
			1,250,529	**(389,686)**	**860,843**	3,124,620	(180,069)	2,944,551
2	**Non-current Liabilities**							
	(a) Deferred tax liabilities (Net)	A	**583,952**	**(286,552)**	**297,400**	499,250	(126,250)	373,000
			583,952	**(286,552)**	**297,400**	499,250	(126,250)	373,000
3	**Current Liabilities**							
	(a) Financial Liabilities							
	(i) Short term Borrowings		**10,272,828**	**-**	**10,272,828**	7,438,424	-	7,438,424
	(ii) Trade payables		**5,298,911**	**-**	**5,298,911**	4,555,320	-	4,555,320
	(iii) Other Financial Liabilities		**100,000**	**-**	**100,000**	354,000	-	354,000
	(b) Other Current Liabilities		**4,912,585**	**-**	**4,912,585**	7,189,555	-	7,189,555
	(c) Income Tax Liabilities		**-**	**-**	**-**	-	127,740	127,740
			20,584,324	**-**	**20,584,324**	19,537,299	127,740	19,665,039
		TOTAL :	**22,418,805**	**(676,238)**	**21,742,567**	23,161,169	(178,579)	22,982,590

42 Reconciliation of Statement of Profit and loss as previously reported under IGAAP and Ind AS

		Note	For the year ended 31st March, 2019		
			IGAAP	**Effects of transition to Ind-AS**	**Ind-AS**
			₹	**₹**	**₹**
I	Revenue from Operations		**5,241,539**	**-**	**5,241,539**
III	**TOTAL INCOME**		**5,241,539**	**-**	**5,241,539**
IV	**EXPENSES**				
	Cost of Material Consumed		**632,603**	**-**	**632,603**
	Changes in inventories of finished goods		**-**	**-**	**-**
	Employee Benefit Expenses		**4,500,814**	**-**	**4,500,814**
	Finance Costs		**10,321**	**-**	**10,321**
	Depreciation & Amortisation Expense	A	**323,754**	**7,619**	**331,373**
	Other Expenses	A	**1,563,438**	**362,298**	**1,925,736**
	TOTAL EXPENSES (IV)		**7,030,930**	**369,917**	**7,400,847**
V	**Loss before tax**		**(1,789,391)**	**(369,917)**	**(2,159,308)**
VI	**Tax Expense**				
	Current tax		**-**	**-**	**-**
	Deferred tax	A	**(84,702)**	**160,302**	**75,600**
			(84,702)	**160,302**	**75,600**
VII	**Loss for the Year**		**(1,874,093)**	**(209,615)**	**(2,083,708)**
VIII	**OTHER COMPREHENSIVE INCOME**				
	Items that will not be reclassified subsequently to profit/loss				
	Remeasurement of the net defined benefit liability/asset		**-**	**-**	**-**
	Total other comprehensive income, net of tax		**-**	**-**	**-**
IX	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**(1,874,093)**	**(209,615)**	**(2,083,708)**

Notes :

A. Indian GAAP requires the impact of prior period items to be included in the current year statement of profit and loss, with a separate disclosure. Under Ind AS, prior period errors has been corrected retrospectively in the financial statements by restating the comparative amounts for the prior period presented in which error occurred. Effect of the error occurred before the earliest prior period presented has been given by way of restating opening balances of assets, liabilities and equity for earliest prior period presented.

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945

Place : Kolhapur
Date : 12th August 2020

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 12th August 2020

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BF Infrastructure Limited

Directors	Registered Office	Auditors
Mr. Sandeep Kapoor Mr. Kishore Mukund Saletore Mrs. Deepti R. Puranik Mr. M.V. Krishna	Pune Cantonment, Mundhwa, Pune 411 036	Prashant Vinay Deo Chartered Accountant Office no.604, Level 6, Jeevan Heights, Plot no. 53/3, Thorat Colony, CTS 110, Erandwana, Off, Prabhat Road, Pune, Maharashtra, 411004

BOARD'S REPORT

To,
The Members,

Your Directors have pleasure in presenting the Board's Report on the business and operations of the Company and audited accounts for the Financial Year ended March 31, 2020.

1. FINANCIAL HIGHTLIGHTS

During the financial year 2019-20, Company has incurred a Net loss of **Rs**. **93,813,604**/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	**As on March 31, 2020**	**As on March 31, 2019**
Revenue from operations	3,204,000	3,405,166
Other income	8,828,488	3,486,875
Total Revenue	**12,032,488**	**6,892,041**
Cost of Material Consumed	417,229	**-**
Changes in inventories of work in progress and finished goods	(2,914,000)	**-**
Employee benefits expenses	15,846,110	6,431,699
Depreciation and amortization expenses	4,513,910	-
Finance costs	350,773	134,869
Other Expenses	86,898,088	7,436,324
Total expenses	**105,112,110**	**14,002,892**
Loss before tax	**(93,079,622)**	**(7,110,851)**
Current tax	(19,542)	-
Deferred tax	(682,614)	(274,610)
Profit/Loss for the year	**(93,781,778)**	**(7,385,461)**
Other Comprehensive income	(31,826)	261,875
Total comprehensive income for the year	**(93,813,604)**	**(7,123,586)**
Earnings per Equity Share a) Basic b) Diluted	 **(0.50)** **(0.50)**	 **(0.06)** **(0.06)**

2. DIVIDEND

No dividend is recommended for the year ended March 31, 2020.

3. TRANSFER TO RESERVES

The net movement in the reserves of the Company is as follows:

(In Rs.)

Particulars	**FY 2019-20**	**FY 2018-19**
Opening as per last Balance Sheet	(1,809,605,119)	(1,802,481,533)
Add: Loss for the year	(93,781,778)	(7,385,461)
Re-measurement of defined benefit obligations	(31,826)	261,875
Total	**(1,903,418,723)**	**(1,809,605,119)**

4. STATE OF COMPANY'S AFFAIRS

- **Oil & Gas Exploration Project:**

  Your Company (BFIL) with consortium partners Bharat Petro Resources Limited (BPRL), Engineers India Limited (EIL), Gas Authority of India Limited (GAIL) & Monnet Ispat & Energy Limited (MIEL) has jointly participated in the bidding process in NELP-IX in March 2011. The consortium had been awarded Block CB-ONN-2010/11 and Block CB-ONN-2010/08 in Cambay Basin of a 131 Sq. KM. and 42 Sq. KM. respectively. The exploration as well as testing of these blocks has been completed and site restoration activities are under process. In view of the limited resource potential as revealed by various exploratory tests conducted, your Company, shall not be participating any further i.e. in the Development phase and thereafter. Post completing its contractual balance obligations pertaining to the Minimum Work Program your Company shall be exiting from this Project.

- **Defence**

  Your Company has entered into business of designing and developing for Government Authorities, products to be used in the defense sector by acquiring this Business vide a Business Transfer Agreement (BTA) from KPIT Technologies and Impact Solutions Ltd signed on 4th September 2019 for a initial consideration of Rs 6.80 crores (Six crores and eighty lacs only) while balance consideration is to be paid only post achievement of pre-determined financial milestones by the acquired business. Since the BTA was effective from 1st July 2019 therefore the Operating Financials for FY 2019-20 of your Company incorporate nine months of operations of this Business.

- **DFCC Track Laying Project:**

  Your Company had formed a Joint Venture Company named Ferrovia Transrail Solutions Private Limited (FTSPL) with PNC Infratech Limited, with shareholding of 49:51 respectively. FTSPL has won the Project of Design, procurement, Construction of Track and track related works and its 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). The project has been completed and closed with the takeover by DFFCIL which took place last year in May 2018 and the Defect Notification period has also been completed in May 2019. Thereafter, in June 2019 FTSPL also received the Performance Certificate from DFCCIL for the said project. The final financial settlement is pending with DFCCIL.

5. SHARE CAPITAL

The Authorised Share Capital as at March 31, 2020 stood at Rs. 2,376,000,000/- divided into 237,600,000 Equity Shares of Rs. 10/- each.

During the year under review the company has increased authorized equity share capital from Rs. 1,260,000,000/- divided into 126,000,000 Equity Shares of Rs. 10/- each to Rs. 2,110,000,000/- divided into 211,000,000 Equity Shares of Rs. 10/- each at Shareholders' meeting held on June 21, 2019. Further, the Authorized Equity Share Capital was increased from Rs. Rs. 2,110,000,000/- divided into 211,000,000 equity shares of Rs. 10/- each to Rs. 2,156,000,000/- divided into 215,600,000 Equity shares of Rs. 10/- each at the General Meeting held on September 4, 2019.

Thereafter, the authorized share capital was reclassified by converting Rs. 2,37,60,00,000/- (Rupees Two Hundred Thirty Seven Crores Sixty Lakhs Only) comprising of Equity Share Capital of Rs. 2,156,000,000 divided into 215,600,000 Equity Shares of Rs.10/- each and 2,20,00,000 6% Non- Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- **to** Rs. 2,37,60,00,000/- (Rupees Two Hundred Thirty Seven Crores Sixty Lakhs Only) divided into 2,37,600,000 (Twenty three crores seventy six lakhs) Equity Shares of face value of Rs.10/- each at the shareholders meeting held on February 13, 2020.

The paid-up Share Capital as at March 31, 2020 stood at Rs. 2,195,237,900/- divided into 219,523,790 Equity Shares of Rs. 10/- each.

The Company has issued 60729300 Equity Shares of Rs. 10/- each on May 27, 2019, 8000000 Equity shares of Rs. 10/- each on September 3, 2019, 3267100 Equity shares of Rs. 10/- each on January 19, 2020 and 730000 Equity shares of Rs. 10/- each on February 22, 2020 ranking pari passu in all respect with existing equity shares.

The company has further converted 21814050 preference shares by allotment of equal number of equity shares on September 07, 2019.

Further during the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurring after March 31, 2020 which may affect the financial position of the Company or may require disclosure.

7. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

The Company has one Joint Venture Company named Ferrovia Transrail Solutions Private Limited (FTSPL) with JV Partner PNC Infratech Limited. The Company has another Associate company named Hospet Bellary Highways Private Limited which is under the process of strike off with the Registrar of Companies. The Company has one unincorporated Joint Venture named BFIL-CEC JV with JV Partner Cimechel Electrical Co. The Company did not have any subsidiary company for the period under review.

8. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

9. AUDITORS AND AUDITORS' REPORT

In terms of the provisions of Section 139 of the Companies Act, 2013 read with the provisions of the Companies (Audit and Auditors) Rules, 2014 as amended, Mr. Prashant V. Deo, Chartered Accountant (Membership No. 041609), was appointed at the Annual General Meeting held on June 21, 2019, as the Auditor of the Company for a consecutive period of 5 years from conclusion of the 9th AGM held on June 21, 2020 until conclusion of 14th Annual General Meeting to be held in the year 2024.

The Notes on financial statement referred to in the Auditors’ Report are self-explanatory and do not call for any further comments. The Auditors’ Report does not contain any qualification, reservation or adverse remark.

10. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "A"** to this report.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sandeep Kapoor (DIN: 01235153), Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajeev Puranik were appointed as Non executive Independent Directors for a period of 5 consecutive years from March 31, 2015. The Board of Directors of the Company at its meeting held on February 22, 2020, re-appointed Mr. Krishna and Mrs. Puranik as Independent Directors of the Company for a second term of 5 years with effect from March 31, 2020, subject to the approval of the Members of the Company. Based on the recommendation of Nomination and remuneration Committee, their appointment for a second term of 5 years starting from March 31, 2020 is proposed at the ensuing AGM for the approval of the members by way of special resolution.
The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013.

During the year under review and till the date of this report, no other changes in Directors and Key Managerial Personnel took place.

12. NUMBER OF MEETINGS OF THE BOARD

In 2019-20, the Board of the Company met 8 (eight) times on May 14, 2019; May 27, 2019; June 28, 2019; August 12, 2019; September 7, 2019; December 23, 2019; January 17, 2020 and February 22, 2020. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

13. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Kishore Mukund Saletore, Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajeev Puranik. All the recommendations made by the Audit Committee were accepted by the Board.

14. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and remuneration Committee comprises of Mr. Kishore Mukund Saletore, Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajeev Puranik. The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, KMPs and Senior Management Personnel and their remuneration. The Nomination and Remuneration policy is annexed herewith as **Annexure "B"** to this report.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a) in the preparation of the annual financial statement for the year ended March 31, 2020, the applicable Accounting Standards have been followed and there were no material departures;
b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the loss of the Company for the year under review;
c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) the Directors had prepared the annual accounts on a going concern basis; and
e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in notes to the Financial Statements.

18. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations.

Your Company is exposed risk from business risk, market risk and risk from changes in government policies. These risks are assessed and steps as appropriate to be taken to mitigate these risks.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, all contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

The particulars of such transactions are provided in Form AOC-2 which is annexed herewith as **Annexure "C"** to this report. Related Party disclosures as per AS-18 have been provided in Note – 35 to the financial statement.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure "D"** to this report.

21. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy.

22. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The details of the employees of the Company in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith as **Annexure "E"** to this report.

23. SECRETARIAL AUDIT

Your Company had appointed Mr. Shivam Tyagi of M/s Shivam Tyagi & Associates, Company Secretaries to carry out Secretarial Audit for the year 2019-20. The detailed report on the same is appended as an **Annexure-F** to this Report. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company.

24. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

25. APPRECIATION

The Board of Directors takes this opportunity to thank all its valued stakeholders, financial institutions, banks, Government and other authorities for their continued support to the Company.

For and on behalf of the Board Of Directors

Place: Pune
Date: August 26, 2020

Sandeep Kapoor
Chairman
DIN: 01235153

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

S. No.	Particulars	Details
1.	Name of the subsidiary	NIL
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency	NA
4.	Share capital	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	

Notes:

1. Name of the subsidiaries which are yet to commence operations - Nil
2. Name of the subsidiaries which have been liquidated or sold during the year - Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/~~Joint Ventures~~	Ferrovia Transrail Solutions Private Limited	Hospet Bellary Highways Private Limited*
1. Latest audited Balance Sheet Date	March 31, 2020	March 31, 2020
2. Shares of Associate/Joint Ventures held by the company on the year end:		
No.	4,900 equity shares	3,500 equity shares
Amount of Investment in Associates/Joint Venture	Rs.49,000/-	Rs.35,000/-
Extent of Holding%	49%	35%
3. Description of how there is significant influence	There is significant influence due to percentage (%) of Share Capital holding.	There is significant influence due to percentage (%) of Share Capital holding.

4. Reason why the associate/joint venture is not consolidated	Consolidated	Not included in consolidation since the associate Company is currently under the process of strike off by the Registrar of Companies.
5. Net worth attributable to shareholding as per latest audited Balance Sheet (in Rs.)	(10,008,190)/-	NA
6. Profit/Loss for the year	Rs. (169,886)/-	NA
i. Considered in Consolidation	Rs. (83,244)/-	NA
ii. Not Considered in Consolidation	Rs. (86,642)/-	NA

* *the Company is currently under the process of strike off by the Registrar of Companies.*

Notes:
1. Name of the Associates or Joint Ventures which are yet to commence operations- Nil
2. Name of the Associates or Joint Ventures which have been liquidated or sold during the year- Nil

For and on behalf of the Board of Directors

Place: Pune
Date: August 26, 2020

K. M. Saletore
Director

Sandeep Kapoor
Director

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Mohit Kapoor
Chief Financial Officer

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U45203PN2010PLC136755
ii)	Registration date	July 5, 2010
iii)	Name of the Company	BF INFRASTRUCTURE LIMITED
iv)	Category/Sub category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune-411036, Maharashtra Tel. No. +91 120 463 8000 Fax No. +91 120 463 8099
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1.	Architectural and engineering activities and related technical consultancy	71100	100%

***** On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	100%	Sec 2 (46)
2	Ferrovia Transrail Solutions Private Limited, 14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi – 110001	U45300DL2012PTC239645	Associate	49%	Sec 2(6)
3	Hospet Bellary Highways Private Limited * CS 8-10, 6th Floor, Tower A The Corenthum, A-41, Sector 62, Noida Gautam Buddha Nagar UP 201301 India	U45400UP2012PTC048390	Associate	35%	Sec 2(6)

** the Company is currently under the process of strike off by the Registrar of Companies.*

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. **Promoters**									
(1) **Indian**									
a) Bodies Corp.	NIL	124,983,340	124,983,340	100	NIL	219,523,790	219,523,790	100	NA
Sub-total (A) (1):-	NIL	124,983,340	124,983,340	100	NIL	219,523,790	219,523,790	100	NA
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	124,983,340	124,983,340	100	NIL	219,523,790	219,523,790	100	NA
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**124,983,340**	**124,983,340**	**100**	**NIL**	**219,523,790**	**219,523,790**	**100**	**NA**

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Bharat Forge Limited with its nominees	124,983,340	100	NIL	219,523,790	100	NIL	NA

ii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	124,983,340	100	124,983,340	100
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Allotment of 60,729,300 equity shares on June 28, 2019	-	185,712,640	100
		Allotment of 8,000,000 equity shares on September 3, 2019	-	193,712,640	100
		Allotment of 21,814,050 equity shares pursuant to conversion of preference shares on September 7, 2019	-	215,526,690	100
		Allotment of 3,267,100 equity shares on February 22, 2020	-	218,793,790	100
		Allotment of 730,000 equity shares on March 9, 2020	-	219,523,790	100
3	At the End of the year	124,983,340	100	219,523,790	100

iii) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Not applicable, since entire share capital is held by Bharat Forge Limited with its nominees who is the promoter of the Company.

iv) Shareholding of Directors and Key Managerial Personnel:

None of the Directors holds any shares in their individual capacity in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at April 1, 2018				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• (Reduction)	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness as at March 31, 2020				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Rohit Gogia, Manager	
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,072,389	2,072,389
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission:		
	- As a % of Profit		
	- others, specify	-	-
5.	Others, please specify	-	-
Total A		**2,072,389**	**2,072,389**
Ceiling as per the Act			**84,00,000/-***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013.*

B. Remuneration to other Director

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
1.	Independent Directors · Fee for attending board / committee meetings		NIL
	· Commission		NIL
	· Others, please specify		NIL
Total (1)			NIL
2.	Other Non-Executive Directors · Fee for attending board / committee meetings		NIL
	Commission:		NIL
	- others, specify		NIL
Total (2)			NIL
Total (B)=(1+2)			**NIL**
Total Managerial Remuneration			**2,072,389**
Overall Ceiling as per the Act			**84,00,000***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013 including any amendment thereto.*

C. Remuneration to other Director

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
1.	Independent Directors · Fee for attending board / committee meetings		NIL
	· Commission		NIL
	· Others, please specify		NIL
Total (1)			NIL
2.	Other Non-Executive Directors · Fee for attending board / committee meetings		NIL
	Commission:		NIL
	- others, specify		NIL
Total (2)			NIL
Total (B)=(1+2)			**NIL**
Total Managerial Remuneration			**2,072,389**
Overall Ceiling as per the Act			**84,00,000***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013 including any amendment thereto.*

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Sneha Modi, Company Secretary	**Mr. Mohit Kapoor**	
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	648,346	537,030	1,185,376
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	50,000	60,000	110,000
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission:	-	-	-
	- As a % of Profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
Total		698,346	597,030	1,295,376

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Annexure "B"

NOMINATION AND REMUNERATION POLICY OF BF INFRASTRUCTURE LIMITED

The Board of Directors of BF Infrastructure Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on March 31, 2015 with immediate effect, consisting of Three (3) Non-Executive Directors of which majority are Independent Directors.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, as amended from time to time, read along with the applicable rules thereto. The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as **"KMP")** and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.

1.4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity.

1.7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2.2. **Board** means Board of Directors of the Company.
2.3. **Directors** mean Directors of the Company.
2.4. **Key Managerial Personnel (KMP) means:**

2.4.1. **Chairman and Managing Director;**
2.4.2. Executive Directors;
2.4.3. Chief Financial Officer; and
2.4.4. Company Secretary;

2.5. **Senior Management** means personnel of the Company who are members of its core management team being functional heads not below grade of Senior Vice President.

3. ROLE OF COMMITTEE

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment Criteria and qualification:

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure:

a) Managing Director/Whole-time Director:
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:
An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

3.2.3. **Evaluation**

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel.

3.2.4. **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior

3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.3.1 General**:**

a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

e) In case any difficulty or doubt arises in the interpretation or implementation of this Policy, the decision of the Chairman & Managing Director of the Company shall be final. In exceptional circumstances, the Chairman & Managing Director shall be authorized to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel covered under Clauses 2.4.3, 2.4.4 and the Senior Management; provided however that such actions taken by the Chairman & Managing Director shall be placed before the Committee for ratification in the succeeding meeting.

3.3.2 Remuneration to Whole-time / Executive / Managing Director. KMP and Senior Management Personnel:

a) Fixed pay**:**

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

if, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3 **Remuneration to Non- Executive / Independent Director:**

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees**:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. 1,00,000/- (Rupees One Lac Only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission**:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

4. MEMBERSHIP

4.1. The Committee shall consist of a minimum 3 Non-Executive Directors, majority of them being Independent.

4.2. Minimum two (2) members shall constitute a quorum for the Committee meeting.

4.3. Membership of the Committee shall be disclosed in the Annual Report.

4.4. Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

5.1. Chairperson of the Committee shall be an Independent Director.

5.2. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.7 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.8 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the provisions of the law and their service contract.

10.9 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.10 Recommend any necessary changes to the Board; and

10.11 Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

11.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 to consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Annexure "C"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a	Name(s) of the related party and nature of relationship	Nil
b	Nature of contracts/arrangements/transactions	Nil
c	Duration of the contracts / arrangements/transactions	Nil
d	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
e	Justification for entering into such contracts or arrangements or transactions	Nil
f	date(s) of approval by the Board	Nil
g	Amount paid as advances, if any:	Nil
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil
i	Name(s) of the related party and nature of relationship	Nil
j	Nature of contracts/arrangements/transactions	Nil
k	Duration of the contracts / arrangements/transactions	Nil

2 Details of material contracts or arrangement or transactions at arm's length basis

a	Name(s) of the related party and nature of relationship	Ferrovia Transrail Solutions Pvt. Ltd. (Associate)
b	Nature of contracts/ arrangements/ transactions	Rendering of Services
c	Duration of the contracts / arrangements/transactions	On-going basis
d	Salient terms of the contracts or arrangements or transactions including the value, if any	On cost to cost basis
e	Date(s) of approval by the Board, if any	NA
f	Amount paid as advances, if any	Rs. 3,204,000/-

For and on behalf of the Board Of Directors

Place: Pune
Date: August 26, 2020

Sandeep Kapoor
Chairman
DIN: 01235153

Annexure "D"

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2020 .

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2019-20
NA

b. Steps taken by the Company for utilizing alternate sources of energy
NA

c. Capital investment on energy conservation equipment
NA

(B) Technology Absorption, Adaptation and Innovation

(1) Efforts made towards technology absorption, adaptation and innovation
NA

(2) Benefits derived as a result of above efforts
NA

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned during the financial year:

i) Total Foreign Exchange earned: NIL
ii) Total Foreign Exchange outgo: Rs. 301,462.22**/-**

For and on behalf of the Board Of Directors

Place: Pune
Date: August 26, 2020

Sandeep Kapoor
Chairman
DIN: 01235153

"Annexure "E"

A statement showing the names of the top ten employees in terms of remuneration drawn.

