BHARAT FORGE

KALYANI

SMALLER STEPS TO BIGGER STRIDES

ASCENDING RESPONSIBLY

SUBSIDIARY COMPANIES ANNUAL REPORT 2021-22

CONTENTS

Note:

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

Currency	Rate for conversion Equivalent INR
EURO	84.6599
SEK	8.2200
USD	75.8071

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

Bharat Forge Aluminum USA, Inc.

Directors

Mr. Amit B. Kalyani

Mr. Ravindra Nagarkar

Mr. Michael Weis

Auditors

KNAV P. A

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Commons, Suite 850

990 Hammond Drive NE,

Atlanta, GA 30328

Registered Office

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U.S.A.

Independent Auditor's Report

To the Members,

Bharat Forge Aluminum USA, Inc.

Opinion

We have audited the accompanying financial statements of Bharat Forge Aluminum USA, Inc. (the "Company") which comprises the balance sheets as at December 31, 2021, and December 31, 2020, and the related statements of loss, stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2021, and December 31, 2020, and the result of its operations, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial Statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Atlanta, Georgia

May 15, 2022

Balance sheet as on 31st December, 2021

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

	Year ended 31/12/2021		Year ended 31/12/2020
	Rs.	**USD**	**USD**
Assets			
Current assets			
Cash and cash equivalents	125,979,802	1,661,847	694,459
Inventories	24,341,660	321,100	-
Receivable, related party	89,202,669	1,176,706	200
Other current assets	5,587,741	73,710	-
Total current assets	**245,111,872**	**3,233,363**	**694,659**
Capital work -in-progress	6,023,420,816	79,457,212	42,252,641
Capital advances	-	-	2,150,000
Other assets	1,870,313	24,672	2,200
Total Assets	**6,270,403,001**	**82,715,247**	**45,099,500**
Liabilities and Stockholder's Equity (Deficit)			
Current liabilities			
Accounts payable	152,308,896	2,009,164	3,198,738
Payable to related parties (refer note E)	1,858,243,674	24,512,792	20,189,401
Short term borrowings	2,880,669,800	38,000,000	15,000,000
Current maturities of paycheck protection plan	-	-	111,065
Other current liabilities	29,494,875	389,078	46,118
Total current liabilities	**4,920,717,245**	**64,911,034**	**38,545,322**
Non-current liabilities			
Non-current portion of paycheck protection plan	-	-	16,835
Total liabilities	**4,920,717,245**	**64,911,034**	**38,562,157**
Stockholder's equity (deficit) Common stock (no par value, authorised 100 shares, issued and outstanding 10 shares)	7,581	100	100
Additional paid in capitalH	1,970,984,600	26,000,000	11,000,000
Accumulated deficit	(621,306,425)	(8,195,887)	(4,462,757)
Total stockholder's equity (deficit)	**1,349,685,756**	**17,804,213**	**6,537,343**
Total liabilities and stockholder's equity (deficit)	**6,270,403,001**	**82,715,247**	**45,099,500**

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

Statements of loss

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

	Year ended 31/12/2021		Year ended 31/12/2020
	Rs.	**USD**	**USD**
Operating revenues	-	-	-
Cost of revenues	236,701,984	3,122,425	-
Gross Loss	**(236,701,984)**	**(3,122,425)**	**-**
Costs and expenses			
General and administrative expenses	68,977,866	909,913	2,827,971
Total cost and expenses	**68,977,866**	**909,913**	**2,827,971**
Operating Loss	**(305,679,850)**	**(4,032,338)**	**(2,827,971)**
Other Income	23,130,717	**305,126**	**-**
Interest expense	(448,626)	(5,918)	-
Loss before income tax	**(282,997,759)**	**(3,733,130)**	**(2,827,971)**
Current income tax	-	-	-
Deferred tax expense	-	-	-
Net Loss	**(282,997,759)**	**(3,733,130)**	**(2,827,971)**

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

Statement of stockholder's equity
For the year ended December 31, 2021 and December 31, 2020

	Common Stock											
	Authorized			Issued & outstanding			Additional paid in capital		Accumulated Deficit		Total Stockholder's equity (deficit)	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as of January 1, 2020	100	75,807	1,000	10	7,581	100	833,878,100	11,000,000	(123,928,386)	(1,634,786)	709,957,295	9,365,314
Common stock authorized, issued and outstanding (no par value)		-			-		-	-	-	-	-	-
Net loss during the period	-	-	-	-	-	-	-	-	(214,380,280)	(2,827,971)	(214,380,280)	(2,827,971)
Balance as of December 31, 2020	**100**	**75,807**	**1,000**	**10**	**7,581**	**100**	**833,878,100**	**11,000,000**	**(338,308,666)**	**(4,462,757)**	**495,577,015**	**6,537,343**
											-	
Balance as of January 1, 2021	100	75,807	1,000	10	7,581	100	833,878,100	11,000,000	(338,308,666)	(4,462,757)	495,577,015	6,537,343
Additional paid in capital	-	-	-	-	-	-	1,137,106,500	15,000,000	-	-	1,137,106,500	15,000,000
Net loss during the year	-	-	-	-	-	-	-	-	(282,997,759)	(3,733,130)	(282,997,759)	(3,733,130)
Balance as at December 31, 2021	100	75,807	1,000	10	7,581	100	1,970,984,600	26,000,000	(621,306,425)	(8,195,887)	1,349,685,756	17,804,213

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

Statement of cash flows

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

	Year ended December 31, 2021		Year ended December 31, 2020
	Rs.	**USD**	**USD**
Cash flow from operating activities			
Net loss	(282,997,759)	(3,733,130)	(2,827,971)
Adjustments to reconcile net loss to net cash (used in)			
provided by operating activities			
Gain of forgiveness of PPP loan	(9,695,728)	(127,900)	-
Changes in net operating assets and liabilities			
Accounts receivables	(24,341,660)	(321,100)	-
Receivables, related party	15,127	200	(200)
Inventories	(89,202,707)	(1,176,707)	-
Accounts payable	(90,178,117)	(1,189,574)	-
Payables to related parties	327,743,734	4,323,391	12,260,394
Other current assets and non-current assets	(7,291,278)	(96,182)	(2,200)
Other current liabilities	25,998,803	342,960	45,918
Net cash provided by operating activities	**(149,949,585)**	**(1,978,041)**	**9,475,941**
Cash flow from investing activities			
Capital work-in-progress and capital advances	(2,657,385,369)	(35,054,571)	(34,996,934)
Net Cash user in investing activities	**(2,657,385,369)**	**(35,054,571)**	**(34,996,934)**
Cash flow from financing activities			
Proceeds from short term borrowings	1,743,563,300	23,000,000	15,000,000
Proceeds from long term debt	-	-	127,900
Proceeds from additional paid in capital	1,137,106,500	15,000,000	11,000,000
Proceeds from issuance of equity shares	-	-	-
Net cash provided by operating activities	**2,880,669,800**	**38,000,000**	**26,127,900**
Net increase in cash and cash equivalents	73,334,846	967,388	**606,907**
Cash and cash equivalents at the beginning of the year/ period	52,644,923	**694,459**	**87,552**
Cash and cash equivalents at the end of the year/ period	**125,979,769**	**1,661,847**	**694,459**

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

NOTE A : NATURE OF OPERATIONS

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

The Company's operations include manufacturing and selling of forged and machined components including aluminum castings for auto and industrial sector. 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 the United States of America ("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, 2021, and December 31, 2020.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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 assets will not be realized.

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

Contract cost

The Company incurs certain incremental costs to obtain a contract that it expects to recover. The Company records an asset when these incremental costs to obtain a contract are incurred and amortize them on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The Company has elected the practical expedient permitting expensing of costs to obtain a contract when the expected amortization period is one year or less for prepaid service contracts.

Government grant

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

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. Capitalized interest

The Company capitalizes interest costs for qualifying assets. Qualifying assets are assets that require a significant amount of time to prepare for their intended use, including projects that are in the development or construction stages. Capitalized interest costs are considered an element of the historical cost of the qualifying asset. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period. Where funds borrowed are directly attributable to a qualifying asset, the amount capitalized represents the borrowing costs specific to those borrowings. Where surplus funds available out of money borrowed specifically to finance a project are temporarily invested, the total capitalized interest is reduced by income generated from short-term investments of such funds.

8. 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.

9. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

10. Fair value measurement

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

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

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

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

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

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

11. 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, 2022. The Company is currently evaluating the impact of this standard on its financial statements.

NOTE C : CAPITAL WORK-IN-PROGRESS

Capital work-in-progress amounted to $ 79,457,212 as of December 31, 2021, and $ 42,252,641 as at December 31, 2020. Of the total amount as of December 31, 2021, capital advances amounted to Nil (December 31, 2020: $ 2,150,000). Capital advances were paid to a vendor to set up the plant and tooling facility in the year 2020.