Statement under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendment thereof and forming part of the Directors' Report for the year ended March 31, 2020

Sr. No	Name of Employee	Designation of Employee	Remuneration Received	Nature of employment	Qualification & Experience of Employee	Date of commencement of employment	Age of such Employee	The last employment held by such employee before joining the Company	%of equity share held	Whether such employee is a relative of any Director or manager and if so, name of such director or manager
1	Somashekhar R H*	Vice President, Defence	2,090,880	Permanent	M. Tech, 30 years	24.09.2019	57	KPIT Technologies Ltd.	NIL	No
2	Rohit Gogia	Manager	2,072,389	Permanent	Chartered Accountant, 18 years	05.01.2013	45	Globus Pharmachem	NIL	No
3	Rajesh C Vinchhi*	Associate Vice President, Defence	1,629,797	Permanent	Dilploma in Computer Tech, B.Com, 33 years	24.09.2019	53	KPIT Technologies Ltd.	NIL	No
4	Meenakshi Yuvraj Bhosalkar*	Senior Manager, Defence	897,375	Permanent	Master in Computer Science, 15 years	24.09.2019	38	KPIT Technologies Ltd.	NIL	No
5	Manish Krishna Kalburgi*	Manager, Defence	866,190	Permanent	B.E. 14 years	24.09.2019	39	KPIT Technologies Ltd.	NIL	No
6	Sneha Modi	Company Secretary	698,346	Permanent	CS, LL.B, B.Com, 6 years	24.06.2016	30	Shilpi Cable Technologies Limited	NIL	No
7	K Naveen Kumar*	Senior Manager, Defence	688,139	Permanent	Diploma in Computer & Maintenance 20 years	24.09.2019	48	KPIT Technologies Ltd.	NIL	No
8	Sumit Prakash Singhal*	Deputy Manager, Defence	687,927	Permanent	B.E. 10 years	24.09.2019	32	KPIT Technologies Ltd.	NIL	No
9	Siddharth S Bhosekar*	Deputy Manager, Defence	671,094	Permanent	B.E. 10 years	24.09.2019	31	KPIT Technologies Ltd.	NIL	No
10	Ashwini Singh*	Manager, Defence	657,441	Permanent	B.E. (IT) 14 years	24.09.2019	38	KPIT Technologies Ltd.	NIL	No

**Employees appointed by the company during the year on 24.09.2019*

For and on behalf of the Board Of Directors

Place: Pune
Date: August 26, 2020

Sandeep Kapoor
Chairman
DIN: 01235153

Annexure-F

Form No. MR-3
SECRETARIAL AUDIT REPORT
[FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020]
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
BF Infrastructure Limited
Mundhwa, Pune Cantonment
Pune- 411036, Maharashtra

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; [**Not Applicable as the Equity shares of the Company are in physical form]**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **[Not applicable as the Company has not received any Foreign Direct Investment or made any Foreign Direct Investment]**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') :- [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

(a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Shared Based Employees Benefits) Regulations, 2014 notified on 28th October, 2014;
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015 [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

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

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in some cases where Board meetings were held at a short notice to transact urgent business and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with other applicable laws on the operation of the Company and the rules made thereunder.

We further report that during the audit period following events/actions have taken place:

- **Issue of Equity shares on right basis:**

No of shares	Face value	Total amount (in Rs.)	Date of allotment
60729300	Rs. 10/-	60,72,93,000/-	June 28, 2019
8000000	Rs. 10/-	8,00,00,000/-	September 3, 2019
3267100	Rs. 10/-	3,26,71,000/-	February 22, 2020
730000	Rs. 10/-	73,00,000/-	March 9, 2020

- **Conversion of preference shares into equity**

  The 21,814,050 6% Non- Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each ('CCPS') has been fully converted into Equity Shares in the ratio1:1 by allotment in the Board meeting of the Company held on September 07, 2019.

For Shivam Tyagi & Associates
Company Secretaries

Shivam Tyagi
Proprietor
ACS No.: 50636
CP No.: 18738

Place: New Delhi
Date: 11th day of August, 2020
UDIN: A050636B000570210

Balance Sheet as at 31st March, 2020.

	Note No.	As at 31st March, 2020 Rs.	As at 31st March, 2019 Rs.
I ASSETS			
1 Non-current Assets			
(a) Property, Plant and Equipment	3	10,129	160,057
(b) Right-of-use asset	4	103,001	-
(c) Goodwill	5	51,897,025	-
(d) Intangible assets	5	12,480,526	68,258
(e) Financial Assets			
(i) Investments	6	49,000	84,000
(f) Income tax assets (net)	7	11,150,750	10,157,379
(g) Other non-current assets	8	26,028,181	45,473,994
(h) Deferred tax Asset (net)	9	-	682,614
		101,718,612	**56,626,302**
2 Current Assets			
(a) Inventories	10	3,046,265	-
(b) Financial Assets			
(i) Cash and cash equivalents	11	4,853,028	5,716,538
(ii) Other bank balances	11	36,647,039	40,161,035
(iii) Loans	12	163,652,875	209,198,440
(iv) Other financial assets	13	24,000	2,030,667
(b) Other current assets	14	16,356,194	-
		224,579,401	**257,106,680**
TOTAL		**326,298,013**	**313,732,982**
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	15	2,195,237,900	1,249,833,400
(b) Other Equity	16	(1,903,418,723)	(1,809,605,119)
		291,819,177	**(559,771,719)**
2 Non-current Liabilities			
(a) Financial liabilities			
(i) Lease liabilities	17	25,908	-
(b) Long term Provisions	18	735,539	646,879
		761,447	**646,879**
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	-	218,140,500
(ii) Trade payables			
Dues of micro enterprises and small enterprises	20	-	-
Dues of creditors other than micro enterprises and small enterprises	20	16,241,904	47,295,002
(iii) Lease Liability	21	83,478	-
(iv) Other	22	12,378,025	607,293,000
(b) Short term Provisions	23	4,450,097	21,884
(c) Other Current Liabilities			
Other	24	563,885	107,436
		33,717,389	**872,857,822**
TOTAL		**326,298,013**	**313,732,982**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements **1-48**

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No.: 041609
UDIN: 20041609AAAACF6865

Kishore Saletore
Director
DIN : 01705850

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place : Pune
Date : 26th August 2020

Mohit Kapoor
Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March, 2020.

		Note No.	For the year ended 31st March, 2020 Rs.	For the year ended 31st March, 2019 Rs.
I	Revenue from Operations	25	3,204,000	3,405,166
II	Other Income	26	8,828,488	3,486,875
III	**Total Revenue**		**12,032,488**	**6,892,041**
IV	**Expenses**			
	Cost of Material Consumed	27	417,229	-
	Changes in inventories of work in progress and finished goods	28	(2,914,000)	-
	Employee Benefit Expenses	29	15,846,110	6,431,699
	Finance Costs	30	350,773	134,869
	Depreciation & Amortisation Expense	31	4,513,910	-
	Other Expenses	32	86,898,088	7,436,324
	Total Expenses		**105,112,110**	**14,002,892**
V	**Loss before tax**		(93,079,622)	(7,110,851)
VI	**Tax Expense**			
	Current tax		(19,542)	-
	Deferred tax		(682,614)	(274,610)
			(702,156)	**(274,610)**
VII	**Loss for the year**		**(93,781,778)**	**(7,385,461)**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		(31,826)	261,875
	Total other comprehensive income, net of tax		**(31,826)**	**261,875**
IX	**Total Comprehensive Income for the year**		**(93,813,604)**	**(7,123,586)**
X	**Earnings per share (of P 10/- each):**			
	Basic		**(0.50)**	**(0.06)**
	Diluted		**(0.50)**	**(0.06)**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements **1-48**

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Membership No.: 041609
UDIN: 20041609AAAACF6865

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN : 01705850

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place : Pune
Date : 26th August 2020

Mohit Kapoor
Chief Financial Officer

Statement for changes in equity for the year ended 31st March, 2020.

a. Equity share capital

	As at 31st March, 2020		As at 31st March, 2019	
	Nos	**Rs.**	Nos	Rs.
Equity shares of B 10/- each issued, subscribed and fully paid up				
As at beginning of the year	124,983,340	1,249,833,400	124,983,340	1,249,833,400
Changes in equity share capital during the year	94,540,450	945,404,500		
As at end of the year	**219,523,790**	**2,195,237,900**	**124,983,340**	**1,249,833,400**

b. Other Equity

	Retained earnings	Other Comprehensive Income Other Items	Total Other Equity
	Rs.	**Rs.**	**Rs.**
Balance as at 1st April, 2018	(1,802,481,533)	-	(1,802,481,533)
Changes in other equity for the year ended 31st March, 2019	-	-	-
Loss for the period	(7,385,461)	-	(7,385,461)
Other Comprehensive Income	-	261,875	261,875
Balance as at 31st March 2019	**(1,809,866,994)**	**261,875**	**(1,809,605,119)**
Changes in other equity for the year ended 31st March, 2020	-	-	-
Loss for the period	(93,781,778)	-	(93,781,778)
Other Comprehensive Income	-	(31,826)	(31,826)
Balance as at 31st March 2020	**(1,903,648,772)**	**230,049**	**(1,903,418,723)**

Significant Accounting Policies and Notes forming an integral part of the **1-48**

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No.: 041609
UDIN: 20041609AAAACF6865

Kishore Saletore
Director
DIN : 01705850

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place : Pune
Date : 26th August 2020

Mohit Kapoor
Chief Financial Officer

Cash Flow Statement for the year ended 31st March, 2020.

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
A. Cash flow from operating activities :		
Loss for the year	(93,781,778)	(7,385,461)
Adjusted for :		
Tax expense	702,156	274,610
Depreciation	4,513,910	-
Interest Paid	350,773	134,869
Loss on Sale/Disposal of Fixed Assets	155,722	-
Loss on Investment	35,000	-
Interest Received	(4,081,944)	(3,198,632)
Other Comprehensive Income		
Remeasurement of the net defined benefit liability/asset	(31,826)	261,875
	1,643,791	**(2,527,278)**
Operating Profit before working capital changes :	(92,137,987)	(9,912,739)
Changes in :		
Trade and other receivables	28,132,630	41,138,463
Liabilities and Provisions	(13,701,751)	8,227,998
	14,430,879	**49,366,461**
Cash generation from operations :	(77,707,108)	39,453,722
Direct Taxes paid	(412,210)	(615,813)
Net Cash (used in)/from operating activities :	**(78,119,318)**	**38,837,909**
B. Cash flow from investing activities :		
Purchase of Property, Plant and Equipment	(68,750,407)	-
Sale of Property, Plant and Equipment (Net of Advances)	3,814	-
Investment in fixed deposits	-	(59,030,062)
Withdrawal from fixed deposits	22,976,952	-
Interest received	3,481,241	3,198,632
Net cash (used in)/from investing activities :	**(42,288,400)**	**(55,831,430)**
C. Cash flow from financing activities :		
Issue of Equity Share capital	119,971,000	-
Proceeds from / (Repayment of) short term borrowings	-	(378,655,398)
Lease liability Principal Payment	(76,019)	-
Lease liability Interest Payment	(19,981)	-
Interest paid	(330,792)	(134,869)
Net cash (used in)/from financing activities :	**119,544,208**	**(378,790,267)**
Net changes in cash and cash equivalents (A+B+C) :	**(863,510)**	**(395,783,788)**
Cash and Cash Equivalents, at the beginning :	5,716,538	401,500,326
Add : Net changes in cash and cash equivalents, as above	(863,510)	(395,783,788)
Cash and Cash Equivalents, at the close :	**4,853,028**	**5,716,538**
Cash and Cash Equivalents :		
Cash and Bank Balances:	4,853,028	5,716,538
	4,853,028	**5,716,538**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1-43

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Membership No.: 041609
UDIN: 20041609AAAACF6865

Kishore Saletore
Director
DIN : 01705850

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place : Pune
Date : 26th August 2020

Mohit Kapoor
Chief Financial Officer

Notes forming part of the Financial Statements for the year ended 31st March, 2020.

1. Corporate information:

BF Infrastructure Limited is a public limited company incorporated on 5th July, 2010. The Company is engaged in the business of scientific, technical and other research and development, particularly in the field of advanced defense, aerospace and other strategic areas and also in the business of Engineering, Procurement and Construction (EPC) contractors and infrastructure projects.

The Company is a wholly owned subsidiary of Bharat Forge Limited. Operating Cycle of the Company is considered to be of 12 months.

2. Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013.

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

(i) Derivative financial instruments
(ii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Changes in accounting policies:

a) Leases :

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognizes right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company adopted Ind AS 116, effective annual reporting period beginning on 1st April, 2019. The Company applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (1st April, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this Standard recognized as an adjustment to the opening balance of retained earnings as on 1st April, 2019. On that date, the Company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1st April, 2019. In accordance with the standard, the Company elected not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

b) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations :
The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Company's financial statements.

c) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment :
The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

(i) Whether an entity considers uncertain tax treatments separately
(ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities
(iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
(iv) How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties over income tax treatments.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

2.3 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.