NOTE D : OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at	
	December 31, 2021	**December 31, 2020**
Accrued interest	102,825	11,799
Employee related liabilities	8,485	34,120
Accrued expenses	33,564	-
Capital creditors	243,806	-
Other liabilities	398	199
Total	**389,078**	**46,118**

NOTE E : SHORT TERM BORROWINGS

Short term borrowings include the following:

	As at	
	December 31, 2021	December 31, 2020
Line of credit	38,000,000	15,000,000
Total	**38,000,000**	**15,000,000**

Under a line of credit agreement (the "agreement") with a bank, the Company has available borrowings of $ 38,000,000. The interest rate as per the agreement was stipulated at 1% plus the applicable LIBOR (an average effective rate of 2.40% and 2.47% for the years ended December 31, 2021, and December 31, 2020).

During the year ended December 31, 2021, the Company borrowed loans amounting to $ 23,000,000 the whole of which is outstanding as of the year then ended. The line of credit is unsecured.

The interest expense for the year ended December 31, 2021, was $ 962,930 ($ 226,627 for the year ended December 31, 2020). The entire interest expense is capitalized as capital work-in-progress. The interest outstanding as of December 31, 2021, was $ 154,395 and December 31, 2020, was $ 11,799.

NOTE F : INCOME TAXES

The Company will file a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States of America. For the year ended March 31, 2021, the Company will file state tax return in states where nexus is determined as per regulations applicable to Chapter C corporations in the United States.

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

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

	As at	
	December 31, 2021	December 31, 2020
Non-current deferred tax assets		
Interest disallowed	12,974	-
Unpaid related party provision disallowed u/s 267	10,960	10,960
Start-up costs	855,274	916,449
Net operating losses	1,159,178	9,210
Total deferred tax asset	**2,038,386**	**936,619**
Net deferred taxes	**2,038,386**	**936,619**
Less: deferred tax asset valuation allowance	(2,038,386)	(936,619)
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 $2,038,386 and $936,619 has been created as at December 31, 2021 and December 31, 2020 respectively.

As at December 31, 2021, the Company has federal net operating loss (NOL's) carryforwards of approximately $43,856, and as per Tax Cuts and Jobs Act it will be carried forward indefinitely for utilization.

The Company has state NOL's carryforward in North Carolina state of approximately $43,657 as at December 31, 2020, which if unutilized will expire in the year 2034 through 2035.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at December 31, 2021.

The tax year 2020 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.) (BFL)

B. Parent company

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

C. Other related parties where common control exists

1. Bharat Forge PMT Technologie, LLC (PMT)
2. Bharat Forge Global Holding GmbH (GmbH)
3. Bharat Forge Aluminiumtechnik GmbH (BFAT)
4. Bharat Forge CDP GmbhH (CDP)
5. Kalyani Precision Machining, Inc (KPM)
6. Kalyani Technoforge Limited (KTFL)

Summary of transactions with related parties:

	December 31, 2021	December 31, 2020
Receivable*:		
Kalyani Precision Machining, Inc.	-	200
Total receivables from related parties	**-**	**200**
* included in 'Receivables, related parties' line item		
Payable to*:		
Bharat Forge America, Inc.	17,730,373	15,922,620
Bharat Forge PMT Technologie, LLC	476,587	154,743
Bharat Forge AluminumTechnik GmbH	4,348,330	3,359,533
Bharat Forge Global Holding GmbH	687,940	216,000
Bharat Forge Limited	275,067	52,192
Bharat Forge CDP GmbH	252,844	484,313
Kalyani Mobility Inc.	741,651	-
Total payable to related parties	**24,512,792**	**20,189,401**
* included in 'Payables, related parties' line item		

	December 31, 2021	December 31, 2020
Transactions during the year:		
Bharat Forge America, Inc.	1,807,753	15,922,620
Bharat Forge PMT Technologie, LLC	476,587	154,743
Bharat Forge AluminumTechnik GmbH	5,428,902	3,359,533
Bharat Forge Global Holding GmbH	526,089	216,000
Bharat Forge Limited	1,372,550	52,192
Bharat Forge CDP GmbH	212,903	484,313
Kalyani Mobility Inc.	740,252	-
Total	**10,565,036**	**20,189,401**

NOTE H : 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 I : COMMON STOCK

Common stock authorized, issued and outstanding

The authorized common stock is 100 shares with a par value of $10 per share as at December 31, 2021 and December 31, 2020 of which 10 shares were issued as of that date.

Voting

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

Liquidation

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

NOTE J : SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

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Bharat Forge Aluminiumtechnik GmbH

Managing Director

Mr. Michael Weis

Mr. Martin Kubelback

Advisory Board

Mr. B. N. Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Mr. Dipak Mane (w.e.f. 01st January, 2022)

Auditors

WuP Treuhand GmbH

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Berthelsodorfer StraBe 8

09618 Brand-Erbisdorf

Germany

Independent Auditor's Report

To Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf

Audit Opinions

We have audited the annual financial statements of Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf, which comprise the balance sheet as at December 31, 2021 and the income statement for the fiscal year from January 1, 2021 to December 31, 2021 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, 2021 to December 31, 2021.

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, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 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, 14th March, 2022

WuP Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

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

Balance Sheet as at December 31, 2021

ASSETS	Rs.		EUR		As at 31/12/2020 EUR
A. Fixed Assets					
I. Intangible assets					
1. Concessions, trade mark rights and similar rights values, licenses	32,319,678.76		381,759.00		32,872.00
2. Prepayments on intangible assets	355,439.51		4,198.44		36,361.00
		32,675,118.27		385,957.44	
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	2,448,783,245.82		28,924,948.48		25,583,589.16
2. Technical equipment and machinery	3,926,894,347.91		46,384,349.00		23,627,138.00
3. Other plant, factory and office equipment	418,869,332.09		4,947,671.00		2,793,710.00
4. Prepayments on tangible assets and construction in progress	679,485,654.57		8,026,062.57		29,217,664.21
		7,474,032,580.39		88,283,031.05	81,222,101.37
		7,506,707,698.66		88,668,988.49	81,291,334.37
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	618,693,804.19		7,307,991.20		5,101,638.35
2. Work in progress	1,745,812,623.44		20,621,482.23		11,982,004.43
3. Finished goods and merchandise	241,506,900.85		2,852,671.70		3,674,384.30
4. Prepayments	19,708,421.74		232,795.24		-
		2,625,721,750.22		31,014,940.37	20,758,027.08
II. Accounts receivable and other assets					
1. Trade receivables	471,541,338.86		5,569,831.04		5,116,200.91
- of which due after one year EUR 0.00 (2020: EUR 0.00)					
2. Receivables from affiliated companies	411,402,284.89		4,859,470.48		3,778,593.78
- of which due after one year EUR 0.00 (2020: EUR 0.00)					
3. Receivables from shareholders	128,243,815.51		1,514,811.80		6,642,116.84
- of which due after one year: EUR 0.00 (2020 EUR 0.00)					
4. Other assets	218,570,069.50		2,581,742.59		871,303.43
- of which due after one year: EUR 0.00 (2020: EUR 0.00)					
		1,229,757,508.76		14,525,855.91	16,408,214.96
III. Cash on hands, bank balances		119,307,804.75		1,409,259.93	28,171.79
C. Prepaid expenses		34,805,799.69		411,124.98	540,988.88
D. Asset-Side difference from offsetting of plan asset		115,391.44		1,363.00	3,572.00
Total		**11,516,415,953.55**		**136,031,532.68**	**119,030,309.08**

Balance Sheet as at December 31, 2021

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2020 EUR
A. Equity					
I. Share capital	702,677,170.00		8,300,000.00		8,300,000.00
II. Capital reserve	807,581,224.67		9,539,123.30		9,539,123.30
III. Retained income	571,565,618.90		6,751,314.60		6,751,314.60
IV. Net income for the year	-		-		-
		2,081,824,013.57		24,590,437.90	24,590,437.90
B Special item for investment grants		634,830,769.32		7,498,600.51	8,065,493.13
C Provisions & Accruals					
1. Provision for pensions and similar obligations	-		-		-
2. Other Provisions and accruals	183,605,687.42		2,168,744.44		4,632,714.34
		183,605,687.42		2,168,744.44	4,632,714.34
D Liabilities					
1. Liabilities to banks	4,529,199,837.66		53,498,761.96		52,113,115.37
- of which up to one year: Rs. 795,698,247.66					
EUR 9,398,761.96 (2020: EUR 16,321,373.52)					
- of which more than one year Rs. 3,733,501,590.00					
EUR 44,100,000.00 (2020: EUR 35,791,741.85)					
2. Trade payables	717,669,280.99		8,477,086.33		3,388,800.04
- of which up to one year: Rs. 717,669,280.99					
EUR 8,477,086.33 (2020: EUR 3,388,800.04)					
- of which more than one year EUR 0.00 (2020: EUR 0.00)					
3. Payables to affiliated companies	1,623,217,633.94		19,173,394.18		5,643,236.15
- of which up to one year: Rs. 1,623,217,633.93					
EUR 19,173,394.18 (2020: EUR 5,643,236.15)					
- of which more than one year EUR 0.00 (2020: EUR 0.00)					
- of which trade payable: Rs. 1,360,771,943.93					
EUR 16,073,394.18 (2020: EUR 2,543,236.15)					
4. Liabilities to shareholders	-		-		-
- of which up to one year: EUR 0.00 (2020: EUR 0.00)					
- of which more than one year EUR 0.00 (2020: EUR 0.00)					
5. Other liabilities	1,746,068,730.65		20,624,507.36		20,596,512.15
- of which taxes: Rs. 13,619,306.69 EUR 160,870.81					
(2020: EUR 120,158.45)					
- of which relating to social security : Rs. 6,449,837.34					
EUR 76,185.27 (2020: EUR 242,877.40)					
- of which up to one year: Rs. 175,826,049.62					
EUR 2,076,851.61 (2020: EUR 1,741,112.64)					
- of which more than one year: Rs. 1,570,242,681.02		8,616,155,483.24		101,773,749.83	81,741,663.71
EUR 18,547,655.75 (2020: EUR 18,855,399.51)					
Total		**11,516,415,953.55**		**136,031,532.68**	**119,030,309.08**

Profit and Loss Account for the period from January 1 to December 31, 2021

	Rs.	Rs.	EUR	EUR	Previous Year EUR
1. Sales		6,665,173,579.62		78,728,814.70	56,165,720.15
2. Increase or decrease in finished goods and work-in-progress		619,575,198.41		7,318,402.20	4,010,262.81
		7,284,748,778.03		86,047,216.90	60,175,982.96
3. Production for own plant and equipment capitalised		191,915,527.31		2,266,900.00	1,083,800.00
4. Other operating income		558,889,974.64		6,601,590.30	2,614,180.51
of which currency translation Rs. 13,569,223.58					
EUR 160,279.23 (2020: EUR 46,510.38)					
		8,035,554,279.98		94,915,707.20	63,873,963.47
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	4,109,532,352.35		48,541,663.20		31,253,742.11
b) Cost of purchased services	470,251,803.50		5,554,599.09		4,727,444.03
		4,579,784,155.85		54,096,262.29	35,981,186.14
6. Personal expenses					
a) Wages and salaries	1,125,522,056.50		13,294,630.12		10,232,925.91
b) Social security contributions and pension expenses	228,657,662.31		2,700,896.91		2,234,102.95
thereof Rs. 4,733,296.07 EUR 55,909.54					
(2020: EUR 54,546.63) for pension expenses					
7. Depreciation and amortization on intangible fixed assets and tangible assets	717,568,876.04		8,475,900.35		6,920,250.64
8. Other operating expenses	778,666,242.83		9,197,580.47		25,942,980.69
of which Currency Translation Rs. 9,318,477.10					
EUR 110,069.55 (2020: EUR 229,272.67)					
		2,850,414,837.68		33,669,007.85	45,330,260.19
		605,355,286.45		7,150,437.06	(17,437,482.86)
9. Other Interest and similar Income	-		-		33,335.00
10. Interest and similar expenses	166,651,192.96		1,968,478.50		1,539,695.95
of which from compounding of accruals: Rs.927,533.86					
EUR 10,956.00 (2020: EUR 11,792.00)					
		(166,651,192.96)		(1,968,478.50)	(1,506,360.95)
		438,704,093.49		5,181,958.56	(18,943,843.81)
11. Taxes on income and profits		-		-	-
12. Result after taxes on income and profits		438,704,093.49		5,181,958.56	(18,943,843.81)
13. Other taxes		4,626,961.54		54,653.52	54,369.98
		434,077,131.95		5,127,305.04	(18,998,213.79)
14. Income from loss transfer		-		-	18,998,213.79
15. Expenses out of profit pooling		(434,077,131.95)		(5,127,305.04)	
16. Net income		**-**		**-**	**-**

A. 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. The classification has not changed as compared to the previous year.

B. ACCOUNTING AND VALUATION PRINCIPLES

The financial statements for the financial year from 01.01. to 31.12.2021 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.

Impairments are 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 31.12.2021 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.

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

- an actuarial interest rate of 1.87 % 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 discount value method (projected unit credit method), taking into account the reference tables 2018 G by Dr. Klaus Heubeck and an interest rate of 1.35%. 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, 2021

	Historical acquisition or manufacturing costs					Accumulated depreciations				Book value	
	01-01-2021	Additions	Disposals	Reclassification	31-12-2021	01-01-2021	Additions	Disposals	31-12-2021	31-12-2021	31-12-2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
1. Concessions, trade mark rights and similar rights and values, licenses	2,573,845.91	437,506.24	473,979.47	-	2,537,372.68	2,540,973.91	88,619.24	473,979.47	2,155,613.68	381,759.00	32,872.00
2. Prepayments on intangible assets	36,361.00	4,198.44	36,361.00	-	4,198.44	-	-	-	-	4,198.44	36,361.00
	2,610,206.91	441,704.68	510,340.47	-	2,541,571.12	2,540,973.91	88,619.24	473,979.47	2,155,613.68	385,957.44	69,233.00
II. Tangible assets											
1. Land, land rights and buildings including buildings on third party land	31,112,565.53	2,588,969.96	-	2,048,757.79	35,750,293.28	5,528,976.37	1,296,368.43	-	6,825,344.80	28,924,948.48	25,583,589.16
2. Technical equipment and machinery	67,998,736.63	7,896,816.62	-	20,865,923.04	96,761,476.29	44,371,598.63	6,005,528.66	-	50,377,127.29	46,384,349.00	23,627,138.00
3. Other plant, factory and office equipment	9,052,129.32	2,650,046.12	456,761.90	589,298.90	11,834,712.44	6,258,419.32	1,085,384.02	456,761.90	6,887,041.44	4,947,671.00	2,793,710.00
4. Prepayments on tangible assets and construction in progress	29,217,664.21	2,341,100.11	28,722.02	(23,503,979.73)	8,026,062.57	-	-	-	-	8,026,062.57	29,217,664.21
	137,381,095.69	15,476,932.81	485,483.92	-	152,372,544.58	56,158,994.32	8,387,281.11	456,761.90	64,089,513.53	88,283,031.05	81,222,101.37
	139,991,302.60	**15,918,637.49**	**995,824.39**	**-**	**154,914,115.70**	**58,699,968.23**	**8,475,900.35**	**930,741.37**	**66,245,127.21**	**88,668,988.49**	**81,291,334.37**

* therof impairment EUR 244.854,00

Impairment losses of TEUR 245 were carried out within the fixed assets.

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 1,190.

The pension provision of EUR 73,551 has been set off against the coverage capital of the reinsurance of EUR 74,914, resulting in an asset-side difference from offsetting of assets of EUR 1,363.

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 3. This amount is blocked from dividend distribution.

The material other provisions and accruals include contingency provisions (TEUR 388), outstanding invoices (TEUR 148), guarantees (TEUR 60), anniversary bonuses (TEUR 464), and holiday and flexitime claims (TEUR 331).

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**	**over 5 years**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
1. Liabilities to banks	9,398,761.96	41,603,000.00	2,497,000.00	53,498,761.96
2. Trade liabilities	8,477,086.33	0.00	0.00	8,477,086.33
3. Liabilities to affiliated companies	19.173.394.18	0.00	0.00	19,173,394.18
4. Other liabilities	2,076,851.61	18,547,655.75	0.00	20,624,507.36
	39,126,094.08	**60,150,655.75**	**2,497,000.00**	**101,773,749.83**

The trade liabilities are secured by the usual retentions of title, and the liabilities to banks by the assignment of security, and mortgages. The leasing liabilities for fixed assets are in part secured by the assumption of debt by Bharat Forge Global Holding GmbH. Furthermore, a subordination and non-call agreement has been concluded with the banks regarding the shareholder loan. For the working capital financing, a parent company has issued a letter of comfort to a bank as security.

In addition, there is a subordination agreement with Bharat Forge Global Holding GmbH for receivables from 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 778 until the end of the respective term. TEUR 345 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 199. 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 2021 amounted to TEUR 516.

There are obligations from orders for investments of EUR 10.5 million.

D. NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	2021	**2020**	**Change**	
	TEUR	**TEUR**	**TEUR**	**in %**
domestic	41,984	35,981	+6,003	+17
foreign	35,092	18,309	+16,783	+92

The other operating income includes income unrelated to the accounting period TEUR 45.

The income from the reinsurance policy in the amount of TEUR 2.5 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 31.12.2021 and are not taken into account either in the profit and loss account or in the balance sheet, but need to be disclosed here for a better assessment of the assets, financial position and earnings situation:

Also in 2022, the so-called Corona virus is still present in Germany and worldwide. The Corona measures have been relaxed in almost all countries. In Germany, they will be relaxed or lifted as of 20.03.2022. In general, less serious cases are being reported, but the absentee rate is increasing due to the higher infection rate. The escalation of the Ukraine crisis will lead to macroeconomic constraints in 2022 and very probably also in the years to come. Due to their raw material and energy resources, both Ukraine and Russia are important suppliers of the Western industrialised countries, which can only be replaced subject to rising costs. In addition, many suppliers have transferred part of their production operations to Ukraine in recent years. Due to the war situation and the partial destruction of the plants, there will be short-term bottlenecks and return transfers. Due to the sanctions imposed, sales markets will also be lost in the short and medium term. Since BFAT does not deliver directly to the affected areas and the customers also still have no clear picture of the effects, it is not yet possible to forecast with sufficient confidence to what extent further concrete effects on the assets, financial and earnings position are to be expected in 2022.