2.4 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 recognized in the financial statements for the period ending 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 recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

b) Exchange differences:

The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognized in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under:

i. Exchange differences arising on long-term foreign currency monetary items recognized in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii. Exchange differences arising on other long-term foreign currency monetary items recognized in the financial statements for the period ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a) and b) above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.5 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

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

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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:

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, 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.

2.6 Revenue from contracts with customers :

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 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 no. 48.

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.

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 their 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 recognized 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 recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortized 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 amortized 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 recognized when all the significant risk and rewards of ownership in investment is transferred.

2.7 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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 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.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred 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 recognized 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 recognized 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 capitalized 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 property are capitalized. 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 recognized 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 recognized 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 recognized 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 de-recognized. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

'The Management's estimate of the useful lives of various Property, Plant and Equipment which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		Estimated useful life
i)	Computer and Data Processing Equipment	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
ii)	Furniture's and Fixtures	10 years
iii)	Office Equipment	5 years

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition 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 or loss when the asset is derecognized.

'The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		**Estimated useful life**
i)	Software	3 years
ii)	Customer Contracts	18 months approx.
ii)	Technical Know-How	34 months approx.

2.10 Leases :

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

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i. Right of use assets

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

Type of Asset	Estimated useful life
Building	amortized over the period of lease deed executed

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

ii. Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized 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 premeasured 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 is 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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.11 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Work in Progress :

Work-in-progress and finished goods are valued at the 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.

2.12 Borrowing costs :

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized 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 w.r.t. borrowings taken on or after April 1, 2016.

2.13 Oil Acquisition, Exploration and Development Costs :

Company is following Full Cost Method (FCM) for valuing oil Acquisition, Exploration, and Development cost.

Under FCM all the costs pertaining to acquisition, exploration and development is treated as project work in progress or Intangible asset under development.

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 units (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 recognized 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 recognized 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized. 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 recognized 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.

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

Past service costs are recognized in profit or loss on the earlier of:

i. The date of the plan amendment or curtailment, and
ii. 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:

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 recognized 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 recognized 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 amortized 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 amortized cost

A 'debt instrument' is measured at the amortized 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.
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 profit or loss. The losses arising from impairment are recognized 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 de-recognition of the asset, cumulative gain or loss previously recognized 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) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognized (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 debt instruments, and are measured at amortized 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 17

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 (Previous Year: Ind AS 11 and Ind AS 18).

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 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 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 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.

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 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. 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 recognized 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 recognized 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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 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 recognized 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 recognized less cumulative amortization.

c) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized 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 recognized 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 recognized gains, losses (including impairment gains or losses) or interest.

Original Classification	**Revised Classification**	**Accounting Treatment**
Amortized Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.

Amortized Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized Cost	Fair value at reclassification date becomes its new amortized 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 amortized 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 recognized amounts and there is an intention to settle on a net basis, to realize 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 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.

2.19 Dividend to equity holders :

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorized and the distribution are no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in 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 are 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.

2.22 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.

2.23 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 recognized prospectively in current and future periods.

2.24 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

3. Property, Plant and Equipment :

	Furniture and Fixtures Rs.	**Office Equipment** Rs.	**Computers** Rs.	**Total** Rs.
GROSS BLOCK, AT COST :				
As at 1st April, 2018.	529,377	1,614,388	99,102	2,242,867
Additions				

	-	-	-	-
Disposals	-	-	-	-
As at 31st March, 2019.	529,377	1,614,388	99,102	2,242,867
Additions	-	-	-	-
Disposals	(529,377)	(1,509,927)	-	(2,039,304)
As at 31st March, 2020.	**-**	**104,461**	**99,102**	**203,563**
DEPRECIATION AND AMORTIZATION :				
Upto 1st April, 2	447,448	1,541,166	94,196	2,082,810
Disposals	-	-	-	-
For the year	-	-	-	-
Upto 31st March, 2019.	447,448	1,541,166	94,196	2,082,810
Disposals	(447,448)	(1,441,928)	-	(1,889,376)
For the year	-	-	-	-
Upto 31st March, 2020.	**-**	**99,238**	**94,196**	**193,434**
NET BLOCK :				
As at 31st March, 2019.	81,929	73,222	4,906	160,057
As at 31st March, 2020.	**-**	**5,223**	**4,906**	**10,129**

4. Right of use Assets :

	For Building Rs.	**Total Rs.**
GROSS BLOCK, AT COST :	-	-
Additions	185,405	185,405
Disposals	-	-

Adjustments	-	-
As at 31st March, 2020.	185,405	185,405
DEPRECIATION AND AMORTIZATION :		
Disposals	-	-
For the year	82,404	82,404
Upto 31st March, 2020.	82,404	82,404
NET BLOCK :		
As at 31st March, 2020.	103,001	103,001

5. Intangible Assets :

	Goodwill **Rs.**	**Software** **Rs.**	**Customer Contracts** **Rs.**	**Technical Know-How** **Rs.**	**Total** **Rs.**
GROSS BLOCK, AT COST :					
As at 1st April, 2018.	-	2,700,936	-	-	2,700,936
Additions	-	-	-	-	-

Disposals	-	-	-	-	-
As at 31st March, 2019.	-	2,700,936	-	-	2,700,936
Additions Business combination (Refer note 48) Disposals	 51,897,025 -	372,382 (591,578)	 7,835,000 -	 8,646,000 -	372,382 68,378,025 (591,578)
As at 31st March, 2020.	**51,897,025**	**2,481,740**	**7,835,000**	**8,646,000**	**70,859,765**
DEPRECIATION AND AMORTIZATION : Upto 1st April, 2018. Disposals For the year	 - - -	 2,632,678 - -	 - - -	 - - -	 2,632,678 - -
Upto 31st March, 2019.	**-**	**2,632,678**	**-**	**-**	**2,632,678**
Disposals For the year	- -	(581,970) 117,937	- 2,687,094	- 1,626,475	(581,970) 4,431,506
Upto 31st March, 2020.	**-**	**2,168,645**	**2,687,094**	**1,626,475**	**6,482,214**
NET BLOCK :					
As at 31st March, 2019.	-	68,258	-	-	68,258
As at 31st March, 2020.	**51,897,025**	**313,095**	**5,147,906**	**7,019,525**	**64,377,551**

		As at 31st March, 2020 Rs.	As at 31st March, 2019 Rs.
6	**Investments :**		
	Non-Current		
	Equity Instruments, Unquoted :		
	(At Cost)		
	Investments in Associates :		
	4,900 (4,900) Equity shares having Face value of p 10/- each, fully paid up, of Ferrovia Transrail Solutions Private Limited	49,000	49,000
	3,500 (3,500) Equity shares having Face value of p 10/- each, fully paid up, of Hospet Bellary Highways Private Limited	35,000	35,000
	Less: Written Off	(35,000)	-
		-	35,000
	TOTAL :	**49,000**	**84,000**
7	**Income tax assets (net) :**		
	Tax paid in advance (net)	11,150,750	10,157,379
	TOTAL :	**11,150,750**	**10,157,379**
8	**Other non-current assets :**		
	Balances with government authorities	24,236,713	24,219,570
	Balances in fixed deposits		
	Earmarked Deposits(a)	1,033,196	966,775
	Deposits with original maturity of more than twelve months	758,272	20,287,649
		1,791,468	**21,254,424**
	TOTAL :	**26,028,181**	**45,473,994**
(a)	Fixed deposits are under lien, as security for various government authorities		
9	**Deferred Tax Asset (net) :**		
	Deferred Tax Assets		
	Timing differences for		
	Depreciation	-	1,027,524
	Disallowances	2,228,700	-
	Less : Deferred Tax Liabilities		
	Timing differences for		
	Depreciation	2,228,700	-
	Disallowances	-	344,910
	TOTAL :	**-**	**682,614**
10	**Inventories**		
	(As taken, valued and certified by the Directors)		
	Raw materials and components	132,265	-
	Work-in-progress	2,314,000	-
	Finished goods	600,000	-
	TOTAL :	**3,046,265**	**-**

11		**Cash and bank balances**		
		Cash and cash equivalents		
		Balances with banks		
		In current accounts	2,109,666	5,704,423
		Deposits with original maturity of less than three months	2,717,236	-
		Cash on hand	26,126	12,115
		TOTAL :	**4,853,028**	**5,716,538**
		Other bank balances		
		Earmarked Deposits(a)	48,801	45,761
		Deposits with original maturity of less than twelve months	36,598,238	40,115,274
		TOTAL :	**36,647,039**	**40,161,035**
	(a)	Fixed deposits are under lien, as security for various government authorities		
12		**Loans (Current, Good):**		
		Loans to related parties		
		Others		
		Good	163,652,875	209,198,440
		Doubtful	10,949,660	-
		Less : Allowances for credit losses	(10,949,660)	-
			-	-
		TOTAL :	**163,652,875**	**209,198,440**
		For terms and conditions relating to related party receivable refer Note No. 35		
13		**Other financial assets (Current, Good):**		
		Other receivables	24,000	2,030,667
		TOTAL :	**24,000**	**2,030,667**
14		**Other current assets :**		
		Advances to suppliers	151,872	-
		Prepaid Expenses	404,548	-
		Other advances recoverable in cash or in kind or for value to be received	15,799,774	-
		TOTAL :	**16,356,194**	-

15 Equity Share Capital :

Authorised :

237,600,000	(126,000,000)	Equity Shares of P 10/-, each	2,376,000,000	1,260,000,000
			2,376,000,000	**1,260,000,000**

Issued, Subscribed and Paid up

219,523,790	(124,983,340)	Equity Shares of P 10/-, each, fully paid up	2,195,237,900	1,249,833,400
			2,195,237,900	**1,249,833,400**

a) The Company has only one class of shares referred to as equity shares having a par value of P 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees.

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, 2020 is set out below.

Equity Shares :

	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	**Amount in Rs.**	**No. of Shares**	**Amount in Rs.**
Balance at the beginning of the year	124,983,340	1,249,833,400	124,983,340	1,249,833,400
Add: Shares issued during the year#	94,540,450	945,404,500	-	-
Balance at the close of the year	**219,523,790**	**2,195,237,900**	**124,983,340**	**1,249,833,400**

Out of above 21,814,050 shares issued upon conversion of 21,814,050 6% Non cumulative Compulsorily Convertible Preference shares of r 10/- each, at par.

d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Equity Shares :

	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	**% age**	**No. of Shares**	**% age**
Bharat Forge Ltd. The Holding Company. (Including shares held through nominees)	219,523,778	100.00	124,983,340	100.00

16. Other Equity :

	As at 31st March, 2020 Rs.	As at 31st March, 2019 Rs.
Surplus in the Statement of Profit and Loss		
As per last account	(1,809,605,119)	(1,802,481,533)
Add :		
Loss for the year	(93,781,778)	(7,385,461)
Items of OCI		
Re-measurement gains / (losses) on defined benefit obligations	(31,826)	261,875
Closing balance	**(1,903,418,723)**	**(1,809,605,119)**

17. Financial liabilities:

Non current portion of Lease Liability	25,908	-
	25,908	**-**

18 Long-Term Provisions :

Provision for employee benefits :		
Gratuity	-	367,847
Compensated absences	735,539	279,032
	735,539	**646,879**

19. Borrowings (Current) :

Unsecured :

Issued, Subscribed and Paid up :

-	(21,814,050)	6% Non cumulative Compulsorily Convertible Preference Shares of P 10/-, each(a)	-	218,140,500
		TOTAL :	**-**	**218,140,500**

A) All the above 6% Non cumulative Compulsorily Convertible Preference Shares have been issued to and held by Bharat Forge Limited, the Holding Company.

6% Non cumulative Compulsorily Convertible Preference Shares of the Company have a par value of ₹ 10/-. These shares carry preferential right to be paid a fixed dividend of 6% on the paid up value of the shares, if and when declared by the Company.

These shares carry, in the event of winding up or repayment of capital, a preferential right to be repaid the amount of capital paid up.