F. OTHER NOTES

In the financial year 2021, the company employed on average 320 employees, including 253 industrial staff plus 12 apprentices.

The managing directors in the financial year 2021 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 cost allocation 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, 7th March 2022

Bharat Forge Aluminiumtechnik GmbH

Michael Weis	**Martin Kübelbäck**
Managing Director	Managing Director

Bharat Forge America, Inc.

Directors

Mr. B. N. Kalyani

Mr. Amit B. Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Auditors

KNAV P. A

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U.S.A.

Independent Auditor's Report

To the Members,

Bharat Forge America, Inc.

Qualified opinion

We have audited the accompanying separate parent company financial statements of Bharat Forge America, Inc. ('the Company'), which comprise the balance sheets as at December 31, 2021 and December 31, 2020 and the related statements of loss, stockholder's equity, and cash flows for the years then ended and the related notes to the separate parent company financial statements.

In our opinion, except for the effects of not consolidating all wholly owned subsidiaries, as discussed in the Basis for qualified opinion section of our report, the accompanying separate parent company financial statements present fairly, in all material respects, the financial position of Bharat Forge America, Inc. as at December 31, 2021, and December 31, 2020, the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for qualified opinion

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

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

Responsibilities of management for the separate parent company financial Statements

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

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

Auditor's responsibilities for the audit of the separate parent company financial statements

Our objectives are to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the separate parent company financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Atlanta, Georgia

May 15, 2022

Balance Sheet as on 31st December, 2021

	As at 31-12-2021		As at 31-12-2020
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	3,192,464	42,113	151,498
Receivables, related parties (refer note M)	1,389,827,813	18,333,742	18,867,826
Prepaid expenses and other current assets	2,467,369	32,548	22,406
Total current assets	**1,395,487,646**	**18,408,403**	**19,041,730**
Investments	2,528,482,901	33,354,170	21,176,454
Notes receivable	151,614,200	2,000,000	-
other non-current assets	220,750	2,912	-
Total assets	**4,075,805,497**	**53,765,485**	**40,218,184**
Liabilities and Stockholder's Equity			
Current Liabilities			
Accounts payable	6,633,121	87,500	-
Short term borrowing	1,440,334,900	19,000,000	21,000,000
Payable, related parties (refer note M)	197,294,649	2,602,588	48,656
Current maturities of long-term borrowings	-	-	1,407,613
Other current liabilities	17,854,922	235,531	198,879
Total current liabilities	**1,662,117,592**	**21,925,619**	**22,655,148**
Non-current Liabilities			
Long term borrowings	-	-	18,753
Notes payable	154,081,569	2,032,548	-
Deferred rent, non-current	246,600	3,253	6,913
Total Liabilities	**1,816,445,761**	**23,961,420**	**22,680,814**
Stockholder's Equity Common stock ($ 0.01 par value, authorized 3000 shares, issued and outstanding 60 shares) (refer note L)	76	1	1
Additional paid up capital	4,962,495,372	65,462,145	50,462,145
Accumulated deficit	(2,703,135,712)	(35,658,081)	(32,924,776)
Total stockholder's equity	**2,259,359,736**	**29,804,065**	**17,537,370**
Total liabilities and stockholder's equity	**4,075,805,497**	**53,765,485**	**40,218,184**

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

Statements of loss for the year ended December 31, 2021

			Previous Year
	Rs.	**USD**	**USD**
Operating revenues	81,065,459	1,069,365	866,261
Less : cost of revenues	(77,178,754)	(1,018,094)	(823,518)
Gross profit	**3,886,705**	**51,271**	**42,743**
Cost and Expenses			
Selling , General and administrative Expenses	1,792,914	23,651	-
Total cost and expense	**1,792,914**	**23,651**	**-**
Operating profit	**2,093,791**	**27,620**	**42,743**
Other (expenses) income			
Deficit in earnings of unconsolidated investees	(213,949,165)	(2,822,284)	(3,894,338)
Interest expense	(38,872,062)	(512,776)	(620,056)
Interest income (refer note J)	38,914,665	513,338	619,494
Gain on frogiveness of PPP Loan	6,041,826	79,700	-
Other expense	(1,343,832)	(17,727)	-
Loss before income tax	**(207,114,777)**	**(2,732,129)**	**(3,852,157)**
Current tax (expense) benefit	(89,149)	(1,176)	(1,935)
Net loss	**(207,203,926)**	**(2,733,305)**	**(3,854,092)**

(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 , 2020	**3,000**	**2,274**	**30**	**60**	**76**	**1**	**2,991,510,772**	**39,462,145**	**(2,203,764,249)**	**(29,070,684)**	**787,746,599**	**10,391,462**
Net loss	-	-	-	-	-	-	**833,878,100**	11,000,000	(292,167,537)	(3,854,092)	541,710,563	7,145,908
Balance as at December 31, 2020	**3,000**	**2,274**	**30**	**60**	**76**	**1**	**3,825,388,872**	**50,462,145**	**(2,495,931,786)**	**(32,924,776)**	**1,329,457,162**	**17,537,370**
Balance as at January 1 , 2021	**3,000**	**2,274**	**30**	**60**	**76**	**1**	**3,825,388,872**	**50,462,145**	**(2,495,931,786)**	**(32,924,776)**	**1,329,457,162**	**17,537,370**
Additional paid capital	-	-	-	-	-	-	1,137,106,500	15,000,000	-	-	1,137,106,500	15,000,000
Net loss	-	-	-	-	-	-	-	-	(207,203,926)	(2,733,305)	(207,203,926)	(2,733,305)
Balance as at December 31 , 2021	**3,000**	**2,274**	**30**	**60**	**76**	**1**	**4,962,495,372**	**65,462,145**	**(2,703,135,712)**	**(35,658,081)**	**2,259,359,736**	**29,804,065**

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

Statement of Cash Flow for the year ended December 31, 2021

			Previous Year
	Rs.	USD	USD
Cash flows from operating activities			
Net loss	**(207,203,925)**	**(2,733,305)**	**(3,854,092)**
Adjustments to reconcile net (loss) income to net cash used in operating activities			
Deficit in earnings of unconsolidated investees	213,949,165	2,822,284	3,894,338
Gain on forgiveness of PPP	(6,041,826)	(79,700)	
Changes in net operating assets and liabilities	-		
Receivables, related parties	40,487,359	534,084	(17,355,560)
Prepaid expense and other current assets	1,477,784	19,494	(4,053)
Accounts Payable	193,606,179	2,553,932	-
Payables, related parties	6,633,121	87,500	12,337
Other current liabilities	2,778,482	36,652	196,838
Other liabilities	(277,454)	(3,660)	(2,756)
Net cash used in operating activities	**245,408,885**	**3,237,281**	**(17,112,948)**
Cash flows from investing activities			
Investment in unconsolidated investees	(1,137,106,500)	(15,000,000)	(11,000,000)
Net cash used in investing activities	**-**	**-**	**(11,000,000)**
Cash flows from financing activities			
Proceeds from additional paid in capital	1,137,106,500	15,000,000	6,000,000
Proceeds from borrowings	(151,614,200)	(2,000,000)	22,079,700
Repayment of borrowings	(102,086,844)	(1,346,666)	-
Net cash provided by financing activities	**883,405,456**	**11,653,334**	**28,079,700**
Net (decrease) increase in cash and cash equivalents	**(8,292,159)**	**(109,385)**	**(33,248)**
Cash and cash equivalents at the beginning of the year	11,484,624	151,498	184,746
Cash and cash equivalents at the end of the year	**3,192,464**	**42,113**	**151,498**
Supplemental disclosure of cash flow information			
Income tax paid	1,127,934	14,879	-
Supplementary disclosure of non-cash information			
Conversion of borrowings to equity	-	-	5,000,000

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

NOTE A : NATURE OF OPERATIONS

Bharat Forge America, Inc. ("BFA" or the "Company"), incorporated on March 22, 2005 in the State of Delaware, is an international holding company and a wholly owned subsidiary of Bharat Forge Limited ("the Parent"), 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 of America ("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 of America. All amounts are stated in United States Dollars, unless specified otherwise.

b. The separate parent company financial statements are for the years ended December 31, 2021, and December 31, 2020.

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 loss.

2. Use of estimates

The preparation of separate parent company separate parent company financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate parent company financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for 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 adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) as of April 01, 2019. Revenues for the years ended December 31, 2021, and December 31, 2020 are presented under Topic 606.

The Company's only source of revenue is from the Parent wherein the Company provides market development and other support services to the parent company. Under a service agreement, the Parent has agreed to reimburse quarterly for its operating expenses plus a mark-up on the costs incurred by the Company. Accordingly, the Company recognizes revenues quarterly, as the services are rendered.

5. Receivables and provision for doubtful debts

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

6. Investments in subsidiaries

The Company's investments in BFT, PMT, BFALU and 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 separate parent company financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

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

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

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

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

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 separate parent company financial statements.

11. Government grant

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

12. 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, 2022. The Company is currently evaluating the impact of this standard on its separate parent company financial statements.

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 : INVESTMENTS

Investments include the following:

	As at	
	December 31, 2021	**December 31, 2020**
Investment in Bharat Forge Tennessee, Inc.	6,148,876	5,973,079
Investment in Bharat Forge PMT Technologie, LLC	9,401,381	8,666,332
Investment in Bharat Forge Aluminium USA Inc	17,804,213	6,537,343
Investment in Kalyani Precision Machining Inc	(300)	(300)
Total	**33,354,170**	**21,176,454**

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 of December 31, 2021, and December 31, 2020:

	As at	
	December 31, 2021	**December 31, 2020**
Current assets	14,260,936	9,533,043
Property, plant, and equipment	11,301,993	12,826,299
Capital work-in-progress	234,230	-
Intangible assets, net	22,680	55,047
Other assets	81,900	81,900
Total assets	**25,901,739**	**22,496,289**
Current liabilities	9,360,562	5,739,148
Long term borrowings	-	425,813
Other long-term liabilities	26,543	-
Member's equity	**16,514,634**	**16,331,328**

PMT has revenues of $ 30,990,330 and a net profit of $ 183,309 for the year ended December 31, 2021 (for the year ended December 31, 2020: revenues of $ 25,945,324 and a net loss of $ 1,830,972. The net loss is adjusted for depreciation based on fair value of fixed assets.

Following is summary of financial position of BFT as of December 31, 2021, and December 31, 2020:

	As at	
	December 31, 2021	**December 31, 2020**
Current assets	620,498	560,813
Land, building and equipment	3,203,167	3,364,864
Investment	3,710,391	3,550,128
Total assets	**7,534,056**	**7,475,805**
Current liabilities	-	14,957
Non-current liabilities	639,814	644,377
Stockholder's equity	**6,894,242**	**6,816,471**

BFT has income from rentals of $ 360,000 and net profit of $ 77,771 during the year ended December 31, 2021 (for the year ended December 31, 2020: income from rentals of $ 360,000 and net loss of $ 117,508. The net loss is adjusted for depreciation based on fair value of fixed assets.

Following is summary of financial position of BFALU as of December 31, 2021, and December 31, 2020:

	As at	
	December 31, 2021	**December 31, 2020**
Current assets	3,554,561	694,659
Capital work-in-progress and capital advances	79,457,212	44,402,641
Other assets	24,672	2,200
Total assets	**83,036,445**	**45,099,500**
Current liabilities	65,232,232	38,545,322
Long term borrowings	-	16,835
Stockholder's equity	**17,804,213**	**6,537,343**

BFALU has obtained income grant from Community Economic Development North Carolina. BFALU 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 $ 35,054,571 during the year ended December 31, 2021 in capital work in progress ($ 34,996,934 during the year ended December 31, 2020). The Company is in a construction phase and is yet to start revenue generating activities. BFALU incurred a net loss of $ 3,733,130 during the year ended December 31, 2021 (net loss of $ 2,827,971 during the year ended December 31, 2020).

NOTE E : GOVERNMENT GRANT

On April 24, 2020, the Company received loan proceeds amounting to $ 79,700 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks ("the covered period" as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

In the year ended December 31, 2021, the Company applied for forgiveness of the entire $79,700 PPP loan, and received full forgiveness in the year, and accounted for as gain on forgiveness of PPP loan in 2021.

NOTE F : OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As of	
	December 31, 2021	**December 31, 2020**
Accrued interest	155,213	193,693
Accrued expenses	712	173
Deferred rent, current	3,659	2,762
Other liabilities	75,947	2,251
Total	**235,531**	**198,879**

NOTE G : SHORT TERM BORROWINGS

Short term borrowings include the following:

	As of	
	December 31, 2021	**December 31, 2020**
Line of credit	19,000,000	21,000,000
Total	**19,000,000**	**21,000,000**

Under a line of credit agreement (the "agreement") with a bank, the Company has available borrowings of $ 25,000,000. The interest rate as per the agreement was stipulated at 1% plus the applicable LIBOR (an average effective rate of 2.40% and 2.47% for the years ended December 31, 2021, and December 31, 2020).

During the year ended December 31, 2021, the Company borrowed loans amounting to $ 19,000,000 the whole of which is outstanding as of the year then ended. The line of credit is unsecured.

The interest expense for the year ended December 31, 2021, was $ 512,776 ($ 226,627 for the year ended December 31, 2020). The entire interest expense is capitalized as Capital work-in-progress. The interest outstanding as of December 31, 2021, was $ 155,213 and December 31, 2020, was $ 193,693.

NOTE H : CURRENT MATURITIES OF LONG-TERM BORROWINGS

Current maturities of long-term borrowings include the following:

	As of	
	December 31, 2021	**December 31, 2020**
Current maturities of long-term debt	-	1,346,666
Current maturities of pay-check protection plan	-	60,947
Total	**-**	**1,407,613**

NOTE I : LONG TERM BORROWINGS

Long term borrowings include the following:

	As of	
	December 31, 2021	**December 31, 2020**
Non-current portion of pay-check protection plan	-	18,753
Total	**-**	**18,753**

NOTE J : 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, 2021 is $ 32,674.

As of December 31, 2021, future rental commitments for the non-cancelable leases are as follows:

Years ending December 31,	**Amount**
2022	34,272
2023	23,296
Total minimum lease payments	**57,568**

NOTE K : INCOME TAXES

For the year ended December 31, 2021, 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, 2021	**December 31, 2020**
Current tax (expense) benefit		
- Federal	-	-
- State	(1,176)	(1,935)
Provision for income taxes	**1,176**	**1,935**

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 of	
	December 31, 2021	**December 31, 2020**
Non-current deferred tax assets		
Goodwill	42,935	47,301
Deferred rent	3,512	2,049
Net operating losses	6,911,665	6,954,191
Total deferred tax assets	**6,958,112**	**7,003,541**
Non-current deferred tax liabilities		
Investment in Bharat Forge PMT Technologie, LLC	(941,429)	(978,192)
Total deferred tax liabilities	**(941,429)**	**(978,192)**
Net deferred taxes	6,016,683	6,025,349
Less: deferred tax asset valuation allowance	(6,016,683)	(6,025,349)
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 $6,014,125 and $6,025,354 has been created as at December 31, 2021 and December 31,2020 respectively.

As at December 31, 2021, the Company has federal net operating loss (NOL's) carryforwards of approximately $32,900,510. Out of total available NOL's of $32,900,510, 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 $4,394,642 generated in tax years 2018 through 2020 will be carried forward indefinitely for utilization.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the separate parent company financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at December 31, 2021.

The tax years of 2017 through 2020 remain subject to examination by the taxing authorities.

NOTE L : RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Parent company

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

B. Subsidiaries

2. Bharat Forge Tennessee, Inc. (owning 100% of common stock) (BFT)

3. Bharat Forge PMT Technologie, LLC (owning 82.10% of common stock) (PMT)
4. Bharat Forge Aluminum USA, Inc (owning 100% of common stock) (BFALU)
5. Kalyani Precision Machining, Inc. (owning 100% of common stock) (KPM)

C. Other related parties where common control exists

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

Summary of transactions with related parties:

	December 31, 2021	**December 31, 2020**
Receivable*:		
Bharat Forge Limited	575,030	192,506
Bharat Forge PMT Technologie, LLC	-	2,706,560
Bharat Forge Aluminum USA, Inc.	17,730,374	15,922,620
Bharat Forge International Limited	27,338	46,140
Kalyani Precision Limited	1,000	-
Total receivables from related parties	**18,333,742**	**18,867,826**

* included in 'Receivables, related parties' line item

Payable to*:		
Bharat Forge PMT Technologie, LLC	2,437,542	-
Bharat Forge Tennessee, Inc.	165,046	48,656
Total payable to related parties	**2,602,588**	**48,656**

* included in 'Payables, related parties' line item

Reimbursement of expenses by the company during the year:		
Bharat Forge Limited	133,895	192,506
Bharat Forge Aluminium USA, Inc.	1,807,753	15,922,620
Total	**1,941,648**	**16,115,126**

Purchases / Expenses during the year:		
Bharat Forge PMT Technologie, LLC	2,437,542	2,706,560
Bharat Forge Tennessee, Inc.	116,389	48,656
Kalyani Precision Limited	1,000	-
Bharat Forge International Limited	27,338	46,140
Total	**2,582,269**	**2,801,356**

NOTE M : COMMON STOCK

Common stock authorized, issued and outstanding

The authorized common stock is 3,000 shares with a par value of $ 0.01 as of December 31, 2021, and December 31, 2020 of which 60 shares were issued as of that date.

Voting

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

Liquidation

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

NOTE N : 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 O : SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the separate parent company financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the separate parent company financial statements.