These shares, shall be converted into such number of equity shares of R 10/- each at the fair market value determined by the a practicing Chartered Accountant in terms of the valuation report given at the time of conversion into equity shares, and such conversion shall be within a period of 2 years from 11th September, 2017. (Since converted on 7th September, 2019)

20 Trade Payables :

Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	16,241,904	47,295,002
TOTAL :	**16,241,904**	**47,295,002**

21 Lease Liability :

Lease Liability	83,478	-
TOTAL :	**83,478**	**-**

22 Other Current Financial Liabilities :

Amount payable for purchase of business	12,378,025	-
Amount payable to the Holding Company (a)	-	607,293,000
TOTAL :	**12,378,025**	**607,293,000**

a) Appropriated against equity share application and allotment money during the financial year ended 31st March, 2020

23 Short-Term Provisions :
Provision for employee benefits :

Gratuity	577,124	-
Compensated absences	47,212	21,884
Other Provisions :		
Liquidated damages(a)	3,825,761	-
TOTAL :	**4,450,097**	**21,884**

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-fulfillment 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	-	-
Arising during the year	3,825,761	-
Utilized during the year	-	-
Provision Written Back	-	-
Closing balance	**3,825,761**	-

24	**Other Current Liabilities :**		
	Statutory liabilities	563,885	107,436
	TOTAL :	**563,885**	**107,436**
25	**Revenue from operations :**		
	Sale of services	3,204,000	3,405,166
	TOTAL :	**3,204,000**	**3,405,166**
26	**Other income :**		
	Interest Income		
	On Bank Deposits	3,481,241	3,198,632
	On Income tax Refund	600,703	-
	Credit balances written back	4,641,843	-
	Miscellaneous Income	104,701	288,243
	TOTAL :	**8,828,488**	**3,486,875**
27	**Cost of raw material and components consumed :**		
	Inventory at the beginning of the year	**-**	-
	Add: Purchases	549,494	-
		549,494	**-**
	Less: Inventory at the end of the year	(132,265)	-
	Cost of raw material and components consumed	**417,229**	**-**

28	**Changes in Inventories of Work in Progress and Finished Goods**		
	Inventories at the beginning of the year		
	Work-in-progress	**-**	-
	Finished Goods	**-**	-
		-	-
	Inventories at the close of the year		
	Work-in-progress	2,314,000	-
	Finished Goods	600,000	-
		2,914,000	**-**
	TOTAL :	**(2,914,000)**	**-**
29	**Employee benefit expenses :**		
	Salaries and Wages	15,100,765	5,852,904
	Contributions to Provident and other funds	641,181	400,053
	Staff welfare expenses	104,164	178,742
	TOTAL :	**15,846,110**	**6,431,699**
30	**Finance costs :**		
	Other Interest	350,773	134,869
	TOTAL :	**350,773**	**134,869**
31	**Depreciation and Amortization :**		
	Right of use Assets	82,404	-
	Intangible Assets	4,431,506	-
	TOTAL :	**4,513,910**	**-**

32 Other expenses :		
Technical Consultancy	47,992	-
Labour and Processing Charges	30,960	-
Repairs and Maintenance - Others	63,729	159,366
Insurance	109,752	15,277
Rates and Taxes	1,391,063	-
Liquidated damages (Refer note no. 23)	3,825,761	-
Printing and Stationery	144,664	105,870
Travelling and Conveyance	2,164,870	1,171,547
Legal and Professional Fees	8,337,053	5,588,809
Payment to Auditors (Refer note no. 39)	275,000	125,000
Share Issue Expenses	9,460,434	-
Amounts Written Off	49,492,049	-
Allowances for credit losses	10,949,660	-
Loss on Sale/Disposal of Fixed Assets	155,722	-
Loss on Investment	35,000	-
Miscellaneous Expenses#	414,379	270,454
TOTAL :	**86,898,088**	**7,436,323**

Miscellaneous Expenses includes general office expenses, communication, etc.

33. **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 ₹ 621,267/- (Previous Year:₹ 280,356/-) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

b) Gratuity plan :

'The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 day's salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1. Liability Risks
   a) Asset-Liability Mismatch risk-
   Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.
   b) 'Discount Rate Risk
   'Variations in the discount rate used to compute the present value of the liabilities may seem small, but in 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 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 the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2020	**Year ended 31st March, 2019**
Mortality table	IALM 2012-14 Ult	IALM 2012-14 Ult
Discount rate	6.80%	7.80%
Expected rate of return on plan assets	7.80%	8.10%
Salary Growth Rate	6.00%	6.00%
Expected average remaining working lives (in years)	20.85	16.50
Withdrawal rate	1.00%	1.00%

Changes in the present value of the defined benefit obligation recognized in balance sheet are as follows:

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Present value of obligation as at the beginning of the year	367,847	415,055
Transfer In/(Out)#	1,943,009	-
Interest expense	103,175	22,456
Current service cost	54,694	119,697
Benefits (paid)	(33,193)	(275,635)
Remeasurements on obligation [Actuarial (Gain) / Loss]	25,757	86,274
Present value of obligation as at the end of the year	2,461,289	367,847

Changes in the fair value of plan assets recognized in the balance sheet are as follows:

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Fair value of plan assets at the beginning of the year	1,784,977	1,589,150
Interest Income	137,955	117,782
Contributions	546	5,531
Benefits paid	(33,193)	(275,635)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(6,120)	348,149
Fair value of plan assets at the end of the year	1,884,165	1,784,977
Actual return on plan assets	131,835	465,931

Net Interest (Income/Expense)

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Interest (Income) / Expense – Obligation	103,175	22,456
Interest (Income) / Expense – Plan assets	(137,955)	(117,782)
Net Interest (Income) / Expense for the period	(34,780)	(95,326)

Re-measurement for the period [Actuarial (Gain)/loss]

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Experience (Gain) / Loss on plan liabilities	(37,634)	75,706
Demographic (Gain) / Loss on plan liabilities	(182,285)	-
Financial (Gain) / Loss on plan liabilities	245,676	10,568
Experience (Gain) / Loss on plan assets	814	(342,478)
Financial (Gain) / Loss on plan assets	5,306	(5,671)

Amount recognized in Statement of Other comprehensive Income (OCI)

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Opening amount recognized in OCI outside profit and loss account	(304,985)	(43,110)
Re-measurement for the period-Obligation (Gain)/Loss	25,757	86,274
Re-measurement for the period-Plan assets (Gain)/Loss	6,120	(348,149)
Total Re-measurement cost/(credit) for the period recognized in OCI	31,877	(261,875)
Closing amount recognized in OCI outside profit and loss account	(273,108)	(304,985)

The amounts to be recognized in the Balance Sheet

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Present value of obligation as at the end of the period	2,461,289	367,847
Fair value of plan assets as at the end of the period	1,884,165	1,784,977
Net Asset / (liability) to be recognised in balance sheet	(577,124)	1,417,130

Expense recognised in the statement of profit and loss

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Current service cost	54,694	119,697
Net Interest (Income) / Expense	(34,780)	(95,326)
Transfer In/(Out)	1,943,009	-
Net periodic benefit cost recognised in the statement of profit and loss	1,962,923	24,371

Reconciliation of Net Asset/(Liability) recognised:

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Net asset / (liability) recognised at the beginning of the period	1,417,130	1,174,095
Company contributions	546	5,531
Expense recognised at the end of period	(1,962,923)	(24,371)
Amount recognised outside profit & loss for the period	(31,877)	261,875
Net asset / (liability) recognised at the end of the period	(577,124)	1,417,130

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

	Year ended 31st March, 2020	Year ended 31st March, 2019
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount rate	Present value of obligation	
	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Increase in discount rate by 100 basis points	2,215,613	406,157
Decrease in discount rate by 100 basis points	2,756,185	334,027

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

Salary growth rate	Present value of obligation	
	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Increase in salary growth rate by 100 basis points	2,729,828	336,353
Decrease in salary growth rate by 100 basis points	2,232,834	402,664

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

Withdrawal rate	Present value of obligation	
	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Increase in withdrawal rate by 100 basis points	2,480,111	336,353
Decrease in withdrawal rate by 100 basis points	2,439,593	371,777

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, 2020 Rs.	31st March, 2019 Rs.
Within the next 12 months (next annual reporting period)	-	55,000

Amount for the current and previous year are as follows:

	31st March, 2020 Rs.	31st March, 2019 Rs.
Present Value of Defined Benefit Obligation	2,461,289	367,847
Fair Value of Plan Asset	1,884,165	1,784,977
Funded Status [Surplus/ (Deficit)]	(577,124)	1,417,130
Experience gain / (loss) adjustments on plan liabilities	37,634	(75,706)
Experience gain / (loss) adjustments on plan assets	(814)	342,478

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.

Sr. No.		As at 31st March, 2020 Rs.	As at 31st March, 2019 Rs.
1	Present Value of Obligation	782,751	279,032
2	Fair Value of Plan Assets	-	-
3	Net asset/(liability) recognized in the Balance Sheet	782,751	279,032

34. Segment Reporting :

In accordance with paragraph 4 of Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

35. Related Party Disclosure :

A. Related Parties and their relationships :

a)	Holding Company :	i) Bharat Forge Limited
b)	Subsidiary	i) BFIL- CEC JV
c)	Associate Companies :	i) Ferrovia Transrail Solutions Private Limited ii) Hospet Bellary Highways Private Limited
d)	Fellow Subsidiary Company :	i) BF-NTPC Energy Systems Limited
e)	Key Managerial Personnel :	i) Mr. Kishore Mukund Saletore (Director) ii) Mr. Sandeep Kapoor (Director) iii) Mr. Rohit Gogia (Manager) iv) Ms. Sneha Modi (Company Secretary) v) Mr. Mohit Kapoor (Chief Financial Officer Appointed w.e.f 15th Feb, 2019) vi) Mr. Vineet Vashisht (Chief Financial Officer till 7th Sep, 2018)

B. Transactions with Related Parties :

	Terms and Conditions (Refer foot note no.)	Key Managerial Personnel Rs.	Holding Company Rs.	Subsidiary Rs.	Associate Company Rs.	Fellow Subsidiary Company Rs.	Total Rs.
Remuneration	(a)	3,367,765 (2,824,654)	- -	- -	- -	- -	3,367,765 (2,824,654)
Reimbursement of expenses Received	(b)	- -	- -	- -	135,548 -	- (350,000)	135,548 (350,000)
Advance Given	(c)	- -	- -	328,450 (3,663,778)	10,730,506 (24,913,624)	- -	11,058,956 (28,577,402)
Receipt of Advance given	(d)	- -	- -	- (14,410,000)	- (61,495,000)	- -	- (75,905,000)
Advance taken	(e)	- -	- (179,093,000)	- -	- -	- -	- (179,093,000)
Repayment of Advance taken	(f)	- -	607,293,000 -	- -	- -	- -	607,293,000 -
Advance written off	(g)	- -	- -	2,967,932 -	46,500,000 -	- -	49,467,932 -
Services Rendered	(h)	- -	- -	- (201,166)	3,204,000 (3,204,000)	- -	3,204,000 (3,405,166)
Investments written off	(i)	-	-	-	35,000	-	35,000

		-	-	-	-	-	-
Conversion of Preference Shares	(j)	- -	218,140,500 -	- -	- -	- -	218,140,500 -
Issue of Share Capital	(k)	- -	945,404,500 -	- -	- -	- -	945,404,500 -

(Figures in bracket indicate previous year)

(a) Remuneration paid to the Key Managerial Personnel as per terms of appointment.

(b) Expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

(c) The Company has given advance in the ordinary course of business.

(d) Receipt of advance given in the ordinary course of business.

(e) The Company has received advance from the Holding Company.

(f) Appropriated against equity share application and allotment money during the financial year ended 31st March, 2020

(g) The Company has written off advances given to related parties which were found to be irrecoverable.

(h) Provision of service to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(i) The investment in associate company has been written off as a result of voluntary liquidation of the associate company.

(j) 6% Non cumulative Compulsorily Convertible Preference Shares converted on 7th September, 2019 as per terms of issue.

Equity shares have been allotted by the Company to the Holding Company.