Bharat Forge CDP GmbH

Managing Director

Mr. Michael Weis

Mr. Martin Kubelback

Advisory Board

Mr. B. N. Kalyani

Mr. Amit B. Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Mr. Dipak Mane (w.e.f. 01st January, 2022)

Auditors

WuP Treuhand GmbH

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Mittelstrasse 64

58256 Ennepetal

Germany

Independent Auditor's Report

To Bharat Forge CDP GmbH, Ennepetal

Audit Opinions

We have audited the annual financial statements of Bharat Forge CDP GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2021 and the income statement for the fiscal year from January 1, 2021 to December 31, 2021 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, 2021 to December 31, 2021. 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, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

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

Basis for the Audit Opinions

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

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

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

Hagen, 4 April, 2022

WuP Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

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

Balance Sheet as at December 31st, 2021

ASSETS	Rs.		EUR		As at 31/12/2020 EUR
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets		5,965,051.89		70,459.00	442,261.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	589,751,840.40		6,966,129.66		7,149,251.66
2. Technical equipment and machinery	912,016,128.03		10,772,705.00		14,887,273.00
3. Other plant, factory and office equipment	581,169,217.84		6,864,752.00		9,936,180.00
4. Prepayments on tangible assets and construction in progress	117,176,595.05		1,384,086.15		1,595,803.72
		2,200,113,781.32		25,987,672.81	33,568,508.38
III. Financial assets					
1. Shares in affiliated companies		131,222,845.00		1,550,000.00	1,550,000.00
		2,337,301,678.21		27,608,131.81	35,560,769.38
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	1,135,671,208.07		13,414,511.57		10,586,236.33
2. Work in progress	447,027,810.84		5,280,278.04		7,460,209.52
3. Finished goods and merchandise	417,509,442.66		4,931,608.03		4,598,331.68
		2,000,208,461.57		23,626,397.64	22,644,777.53
II. Accounts receivable and other assets					
1. Trade receivables	1,555,579,940.23		18,374,459.93		20,536,159.90
- of which Rs. 0.00 EUR 0.00 (2020 EUR 0.00) due after more than one year					
2. Receivables from affiliated companies	3,606,325,082.70		42,597,795.21		34,176,014.45
- of which Rs. 0.00 EUR 0.00 (2020 EUR 0.00) due after more than one year					
- of which Rs 193,329,032.71 EUR 2,283,596.28 (2020: Eur 27,063,962.49) to shareholders					
3. Other assets	358,470,460.27		4,234,241.48		728,557.63
- of which Rs. 0.00 EUR 0.00 (2020 : EUR 0.00) due after more than one year					
		5,520,375,483.20		65,206,496.62	55,440,731.98
III. Cash on hands, bank balances		33,432,664.37		394,905.55	2,085,409.43
		7,554,016,609.14		89,227,799.81	80,170,918.94
C. Prepaid expenses		10,573,041.15		124,888.42	47,146.33
Total		**9,901,891,328.51**		**116,960,820.04**	**115,778,834.65**

Balance Sheet as at December 31st, 2021

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2020 EUR
A. Equity					
I. Share Capital		42,329,950.00		500,000.00	500,000.00
II. Capital reserves		3,527,648,999.46		41,668,475.86	41,668,475.86
III. Profit brought forward		-		-	-
		3,569,978,949.46		42,168,475.86	42,168,475.86
B. Accruals					
1. Accruals for pensions and similar obligations	783,404,532.99		9,253,549.00		8,565,412.00
2. Other accruals	669,024,263.74		7,902,492.96		9,759,949.75
		1,452,428,796.73		17,156,041.96	18,325,361.75
C. Liabilities					
1. Liabilities to banks	1,958,360,681.86		23,132,093.02		26,162,426.98
- upto one year: Rs. 739,258,121.86 EUR 8,732,093.02 (2020 : EUR 9,152,426.98)					
- due later than one year:Rs. 1,219,102,560.00 EUR 14,400,000 (2020 : EUR 16,650,000)					
2. Advance payments received for orders	489,672.86		5,784.00		40,183.60
- up to one year: Rs.489,672.86 EUR 5,784.00 (2020 : EUR 40,183.60)					
- due later than one year : Rs.0.00 EUR 0.00 (2020: EUR 0.00)					
3. Trade payables	1,745,568,181.53		20,618,594.89		12,558,435.75
- up to one year: Rs. 1,745,568,181.53 EUR 20,618,594.89 (2020: EUR 12,558,435.75)					
due later than one year : Rs.0.00 EUR 0.00 (2020: EUR 0.00)					
4. Payables to affiliated companies	1,018,502,908.84		12,030,523.41		13,373,286.68
- up to one year: Rs. 1,018,502,908.84 EUR 12,030,523.41 (2020: EUR 13,373,286.68)					
- due later than one year : Rs 0.00 EUR 0.00 (2020: Eur 0.00)					
- of which Rs 965,044,312.54 EUR 11,399,072.20 (2020: EUR 12,191,740.71) to shareholders					
- of which Rs.29,956,760.85 EUR 353,848.29 (2020 : EUR 909,028.45) from supplies & services					
5. Other liabilities	156,422,219.81		1,847,654.20		3,149,145.33
- up to one year: Rs.156,422,219.81 EUR 1,847,654.20 (2020 : EUR 2,049,145.33)					
due later than one year Rs. 0.00 EUR 0.00 (2020 : EUR 1,100,000.00)					
- of which Rs. 21,467,216.77 EUR 253,570.07 (2020 : EUR 410,452.52) taxes					
- of which Rs. 12,709.99 EUR 150.13 (2020: EUR 762,479.48) relating to social security					
		4,879,343,664.90		57,634,649.52	55,283,478.34
D. Deferred Income		139,917.42		1,652.70	1,518.70
Total		**9,901,891,328.51**		**116,960,820.04**	**115,778,834.65**

Profit and Loss Account for the period from January 1st to December 31st, 2021

	Rs.		EUR		Previous Year EUR
1. Sales		14,786,085,168.39		174,652,759.67	131,077,794.27
2. Increase/decrease in finished goods inventories and work-in-process		(156,337,638.64)		(1,846,655.13)	(3,524,898.23)
3. Production for own plant and equipment capitalised		22,995,485.43		271,621.93	288,784.65
		14,652,743,015.18		173,077,726.47	127,841,680.69
4. Other operating income thereof Rs.270,525.63 EUR 3,195.44 (2020 : EUR 17,345.35) from currency conversion		160,105,494.37		1,891,160.92	2,090,319.30
		14,812,848,509.55		174,968,887.39	129,931,999.99
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	7,093,497,686.17		83,788,165.19		60,825,895.04
b) Cost of purchased services	2,646,459,988.54		31,259,899.77		23,949,498.08
		9,739,957,674.71		115,048,064.96	84,775,393.12
		5,072,890,834.84		59,920,822.43	45,156,606.87
6. Personnel expenses					
a) Wages and salaries	(2,241,767,953.99)		(26,479,690.55)		(26,534,678.38)
b) Social security contributions and pension expenses thereof Rs. 52,731,051.97 EUR 622,857.48 (2020: EUR 719,217.37) for pension expenses	(491,943,889.66)		(5,810,825.31)		(5,502,275.46)
		(2,733,711,843.65)		(32,290,515.86)	(32,036,953.84)
7. Depreciation and amortization on intangible fixed assets and tangible assets		(716,017,371.62)		(8,457,574.03)	(9,915,599.79)
8. Other operating expenses		(1,198,641,478.73)		(14,158,314.37)	(25,478,051.19)
thereof Rs. 1,532,141.85 EUR 18,097.61 (2020 : EUR 12,852.14) from currency conversion		424,520,140.84		5,014,418.17	(22,273,997.95)
9. Income from Profit & Loss transfer agreements	149,258,056.09		1,763,031.33		741,914.48
10. Other interest and similar income	-		-		2.55
11. Depreciation on financial assets	(421,471.69)		(4,978.41)		(4,886.00)
12. Interest and similar expenses	(137,381,034.91)		(1,622,740.34)		(1,100,630.31)
thereof Rs. 0.00 EUR 0.00 (2020 :EUR 33,335.00) to affiliated companies					
thereof Rs. 17,889,260.81 EUR 211,307.37 (2020: EUR 233,464.95) from discounting of provisions					
		11,455,549.49		135,312.58	(363,599.28)
		435,975,690.33		5,149,730.75	(22,637,597.23)
13. Taxes from Income		-		-	-
14. **Income after Taxes**		**435,975,690.33**		**5,149,730.75**	**(22,637,597.23)**
15. Other taxes		(31,270,365.02)		(369,364.54)	(265,807.84)
16. Income from Loss transfer		(404,705,325.31)		(4,780,366.21)	22,903,405.07
17. **Net income for the year**		**-**		**-**	**-**

1. General Information

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

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

The business year covers the period from 01.01.2021 to 31.12.2021.

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

The presentation of the annual financial statements has not changed.

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

3. Accounting and valuation methods

The annual financial statements as at 31 December 2021 were prepared in accordance with the provisions of Sections 242 to 256a and Sections 264 to 278, HGB. Supplementary provisions of GmbH-Gesetz (German Limited Liability Companies Act) concerning the annual financial statements were observed.

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

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

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

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

Useful life times are determined by asset group as follows:

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

Financial assets are stated at acquisition cost.

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

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

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

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

Subscribed capital is stated at nominal value.

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

- Discount rate:	1.87 % p.a.
- Projected benefit trend:	2.00 % p.a.
- BBG trend:	2.00 % p.a.
- Pension trend:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

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

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

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

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

4. Notes to the balance sheet and income statement

4.1 Assets

The composition and development of fixed assets is shown in the following fixed asset movement schedule (page 6).

Fixed Assets Analysis as at 31st December, 2021

	Historical acquisition or manufacturing costs					Accumulated depreciation				Book value	
	01/01/2021	Additions	Disposals	Reclassifications	31/12/2021	01/01/2021	Additions	Disposals	31/12/2021	31/12/2020	31/12/2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	2,430,758.32	25,176.31	554,034.22	56,664.74	1,958,565.15	1,988,497.32	161,223.05	261,614.22	1,888,106.15	70,459.00	442,261.00
	2,430,758.32	25,176.31	554,034.22	56,664.74	1,958,565.15	1,988,497.32	161,223.05	261,614.22	1,888,106.15	70,459.00	442,261.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	15,497,466.79	201,331.61	6,035.44	315,876.26	16,008,639.22	8,348,215.13	700,321.87	6,027.44	9,042,509.56	6,966,129.66	7,149,251.66
2. Technical equipment and machinery	52,156,375.65	1,143,610.63	2,838,895.29	-	50,461,090.99	37,269,102.65	3,445,598.63	1,026,315.29	39,688,385.99	10,772,705.00	14,887,273.00
3. Other plant, factory and office equipment	42,641,896.22	2,435,833.31	5,257,117.56	62,031.20	39,882,643.17	32,705,716.22	4,150,430.48	3,838,255.53	33,017,891.17	6,864,752.00	9,936,180.00
4. Prepayments on tangible assets and construction in progress	1,595,803.72	1,164,686.81	941,832.18	(434,572.20)	1,384,086.15	-	-	-	-	1,384,086.15	1,595,803.72
	111,891,542.38	4,945,462.36	9,043,880.47	(56,664.74)	107,736,459.53	78,323,034.00	8,296,350.98	4,870,598.26	81,748,786.72	25,987,672.81	33,568,508.38
III. Financial Assets											
Shares in affiliated companies	1,550,000.00	-	-	-	1,550,000.00	-	-	-	-	1,550,000.00	1,550,000.00
	1,550,000.00	-	-	-	1,550,000.00	-	-	-	-	1,550,000.00	1,550,000.00
	115,872,300.70	**4,970,638.67**	**9,597,914.69**	**-**	**111,245,024.68**	**80,311,531.32**	**8,457,574.03**	**5,132,212.48**	**83,636,892.87**	**27,608,131.81**	**35,560,769.38**

4.2 Receivables and other assets

Other assets include claims for electricity and energy tax refunds in the sum of € 197,000 because accrued items that do not legally arise until after the balance sheet date. In addition, an agreement was entered into with one of the house banks in December 2021 for the securitisation of selected receivables, resulting in receivables of € 3,126,000. Furthermore, outstanding claims for compensation from the insurance company for the flood damage in July 2021 in the sum of € 283,000 are stated in the item other assets.

4.3 Pension reserves

The portion of pension provisions not yet recognised as a liability due to the application of Article 67 (1) EC-HGB (distribution of the adjustment amount resulting from the valuation according to BilMoG), originally € 1,181k, still totals € 236k as at 31 December 2021.

The resulting effect in accordance with Section 253(6), HGB, is € 908k as at 31.12.2021. There is a distribution block in this amount.

The pension provision is € 9,254,000 as at the balance sheet date.

4.4 Other reserves

Provisions for partial retirement obligations were offset against the corresponding value of the securities deposit for insolvency protection in the amount of € 537,000 (previous year: € 542,000).

Other provisions include the following significant items:

	€k
Personnel	6,759
Customers	477
Suppliers	255

4.5 Liabilities

Of the liabilities to banks, € 8,732k have a remaining term of up to one year, € 14,400k have a remaining term of 1 - 5 years.

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

Furthermore, current account liabilities of € 6,482k to two banks are secured by way of an agreement in favour of these banks, by which all inventories and trade receivables are deemed assigned as collateral.

4.6 Breakdown of sales revenue

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

	2021	PY	Change
	€k	**€k**	**€k**
Germany	70,711	46,755	23,956
Abroad	103,942	84,322	19,620
	174,653	131,077	43,576

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

Other operating income includes € 789,000 in income attributable to previous financial years. This includes income from the reversal of provisions in the sum of € 789,000 (previous year: € 1,716,000).

Other operating expenses include € 183,000 in expenses attributable to previous financial years, of which € 77,000 from the write-off of a receivable.

4.8 Offsetting expenses and income

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

5. Other disclosures

5.1 Contingent liabilities and other financial obligations

Other financial obligations exist for rental and leasing contracts totalling € 2,910,000, of which € 914,000 are due within 2022.

There were no **contingent liabilities**.

The loan agreements provide for covenants on the part of BF CDP, which were honoured as at 31 December 2021.

5.2 Number of employees

On average, the company employed

	2021	PY
Commercial employees	360	376
Salaried employees	108	113
Apprentices	28	42
	496	531

5.3 Members of the Board of Management

The following persons were appointed managing directors:

- Michael Weis, Dipl.-Ing. (graduated engineer), Development and Strategy Section, Schönaich
- Martin Kübelbäck, Dipl.-Kfm. (graduate in business administration), Commercial Section, Meerbusch

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

5.4 Members of the Advisory Board

Members of the Advisory Board were:

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

5.5 Balance sheet auditor's fee

The total fee charged by the balance sheet auditor for the 2021 financial year in accordance with Section 285, No. 17, HGB, is included in the corresponding note to the consolidated financial statements as at 31 December 2021 of Bharat Forge Global Holding GmbH.

5.6 Holdings

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

*) before profit transfer to Bharat Forge CDP GmbH

5.7 Incorporation in the consolidated financial statement

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

5.8 Supplementary report

The following events of particular significance occurred after the close of the financial year 31 December 2021, have not been taken into account in either the income statement or in the balance sheet but are disclosed here for a better assessment of the net assets, financial position and results of operations:

The so-called Corona virus continues to be present in Germany and worldwide in 2022. The Corona measures have been relaxed in almost all countries. In Germany, they will be relaxed or lifted as of 20.03.2022. In general, less serious cases are reported, but the absentee rate is increasing due to the higher infection rate. An escalation of the Ukraine crisis will lead to macroeconomic constraints for 2022 and very likely also for the following years. Due to their raw material and energy reserves, both Ukraine and Russia are important suppliers to the Western industrialised countries, which can only be replaced with rising costs. In addition, many suppliers have relocated part of their production to Ukraine in recent years. Due to the war situation and also the partial destruction of the plants, there will be short-term bottlenecks and relocations back. The imposed sanctions mean that sales markets shall also disappear in the short and medium-term. Since Bharat Forge CDP GmbH does not deliver directly to the affected areas and customers also do not yet have a clear picture of the effects, it is currently not possible to forecast with sufficient reliability the extent to which additional and specific effects on the net assets, financial position and results of operations are to be expected in 2022.

5.9 Proposal for the appropriation of profits

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

Ennepetal, dated 17 March 2022

Bharat Forge CDP GmbH

Michael Weis   Martin Kübelbäck

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Bharat Forge Daun GmbH

Managing Director

Mr. Michael Weis

Mr. Martin Kubelback

Advisory Board

Mr. B. N. Kalyani

Mr. Amit B. Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Auditors

WuP Treuhand GmbH

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Junius-Saxler-StarB 4

D 54550 Daun

Germany

Independent Auditor's Report

To Bharat Forge Daun GmbH, Daun

Audit Opinions

We have audited the annual financial statements of Bharat Forge Daun GmbH, Daun, which comprise the balance sheet as at December 31, 2021 and the income statement for the fiscal year from January 1, 2021 to December 31, 2021 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, 2021 to December 31, 2021.

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, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 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, 4 April, 2022

WuP Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

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

Balance Sheet as at December 31st, 2021

ASSETS	Rs.	Rs.	EUR	EUR	As at 31/12/2020 EUR
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and license in such rights and assets		1,376,062.01		16,254.00	24,037.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	76,059,300.76		898,410.00		956,994.00
2. Technical equipment and machinery	139,412,505.09		1,646,736.00		2,768,665.00
3. Other plant, factory and office equipment	64,688,883.57		764,103.00		838,557.00
Prepayments and assets under construction	30,351,251.43		358,508.00		28,105.30
		310,511,940.85		3,667,757.00	4,592,321.30
		311,888,002.86		3,684,011.00	4,616,358.30
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	80,096,751.71		946,100.24		1,006,187.07
2. Work in progress	87,480,886.39		1,033,321.40		765,146.79
3. Finished goods and merchandise	15,064,529.07		177,941.73		227,104.64
		182,642,167.17		2,157,363.37	1,998,438.50
II. Accounts receivable and other assets					
1. Trade receivables	5,063,406.18		59,808.79		59,958.95
of which EUR 0.00 (2020: EUR 0.00) is due after one year					
2. Receivables from affiliated companies	819,796,922.70		9,683,414.73		5,658,282.45
- of which EUR 0.00 (2020: EUR 0.00) due after one year					
- of which EUR 0.00 (2020: EUR 0.00) to shareholders					
- of which Rs. 260,166,684.44 EUR 3,073,080.46 (2020: EUR 505,060.00) trade receivables					
Other assets	9,209,342.02		108,780.45		51,035.20
- of which EUR 0.00 (2020: EUR 0.00) is due after one year					
		834,069,670.90		9,852,003.97	5,769,276.60
		1,328,599,840.93		15,693,378.34	12,384,073.40
III. Cash on hands, bank balances		45,173.68		533.59	484.22
C. Prepaid Expenses		1,733,268.38		20,473.31	13,783.00
D. Active difference resulting from asset offsetting		1,503,175.47		17,755.46	18,081.55
Total		**1,331,881,458.44**		**15,732,140.70**	**12,416,422.17**