C Balance with Related Parties:

	Key Managerial Personnel Rs.	Holding Company Rs.	Subsidiary Rs.	Associate Company Rs.	Fellow Subsidiary Company Rs.	Total Rs.
Advnace Payable	-	-	-	-	-	-
	-	(607,293,000)	-	-	-	(607,293,000)
Advnace Receivable	-	-	11,552,560	163,049,975	-	174,602,535
	-	-	(14,192,042)	(194,967,281)	-	(209,159,323)

(Figures in bracket indicate previous year)

36 Contingent Liabilities not provided for in respect of :

	As at 31st March, 2020 Rs.	As at 31st March, 2019 Rs.
a) Claims against the Company not acknowledged as debts		
Sales Tax Demand(i)	601,071	163,684,799
Claims Under Legal Cases(ii)	770,000,000	770,000,000
	770,601,071	**933,684,799**

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 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.

37. Leases :

Company as lessee :

The Company has lease contracts for building used in its operations. Lease of building have lease term of five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

Below are the carrying amounts of right-of-use assets recognised and the movements during the year :

	Buildings Rs.
As at 1st April, 2019	-
Additions	185,405
Depreciation	(82,404)
As at 31st March, 2020	**103,001**

Below are the carrying amounts of lease liabilities and the movements during the year :

	Year ended 31st March, 2020 Rs.
As at 1st April, 2019	-
Additions	185,405
Accretion of interest	19,981
Payments	(96,000)
As at 31st March, 2020	**109,386**
Current	83,478
Non - Current	25,908

The following are the amounts recognised in the statement of profit and loss:

	Year ended 31st March, 2020 Rs.
Depreciation expense of right-of-use assets	82,404
Interest expense on lease liabilities	19,981
Total amount recognised in profit or loss	**102,385**

The Company had total cash outflows for leases of ₹ 96,000/- (31st March, 2019: ₹ 138,000/-). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 185,405/- (31st March, 2019: NIL).

38 Unhedged foreign currency exposure :

	As at 31st March, 2020 Foreign Currency	As at 31st March, 2020 Rs.	As at 31st March, 2019 Foreign Currency	As at 31st March, 2019 Rs.
1 Assets :				
Advances to Trade Creditors	USD 2,015	145,817	USD -	-
Cash in hand	BDT 3,400	3,010	BDT 3,400	2,626
		148,827		**2,626**

39 Payments to Auditors (inclusive of GST, wherever applicable) :

	As at 31st March, 2020 Rs.	As at 31st March, 2019 Rs.
a) As auditor	275,000	125,000
b) Reimbursement of Expenses	-	-
	275,000	**125,000**

40 Earning per Share (Face Value of a 10 Each) :

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Profit/(Loss) for the year after taxation	(93,781,778)	(7,385,461)
Weighted Average Number of Equity Shares, outstanding during the period	188,454,544	124,983,340
Basic Earning per Share in rupees	(0.50)	(0.06)
Diluted Earning per Share in rupees	(0.50)	(0.06)

41 Income and deferred taxes :

a) The major components of income tax expense for the years ended 31st March, 2020 and 31st March, 2019 are

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Current income tax		
Current income tax charge	-	-
Taxes for earlier years	19,542	-
	19,542	-

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020 and 31st March 2019:

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Accounting profit before tax	**(93,079,622)**	**(7,110,851)**
Applicable income tax rate of 22.88% (March 31, 2019: 31.20%)	-	-
Tax allowances	19,542	-
Exceptional items	-	-
Difference due to change in applicable statutory tax rate	-	-
Other disallowances	-	-
Derecognition of deferred tax asset	682,614	274,610
At the effective income tax rate	**702,156**	**274,610**
Income tax expense reported in the statement of profit and loss	**702,156**	**274,610**

c) Reconciliation of deferred tax asset (net)

	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
Opening balance	682,614	957,224
Tax income/(expense) during the period recognised in profit or loss	(682,614)	(274,610)
Closing balance	-	682,614

d) The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to Rs. 319,790,000 (Previous Year: Rs. 305,435,000) and on account of other disallowances aggregating to Rs. 7,738,000 (Previous Year: Rs. NIL) under the Income Tax Act, 1961 on the considerations of prudence.

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

The Company follows the process of obtaining confirmations from the suppliers as regards the status of their registration under the Micro, Small and Medium Enterprises Development Act, 2006, wherever applicable. Based on the documents and information available with the Company, no amounts are payable to micro and small enterprises.

43 Significant accounting judgements, estimates and assumptions :

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

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 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.

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.

44. **Fair Value:**

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	
	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.	Year ended 31st March, 2020 Rs.	Year ended 31st March, 2019 Rs.
I) Financial assets				
Current				
Loans	163,652,875	209,198,440	163,652,875	209,198,440
Other receivables	24,000	2,030,667	24,000	2,030,667
	163,676,875	**211,229,107**	**163,676,875**	**211,229,107**
II) Financial liabilities				
Non-current Liabilities				
Lease liabilities	25,908	-	25,908	-
Current Liabilities				
Borrowings	-	218,140,500	-	218,140,500
Lease Liability	83,478	-	83,478	-
Other				
Amount payable for purchase of business	12,378,025	-	12,378,025	-
Amount payable to the Holding Company	-	607,293,000	-	607,293,000
	12,487,411	**825,433,500**	**12,487,411**	**825,433,500**

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

The fair 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.

45. Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1) Rs.	Significant observable inputs (Level 2) Rs.	Significant unobservable inputs (Level 3) Rs.	Total Rs.
Assets for which fair value has been disclosed					
Loans	31/03/2020	-	-	163,652,875	163,652,875
Other receivables	31/03/2020	-	-	24,000	24,000
Liabilities for which fair value has been disclosed					
Lease liabilities - Non Current	31/03/2020	-	-	25,908	25,908
Lease liabilities - Current	31/03/2020	-	-	83,478	83,478
Amount payable for purchase of business	31/03/2020	-	-	12,378,025	12,378,025
Assets for which fair value has been disclosed					
Loans	31/03/2019	-	-	209,198,440	209,198,440
Other receivables	31/03/2019	-	-	2,030,667	2,030,667
Liabilities for which fair value has been disclosed					
Borrowings	31/03/2019	-	-	218,140,500	218,140,500
Amount payable to the Holding Company	31/03/2019	-	-	607,293,000	607,293,000

46. Financial risk management disclosure :

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2020 and 31st March, 2019.

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, 2020 and 31st March, 2019 including the effect of hedge accounting(if any)

i. Equity price risk

The Company's investment in equity instruments comprise mainly of investments in Associates and Joint Ventures which are strategic long term investments. Reports on the equity portfolio are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was Rs. 49,000/- (for previous year ended 31st March, 2019 - Rs. 84,000/-)

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.

iv. 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 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 USD Rate	Effect on profit before tax Rs.	Effect on equity pre-tax Rs.
31st March, 2020	5.00%	7,594	7,594
	-5.00%	(7,594)	(7,594)
31st March, 2019	5.00%	-	-
	-5.00%	-	-

	Change in Bangladesh Taka Rate	Effect on profit before tax Rs.	Effect on equity pre-tax Rs.
31st March, 2020	5.00%	151	151
	-5.00%	(151)	(151)
31st March, 2019	5.00%	131	131
	-5.00%	(131)	(131)

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 Company's financial liabilities based on contractual undiscounted payments are payable on demand.

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.

b) **Changes in Contract Assets are as under :**

	As at 31st March 2020	As at 31st March 2019

	Rs.	Rs.
Balance at the beginning of the year	**-**	-
Revenue recognised during the year	**-**	-
Invoices raised during the year	**-**	-
Balance at the end of the year	**-**	-

c) **Changes in Contract Liabilities are as under :**

	As at 31st March 2020 Rs.	As at 31st March 2019 Rs.
Balance at the beginning of the year	**-**	-
Revenue recognised from unearned revenue/advance from customers at the beginning of the year	**-**	-
Increased due to invoicing during the year excluding the amounts recognised as revenue during the year	**-**	-
Decreased due to adjustment against revenue out of 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, 2020 and 31st March, 2019, 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, 2020 Rs.	Year ended 31st March, 2019 Rs.
Revenue recognised as per Statement of Profit & loss		
Sale of products	-	-
Sale of services	3,204,000	3,405,166
	3,204,000	**3,405,166**
Add : Adjustments		
Deferment of Sales	-	-
Contract Price	**3,204,000**	**3,405,166**

48 Business combinations :

Acquisition of business from M/s KPIT Technologies Limited & Impact Automotive Solutions Limited

The Company has entered into a Business Transfer Agreement with KPIT Technologies Limited and Impact Automotive Solutions Limited on 4th September, 2019. As per the said agreement the Company has acquired the business of designing and developing for Governmental Authorities, products to be used in the defense sector including development of components (electronic subsystems) for anti-tank guided missiles which include gimbal control unit, flight control unit, actuator control unit, laser seeker electronics, warhead control unit and power management unit for unmanned aerial vehicles, from KPIT Technologies Limited and Impact Automotive Solutions Limited. The effective date for the transfer of the said business is agreed to be 24th September, 2019. As part of the Business Transfer Agreement (BTA) the sellers have transferred running business and assumed assets and intangibles including the customer list.

The Consideration paid towards acquisition of "Control units" business as at the date of acquisition were:

	24th Sept, 2019 Rs.
Assets	
Intangible Assets and Goodwill :	16,481,000
	16,481,000
Liabilities	-
	-
Total identifiable net assets at fair value	**16,481,000**
Goodwill arising on acquisition	51,897,025
Purchase consideration transferred	**68,378,025**

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on an assumed discount rate of 15.50%.

The total amount of goodwill that is expected to be deductible for tax purposes over a number of years is Rs 51.90 million.

As a part of the Business Transfer Agreement (BTA) the sellers have transferred running business and assumed assets and intangibles including the customer list. The consideration agreed is Rs 68.3 million. Additional consideration in the nature of contingent consideration was payable as under.

	Amount Rs.	**Amount Rs.**
A. Additional consideration payable upon the declaration of financial results for the period of 12 months ending 30th June, 2020, Subject to (i) The achievement of minimum revenue of R 120 million with breakeven EBITDA from the transferred business and (ii) There being no breach of provisions of the agreement by the sellers	20,000,000	
Less : Contingent Consideration no longer payable in view of non compliance of the conditions attached	20,000,000	
		-
B. Additional consideration to be paid on a sliding scale earned-out basis as set out in Schedule C forming part of the BTA, Based on achievement of cumulative values of revenue and EBITDA for a period of 3 years from the effective date. Maximum additional consideration of		60,000,000
Total Contingent Consideration Payable		**60,000,000**

Since the contingent consideration is neither crystallized nor quantifiable, the same has not been recognized as a liability.

Management has assessed the conditions associated with the payment of contingent consideration. Since the conditions w.r.t. the revenue and profit milestones has not been met the Group is not obliged to pay any additional sum on account of this business combination. Management believes that the likelihood of any outflow in the future is remote accordingly the same has not been accounted in the books.

From the date of acquisition, this Business Unit has contributed "NIL" revenue and has incurred loss before tax of Rs.19.55 million. Considering overall size of the operations for the year the information w.r.t. revenue and Profit from the beginning of the year is insignificant and hence not disclosed separately.

Analysis of cash flows on acquisition

	Amount Rs.
Purchase Consideration Paid	68,378,025
Less: Net Cash acquired in business Combination	-
Net Cash Outflow on acquisition	**68,378,025**

P. V. Deo
Chartered Accountant
Membership No.: 041609
UDIN: 20041609AAAACF6865

Kishore Saletore
Director
DIN : 01705850

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place : Pune
Date : 26th August 2020

Mohit Kapoor
Chief Financial Officer

Kalyani Centre for Precision Technology Limited

Directors
Mr.Kedar Dixit
Mr. Sadashiv Patil
Mr. Nitin Mahajan

Registered Office
C/O Bharat Forge Limited
Pune Cantonment,
Mundhwa,
Pune 411036

Auditors
P.V.Deo
Chartered Accountant
604 Jeevan Heights,
Thorat Colony, Erandwana,
Pune - 411004

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2020

To,

The Members,

Your Directors have pleasure in presenting the first Board Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2020.

1. PERFORMANCE OF THE COMPANY

The summary of financial results is as under:

(Amt in Rupees)

Particulars	For Financial Year 2019-20*
Total Revenue	Nil
Depreciation/Amortization	4,221,795
Other expenses	5,858,699
Total expenses	12,686,799
Profit/(Loss) before tax	(12,686,799)
Current Tax	-
Deferred Tax	-
Profit/(Loss) after tax	(12,686,799)
Earnings per equity share Basic/Diluted	(5.16)

**Financial Year commence from date of incorporation i.e. December 25, 2019 to March 31, 2020.*

2. DIVIDEND

Since the Company does not have any distributable profit, the Board has not recommended any dividend for the financial year ended March 31, 2020.

3. STATE OF THE AFFAIRS OF THE COMPANY

The Company has been incorporated on December 25, 2019 with the main objective of manufacturing, machining, fabricating, etc. along with supply of engines, crankshafts, and other engineering products.

During the year under review, the Company obtained premises in Indapur Industrial Area on sub-lease basis for a total period of 10 years to carry on the business activities of the Company.

4. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

There are no adverse material changes or commitments occurring after March 31, 2020 which affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

In the financial year 2019-2020, the Board of Directors of the Company met three times during the year i.e. on December 26, 2019, February 10, 2020 and March 18, 2020. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Nikita Naik was appointed as Company Secretary of the Company with effect from March 18, 2020.

There has been no change in directorship of the Company.

7. SHARE CAPITAL

The authorized and paid-up Equity Share Capital as at March 31, 2020 stood at Rs. 45,00,00,000/- and Rs. 20,01,00,000/- respectively.

During the year under review, the Company increased its authorized capital from Rs. 1,00,000/- to Rs. Rs. 45,00,00,000/-.

During the year under review, the Company has issued 2,00,00,000 equity share of Rs. 10/- each on right issue basis to its existing shareholders. However the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

8. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture and associate company.

9. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a) in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at March 31, 2020 and of the loss of the Company for the year under review;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis;

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

12. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations.

Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

13. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

14. APPOINTMENT OF FIRST AUDITOR

The Company had appointed Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No. 041609), as first statutory Auditor in the first Board meeting of the Company whose term expires at the conclusion of the first Annual General Meeting of the Company.

Your Board further proposes to appoint P. V. Deo & Associates LLP as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of the ensuing AGM till the conclusion of the sixth consecutive Annual General Meeting of the Company to be held in the financial year 2025-26 (i.e for the financial year 2020-21 to the financial year 2024-25).

The Company has received letter from P. V. Deo & Associates LLP, Chartered Accountant, Pune, to the effect that their appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and the conditions prescribed read with the Rule 4 of Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment.

15. AUDITORS' REPORT

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remarks.

16. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "A"** to this report.

17. PARTICULARS OF CONTRACTS OR ARRRANGEMENT WITH RELATED PARTIES

During the financial year under review the Company has entered into the transactions with Related Parties. Details of the same are annexed herewith as **Annexure "B"**.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

There is nothing to be reported with regards to conservation of energy, technology absorption and the Company has not entered into any transactions involving foreign exchange earnings and outgo.

19. RESERVES

During the year under review, no amount is proposed to be transferred to the General Reserves.

20. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

There are no employees whose particulars are needed to be disclosed in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

21. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

22. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

23. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and on behalf of the Board of Directors
Kalyani Centre for Precision Technology Limited

	Kedar Dixit	**Nitin Mahajan**
Place: Pune	**Director**	**Director**
Date: 14.09.2020	**DIN : 07055747**	**DIN : 08649472**

Annexure - "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U29304PN2019PLC188666
ii)	Registration date	December 25, 2019
iii)	Name of the Company	Kalyani Centre For Precision Technology Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	C/o Bharat Forge Limited, Mundhawa, Pune 411 036. Tel. No. +91 6704 3081
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company
1.	NA	-	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	100*	Sec 2(46)

*Includes shares held through registered owners

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as of March 31, 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	9,994	9,994	99.94	NIL	20,009,994	20,009,994	99.94	NIL
Sub-total (A) (1):-	NIL	9,994	9,994	99.94	NIL	20,009,994	20,009,994	99.94	NIL
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**9,994**	**9,994**	**99.94**	**NIL**	**20,009,994**	**20,009,994**	**99.94**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	6	6	0.06	NIL	6	6	0.06	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	**NIL**	**6**	***6**	**0.06**	**NIL**	**6**	***6**	**0.06**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**10,000**	**10,000**	**100**	**NIL**	**20,010,000**	**20,010,000**	**100**	NIL

* 6 individual shareholders hold shares as registered owners, however the beneficial interest vests in the Bharat Forge Limited. Thus Bharat Forge Limited holds 100% of paid up share capital of the Company.

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Bharat Forge Limited*	9,994	99.94	NIL	20,009,994	99.94	NIL	NIL

*6 individual shareholders hold shares as registered owners, however the beneficial interest vests in the Bharat Forge Limited. Thus Bharat Forge Limited holds 100% of paid up share capital of the Company.

iii) Change in Promoters' Shareholding:

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Bharat Forge Limited***	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year (At the time of incorporation)	25/12/2019	9,994	99.94	9,994	99.94
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	18/03/2020 (Rights Issue)	20,000,000	-	20,000,000	99.94
	At the End of the year	31/03/2020	20,009,994	99.94	20,009,994	99.94

*6 individual shareholders hold shares as registered owners, however the beneficial interest vests in the Bharat Forge Limited. Thus Bharat Forge Limited holds 100% of paid up share capital of the Company.

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No	For Each of the Top 10 Shareholders Name, Date & Reason of change	Date	Shareholding at the beginning of the year	Cumulative Shareholding during the year
	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year				
	*Kedar Dixit	1	0.01%	1	0.01%
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year (31-03-2020)	1	0.01%	1	0.01%

* Holds shares as registered owner but the beneficial interest vests in Bharat Forge Limited

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year				
	*Nitin Mahajan	1	0.01%	1	0.01%
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year (31-03-2020)	1	0.01%	1	0.01%

* Holds shares as registered owner but the beneficial interest vests in Bharat Forge Limited

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year				
	*Sadashiv Patil	1	0.01%	1	0.01%
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year (31-03-2020)	1	0.01%	1	0.01%

* Holds shares as registered owner but the beneficial interest vests in Bharat Forge Limited

Shareholding of Key Managerial Person

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year (31-03-2020)	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

The Company does not have any Managing Director, Whole-time Director and/or Manager.

B. Remuneration to other Directors

The Company does not pay remuneration to any other directors.

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company does not pay remuneration to any Key Managerial Personnel

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors
Kalyani Centre for Precision Technology Limited

Kedar Dixit
Director
DIN : 07055747

Nitin Mahajan
Director
DIN : 08649472

Place: Pune
Date: 14.09.2020

Annexure -"B"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2020, which are not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

a.	Name(s) of the related party and nature of relationship	**Bharat Forge Limited**		
b.	Nature of contracts / arrangements / transactions	Rent Paid	Purchase of property, plant and equipment	Expenses incurred by other party
c.	Duration of the contracts / arrangements / transactions	36 months from January 1, 2020 till December 31, 2022	During January-March 2020	One Time
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Monthly rent of Rs. 2000/- to be paid till 10th of every month.	Purchase amounting to Rs. 1,14,70,475/-	Reimbursement of Expenses amounting to Rs. 95,97,560/-
e.	Date(s) of approval by the Board, if any	December 26, 2019	December 26, 2019	NA
f.	Amount paid/ received as advances, if any	NIL	NIL	NIL

Independent Auditor's Report

To the Members of Kalyani Centre For Precision Technology Limited

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of **Kalyani Centre For Precision Technology Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2020, 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 then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, 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, 2020, 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

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

There are no key audit matters to be reported in my report.

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 my auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Board's Report including Annexures to Board's Report if I conclude that there is a material misstatement therein, I am 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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, I am also responsible for expressing my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I 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, I report that:

    a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

    b) In my opinion, proper books of account as required by law have been kept by the Company, so far as appears from my examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In my 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, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 my 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 my opinion and to the best of my information and according to the explanations given to me :

   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.

P. V. Deo
Chartered Accountant
Membership No. 041609
UDIN: 20041609AAAACI9214

Place : Pune
Date : 14th September, 2020

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI CENTRE FOR PRECISION TECHNOLOGY LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2020.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i)

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets comprising Capital Work in progress.

(b) As explained to me, the fixed assets comprising Capital Work in progress have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) The Company does not own any immovable properties.

(ii) The Company did not carry any inventory during the period ended 31st March, 2020. Accordingly, paragraph 3(ii) of the Order is not applicable.

(iii) 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 Companies Act, 2013.

(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) 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 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 me 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 me, 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, 2020 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 dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the period.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, 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 me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to me and based on my 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609
UDIN: 20041609AAAACI9214
Place : Pune
Date : 14th September, 2020

"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, 2020.

I have audited the internal financial controls over financial reporting of **Kalyani Centre For Precision Technology Limited** ("the Company") as of 31st March, 2020 in conjunction with my 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my 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 I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 my 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, 2020, 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.

P. V. Deo
Chartered Accountant
Membership No. 041609
UDIN: 20041609AAAACI9214
Place : Pune
Date : 14th September, 2020

Balance sheet as at 31st March, 2020

		Notes	As at 31st March, 2020 ₹
I.	**ASSETS**		
1	**Non-current assets**		
a)	Right-of-use assets	3	**164,650,002**
b)	Capital Work in progress		**75,448,334**
c)	Other assets	4	**51,125,480**
			291,223,816
2	**Current assets**		
a)	Financial assets		
i)	Cash and Bank Balances	5	**51,604,183**
b)	Other assets	6	**7,379,019**
			58,983,201
	TOTAL :		**350,207,017**
II.	**EQUITY AND LIABILITIES**		
1	**Equity**		
a)	Equity share capital	7	**200,100,000**
b)	Other equity	8	**(12,686,799)**
			187,413,201
2	**Non Current liabilities**		
a)	Financial liabilities		
i)	Lease liabilities	9	**106,923,787**
			106,923,787
2	**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		**8,409,857**
ii)	Lease liabilities	11	**7,696,515**
iii)	Other financial liability	12	**39,107,703**
b)	Other liabilities	13	**655,954**
			55,870,028
	TOTAL :		**350,207,017**
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 29	

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 14th September, 2020

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director
DIN: 08649472

Nikita Naik
Company Secretary

Place : Pune
Date : 14th September, 2020

Statement of profit and loss for the period ended 31st March, 2020

		Notes	Period ended 31st March, 2020 ₹
I.	**Total Revenue**		-
II.	**Expenses**		
a)	Finance costs	14	**2,606,305**
b)	Depreciation and amortization expenses	15	**4,221,795**
c)	Other expenses	16	**5,858,699**
	Total expenses		**12,686,799**
III.	**Loss before tax**		**(12,686,799)**
IV.	**Tax expenses**		-
V.	**Loss for the period**		**(12,686,799)**
VI.	**Other comprehensive income**		-
VII.	**Total Comprehensive Income for the period (V+VI)**		**(12,686,799)**
VIII.	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**		
a)	Basic (In ₹)	21	**(5.16)**
b)	Diluted (In ₹)	21	**(5.16)**
Significant accounting policies and notes forming an integral part of the financial statements		1 to 29	

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Membership No. 041609

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director
DIN: 08649472

Nikita Naik
Company Secretary

Place : Pune
Date : 14th September, 2020

Place : Pune
Date : 14th September, 2020

Statement of changes in equity for the period ended 31st March, 2020

a Equity share capital

	As at 31st March, 2020	
	Nos.	₹
Issued during the period	**20,010,000**	**200,100,000**
As at end of the period	**20,010,000**	**200,100,000**

b Other equity

	Retained Earnings ₹
Loss for the period	**(12,686,799)**
Balance as at 31st March, 2020.	**(12,686,799)**

c Total equity (a+b)

c Total equity (a+b)	**187,413,201**

Significant accounting policies and notes forming an integral part of the financial statements	1 to 29

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 14th September, 2020

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director
DIN: 08649472

Nikita Naik
Company Secretary

Place : Pune
Date : 14th September, 2020

Cash Flow Statement for the period ended 31st March, 2020

			Period ended 31st March, 2020 ₹
(A)	**Cash flow from operating activities**		
	Loss before tax		**(12,686,799)**
	Add :		
	Depreciation and amortization expenses		**4,221,795**
	Interest paid on lease liabilties		**2,606,305**
	Operating loss before working capital changes		**(5,858,699)**
	Movements in working capital :		
	(Increase) / decrease in other non-current assets		**(51,125,480)**
	(Increase) / decrease in other current assets		**(7,379,019)**
	Increase / (decrease) in trade payables		**8,409,857**
	Increase / (decrease) in other current financial liabilities		**39,107,703**
	Increase / (decrease) in other current liabilities		**655,954**
			(10,330,985)
	Cash generated from operations		**(16,189,684)**
	Direct taxes paid (net of refunds)		**-**
	Net cash flows from operating activities	**(A)**	**(16,189,684)**
(B)	**Cash flows from investing activities**		
	Purchase of property, plant and equipment		**(75,448,334)**
	Net cash flows used in investing activities	**(B)**	**(75,448,334)**
(C)	**Cash flows from financing activities**		
	Proceeds from issue of equity shares		**200,100,000**
	Payment of consideration for Right-of-Use		**(48,000,000)**
	Payment of sub-lease expenses		**(4,432,800)**
	Payment of principle lease liabilities		**(1,818,695)**
	Payment of interest on lease liabilities		**(2,606,305)**
	Net cash flows from/(used in) financing activities	**(C)**	**143,242,200**
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**51,604,183**
(E)	**Cash and cash equivalents at the beginning of the year**		**-**
(F)	**Cash and cash equivalents at the end of the year**		**51,604,183**

Components of cash and cash equivalents as at		As at 31st March, 2020 ₹
Balances with banks in current accounts		**51,604,183**
	TOTAL :	**51,604,183**

Significant accounting policies and notes forming an integral part of the financial statements 1 to 29

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 14th September, 2020

On behalf of the Board of Directors,

Kedar Dixit	**Nitin Mahajan**
Director	**Director**
DIN: 07055747	**DIN: 08649472**
	Nikita Naik
	Company Secretary

Place : Pune
Date : 14th September, 2020

Notes forming part of the financial statements for the year ended 31st March, 2020

1 Corporate information:

Kalyani Centre 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.

During the period covered by these financial statements, the Company was engaged in teh activities of setting up its facilities for manufacture of forged and machined components at Indapur, Dist. Pune.

These financial statements have been prepared for the period from the date of incorporation, i.e. 25th December, 2019 to 31st March, 2020. This being the first year, the question of providing previous year's figures does not arise.

2 Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

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. 2.14.

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.

g) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

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

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

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/Goods and service tax 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 excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

2.10 Leases :

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

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) Right of use assets

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

	Type of Asset	
i)	Land and Building	10 Years

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

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.11 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Work-in-progress and Finished Goods :

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the weighted average method.

2.12 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.

2.13 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 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

Notes forming part of the financial statements for the year ended 31st March, 2020

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 (Previous year Ind AS 17)

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.

Notes forming part of the financial statements for the year ended 31st March, 2020

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.

Notes forming part of the financial statements for the year ended 31st March, 2020

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.

2.15 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.

2.16 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.

2.19 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.

2.20 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.21 Estimation of uncertainties relating to the global health pandemic from COVID-19 :

Since the outbreak of the coronavirus disease of 2019 ('COVID-19'), the Company's priority, interalia, remained safety and well-being of employees and stakeholders, including customers. The offices and facilities of the Company remained shutdown as a precautionary measure, as per the Government directives.

The Company has assessed the impact of COVID-19 on its assets, including property, plant and equipment, receivables, etc. The Company does not expect any material adverse financial impact. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

3 Right-of-use assets :

	Land and Building ₹	Total ₹
Gross block, at cost :		
Additions	**168,871,797**	**168,871,797**
Disposals	-	-
As at 31st March, 2020.	**168,871,797**	**168,871,797**
Depreciation and amortization :	-	-
Disposals	-	-
For the period	**4,221,795**	**4,221,795**
Upto 31st March, 2020.	**4,221,795**	**4,221,795**
Net Block :		
As at 31st March, 2020.	**164,650,002**	**164,650,002**

		As at 31st March, 2020 ₹
4	**Other assets (Non-current)**	
	(Unsecured, Good)	
	Capital advances	**51,125,480**
	Total :	**51,125,480**
5	**Cash and Bank Balances**	
	Cash and cash equivalents	
	Balances with banks	
	In current accounts	**51,604,183**
	Total :	**51,604,183**
6	**Other assets (Current)**	
	(Unsecured, Good)	
	Balances with government authorities	**7,259,546**
	Prepaid expenses	**119,473**
	Total :	**7,379,019**

7 Equity share capital

		As at 31st March, 2020 ₹
Authorised		
45,000,000	Equity shares of ₹ 10/- each	**450,000,000**
Issued		
20,010,000	Equity shares of ₹ 10/- each	**200,100,000**
Subscribed and fully paid-up		
20,010,000	Equity shares of ₹ 10/- each	**200,100,000**
Total issued, subscribed and fully paid-up share capital :		**200,100,000**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2020 Nos.	₹
Shares Issued during the period	**20,010,000**	**200,100,000**
Shares bought back during the period	**-**	**-**
Outstanding at the end of the period	**20,010,000**	**200,100,000**

(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, 2020 Nos.	₹
Equity shares of ₹ 10 each fully paid		
Bharat Forge Limited#	**20,010,000**	**200,100,000**
	20,010,000	**200,100,000**

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, 2020 Nos.	% of Holding
Equity shares of ₹ 10 each fully paid		
Bharat Forge Limited, the Holding Company#	20,010,000	100
	20,010,000	100

including the shares held through nominees

		As at 31st March, 2020 ₹
8	**Other equity**	
	Retained earnings	
	Loss for the period	(12,686,799)
	Less : Appropriations	-
	Closing balance	(12,686,799)
9	**Lease liabilities (Non-current)**	
	Lease liabilities	106,923,787
	(Refer note no. 19)	
	Total :	106,923,787
10	**Trade payables :**	
	Total outstanding dues of micro enterprises and small enterprises	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	8,409,857
	(including related party payables, refer note no. 18)	
	Total :	8,409,857
11	**Lease liabilities (Current)**	
	Lease liabilities	7,696,515
	(Refer note no. 19)	
	Total :	7,696,515
12	**Other financial liability**	
	Payable for capital goods	39,107,703
	(including related party payables, refer note no. 18)	
	Total :	39,107,703
13	**Other liabilities (Current)**	
	Statutory liabilities	655,954
	Total :	655,954

		Period ended 31st March, 2020 ₹
14	**Finance costs :**	
	Interest on lease liabilities (Refer note no.19)	**2,606,305**
	Total :	**2,606,305**
15	**Depreciation and amortization expenses**	
	Depreciation on right-of-use assets (Refer note no.19)	**4,221,795**
	Total :	**4,221,795**
16	**Other expenses**	
	Power, fuel and water	**56,870**
	Rates & taxes	**92,067**
	Insurance	**40,001**
	Legal and professional fees	**242,000**
	Payment to Auditors (Refer note no.20)	**75,000**
	Security expenses	**522,723**
	Share issue expenses	**4,623,800**
	Miscellaneous expenses#	**206,238**
	Total :	**5,858,699**

Miscellaneous expenses includes, travelling expenses, printing, stationery, postage, telephone, etc.

17 Segment reporting :

During the period covered by these financial statements, the Company was engaged in teh activities of setting up its facilities for manufacture of forged and machined components at Indapur, Dist. Pune. All activities of the Company revolve around this single business segment. As such, there are no separate reportable segments, as per the Ind AS – 108 on 'Operating Segments.

18 Related party disclosures

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

a. Holding Company — Bharat Forge Limited

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

Nature of transaction	Note	Holding Company	Total
		₹	₹
Issue of Share	(a)	**200,100,000**	**200,100,000**
Rent Paid	(b)	**6,000**	**6,000**
Reimbursement of expenses paid	(c)	**9,597,560**	**9,597,560**
Purchase of property, plant and	(d)	**11,470,475**	**11,470,475**

(a) Equity shares have been allotted by the Company at par to the Holding Company in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(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.

(iii) Balances outstanding

Nature	Holding Company	Total
	₹	₹
Trade payable	**583,832**	**583,832**
Payable for purchase of property,plant and equipments	**13,535,161**	**13,535,161**

19 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'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 :

	Buildings
	₹
Additions during the period	**168,871,797**
Depreciation	**(4,221,795)**
As at 31st March, 2020	**164,650,002**

Below are the carrying amounts of lease liabilities and the movements during the period :

	Period ended 31st March, 2020 ₹
Additions during the period	**116,438,997**
Accretion of interest	**2,606,305**
Rent payments	**(4,425,000)**
As at 31st March, 2020	**114,620,302**
Current	**7,696,515**
Non - Current	**106,923,787**

The following are the amounts recognised in profit or loss:

	Period ended 31st March, 2020 ₹
Depreciation expense of right-of-use assets	**4,221,795**
Interest expense on lease liabilities	**2,606,305**
Expense relating to leases of low-value assets (included in Miscellaneous expenses)	**6,000**
Total amount recognised in profit or loss	**6,834,100**

The Company had total cash outflows for leases of ₹ 52,425,000/- . The Company also had additions to right-of-use assets and lease liabilities of ₹ 168,871,797/- .

20 Payments to Auditors (inclusive of GST, wherever applicable) :

	Period ended 31st March, 2020 ₹
As auditor	**75,000**
Reimbursement of expenses	**-**
	75,000

21 Earnings per share (EPS) :

	Period ended 31st March, 2020 ₹
Numerator for basic and diluted EPS	
Loss for the period attributable to shareholders as at 31st March 2020	**(12,686,799)**
Weighted average number of equity shares in calculating basic EPS	**2,458,980**
EPS - Basic (in ₹)	**(5.16)**
EPS - Diluted - (in ₹)	**(5.16)**

22 Commitments :

	As at 31st March, 2020 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for	**129,421,330**
For commitments relating to lease agreements (Refer note 19)	
Total :	**129,421,330**

23 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 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.

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. See Note 24 and 25 for further disclosures.

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.

24 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, 20 ₹	**As at 31st March, 20 ₹**
Financial assets	-	-
Total	-	-
Financial liabilities		
Lease liability (Non-current)	**106,923,787**	**106,923,787**
Lease liability (Current)	**7,696,515**	**7,696,515**
Total	**114,620,302**	**114,620,302**

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

The fair 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.

25 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		-	-	-	-
Liabilities for which fair value has been disclosed					
Lease liability (Non-current)	**3/31/2020**	**-**	**-**	**106,923,787**	**106,923,787**
Lease liability (Current)	**3/31/2020**	**-**	**-**	**7,696,515**	**7,696,515**

26 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, 2020.

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, 2020 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.

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
As at 31st March, 2020						
Lease liability (Non-current)	-	-	-	-	106,923,787	106,923,787
Lease liability (Current)	-	1,859,923	5,836,592	-	-	7,696,515
	-	**1,859,923**	**5,836,592**	**-**	**106,923,787**	**114,620,302**

27 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

The Company has not earned any revenue from contracts with customers during the period covered by the financial statements.

28 Income and deferred taxes :

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2020

	As at 31st March 2020 ₹
Accounting loss before tax	**(12,686,799)**
At India's enacted tax rate of 17.16%	-
Deferred tax savings on current year accounting loss	**(2,177,055)**
Tax effect of non-deductible expenses	**1,525,847**
Tax effect due to change in tax rate	-
Deferred tax not recognised on prudence basis	**651,208**
Tax effect due to change in tax rate	-
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 R NIL and on account of other disallowances aggregating to R 651,208 under the Income Tax Act, 1961 on the considerations of prudence.

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

As per the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received as of 31st March, 2020 and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

As per my attached report of the even date,

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 14th September, 2020

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director
DIN: 08649472

Nikita Naik
Company Secretary

Place : Pune
Date : 14th September, 2020

BHARAT FORGE | KALYANI

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