Balance Sheet as at December 31st, 2021

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2020 EUR
A. Equity					
I. Share Capital		4,232,995.00		50,000.00	50,000.00
II. Capital reserves		126,989,850.00		1,500,000.00	1,500,000.00
III. Profit/(loss) brought forward		172,474,323.54		2,037,261.13	2,037,261.13
IV. Net income for the year		0.00		0.00	0.00
		303,697,168.54		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	85,483,386.85		1,009,727.00		883,431.00
2. Other accruals	51,997,865.91		614,197.11		582,393.25
		137,481,252.76		1,623,924.11	1,465,824.25
C. Liabilities					
1. Liabilities to banks					
- up to one year: Rs. 7,187,543.39 EUR 84,899.03 (2020: EUR 173,148.02)	7,187,543.39		84,899.03		173,148.02
- due later than one year : EUR 0.00 (2020: EUR 0.00)					
2. Trade payables	48,845,846.61		576,965.56		535,230.01
- up to one year: Rs. 48,845,846.61 EUR 576,965.56 (2020: EUR 535,230.01)					
- due later than one year : EUR 0.00 (2020: EUR 0.00)					
3. Payables to affiliated companies	809,791,583.75		9,565,231.99		6,525,092.66
- up to one year: Rs. 809,791,583.75 EUR 9,565,231.99 (2020: EUR 6,525,092.66)					
- due later than one year : EUR 0.00 (2020 : EUR 0.00)					
- of which Rs. 759,744,731.48 EUR 8,974,080.19 (2020: EUR 6,375,092.66) to shareholders					
4. Other liabilities	24,878,063.39		293,858.88		129,866.10
- up to one year: Rs. 24,878,063.39 EUR 293,858.88 (2020: EUR 129,866.10)					
- due later than one year : EUR 0.00 (2020 : EUR 0.00)					
- of which Rs. 3,724,424.36 EUR 43,992.78 (2020: EUR 54,771.61) relating to taxes					
- of which Rs. 0.00 EUR 0.00 (2020: EUR 63,632.88) relating to social security					
		890,703,037.14		10,520,955.46	7,363,336.79
Total		**1,331,881,458.44**		**15,732,140.70**	**12,416,422.17**

Profit and Loss Account for the period from January 1st to December 31st, 2021

	Rs.		EUR		Previous Year EUR
1. Sales		1,465,334,564.38		17,308,484.47	14,626,341.56
2. Increase or Decrease in finished good inventories and work-in-process		18,541,508.62		219,011.70	(85,647.26)
3. Production for own plant and equipment capitalised		1,595,985.58		18,851.73	26,664.12
		1,485,472,058.58		17,546,347.90	14,567,358.42
4. Other operating income		7,362,552.34		86,966.23	271,236.88
		1,492,834,610.92		**17,633,314.13**	**14,838,595.30**
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	337,557,351.86		3,987,216.52		3,105,506.64
b) Cost of purchased services	151,074,667.91		1,784,489.09		1,231,009.70
		(488,632,019.77)		(5,771,705.61)	(4,336,516.34)
		1,004,202,591.15		11,861,608.52	10,502,078.96
6. Personnel expenses					
a) Wages and salaries	458,403,090.05		5,414,642.47		4,930,373.48
b) Social security contributions and pension expenses	96,266,323.59		1,137,094.70		1,042,194.02
thereof Rs. 9,281,479.03 EUR 109,632.53 (2020: EUR 92,047.06) for pension expenses					
		(554,669,413.64)		(6,551,737.17)	(5,972,567.50)
		449,533,177.51		5,309,871.35	4,529,511.46
7. Depreciation and amortization on intangible fixed assets and tangible assets		(136,844,985.36)		(1,616,408.54)	(1,899,610.82)
8. Other operating expenses		(159,753,752.80)		(1,887,006.16)	(1,842,021.80)
		152,934,439.35		1,806,456.65	787,878.84
9. Income from other investments & long term loans of which EUR 0.00 (2020 : EUR 0.00) relating to affiliated companies		5,677.29		67.06	120.76
10. Depreciation on financial assets	27,606.75		326.09		-
11. Interest and similar expenses	2,191,547.65		25,886.49		28,751.34
thereof Rs. 1,906,879.59 EUR 22,524.00 (2020: EUR 23,583.00) from discounting of provisions					
		(2,219,154.40)		(26,212.58)	(28,751.34)
		150,720,962.24		**1,780,311.13**	**759,248.26**
12. Taxes from Income		-		-	-
13. Income after Tax		150,720,962.23		1,780,311.13	759,248.26
14. Other taxes		(1,462,906.14)		(17,279.80)	(17,334.78)
		149,258,056.09		(1,763,031.33)	741,913.48
15. Expenses out of profit & loss transfer agreements		149,258,056.09		1,763,031.33	741,913.48
16. Net Income for the year		-		-	-

1. General

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

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

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

The business year covers the period from 01.01.2021 to 31.12.2021.

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

The presentation of the annual financial statements has not changed.

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

3. Accounting and valuation methods

The annual financial statements as at 31 December 2021 were prepared in accordance with the provisions of Sections 242 to 256a and Sections 264 to 288, HGB. Supplementary provisions of GmbH-Gesetz (German Limited Liability Companies Act) concerning the annual financial statements were observed.

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

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

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

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

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

Useful life times are determined by asset group as follows:

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

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

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

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

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

Subscribed capital is stated at nominal value.

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

- Discount rate:	1.87 % p.a.
- Projected benefit trend:	0.00 % p.a.
- BBG trend:	0.00 % p.a.
- Pension trend:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

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

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

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

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

4. Notes to the balance sheet and income statement

4.1 Assets

The composition and development of fixed assets is shown in the following fixed asset movement schedule (page 6).

Fixed Assets Analysis as at 31st December, 2021

	Historical acquisition or manucacturing costs					D e p r e c i a t i o n s				Book value	Book value
	01/01/2021	Additions	Disposals	Reclassifications	31/12/2021	01/01/2021	Additions	Disposals	31/12/2021	31/12/2021	31/12/2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	144,552.21	5,416.54	-	-	149,968.75	120,515.21	13,199.54	-	133,714.75	16,254.00	24,037.00
	144,552.21	5,416.54	-	-	149,968.75	120,515.21	13,199.54	-	133,714.75	16,254.00	24,037.00
II. Tangible assets											
1. Land, land rights and buildings, including buildings on third party land	2,016,696.45	12,463.91	-	-	2,029,160.36	1,059,702.45	71,047.91	-	1,130,750.36	898,410.00	956,994.00
2. Technical equipment and machinery	11,982,999.12	35,632.67	-	8,226.00	12,026,857.79	9,214,334.12	1,165,787.67	-	10,380,121.79	1,646,736.00	2,768,665.00
3. Other plant, factory and office equipment	4,242,006.25	294,499.42	35,983.05	2.00	4,500,524.62	3,403,449.25	366,373.42	33,401.05	3,736,421.62	764,103.00	838,557.00
4. Payments in Advance and construction in progress	28,105.30	358,508.00	19,877.30	(8,228.00)	358,508.00	-	-	-	-	358,508.00	28,105.30
	18,269,807.12	701,104.00	55,860.35	-	18,915,050.77	13,677,485.82	1,603,209.00	33,401.05	15,247,293.77	3,667,757.00	4,592,321.30
	18,414,359.33	**706,520.54**	**55,860.35**	**-**	**19,065,019.52**	**13,798,001.03**	**1,616,408.54**	**33,401.05**	**15,381,008.52**	**3,684,011.00**	**4,616,358.30**

4.2 Receivables and other assets

Other assets include claims for electricity and energy tax refunds in the sum of € 47k because accrued items that do not legally arise until after the balance sheet date.

4.3 Pension reserves

The portion of pension provisions not yet recognised as a liability due to application of Article 67(1), EGHGB (distribution of the adjustment amount resulting from the valuation according to BilMoG), originally € 81k, still totals € 16k as at 31 December 2021. The resulting effect in accordance with Section 253(6), HGB, is € 128k as at 31.12.2021. There is a distribution block in this amount.

4.4 Other reserves

Other provisions include the following significant items:

	€k
Personnel	482
Suppliers	87
Total	**569**

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

4.5 Liabilities

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

5. Other disclosures

5.1 Contingent liabilities and other financial obligations

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

Other financial obligations exist for rental and leasing contracts totalling € 194k, of which € 110k shall fall due within 2022.

5.2 Number of employees

On average, the company employed

	2021	**PY**
Commercial employees	75	75
Salaried employees	16	18
Apprentices	11	13
	102	**106**

5.3 Members of the Board of Management

The following persons were appointed managing directors:

- Michael Weis, Dipl.-Ing. (graduated engineer) Schönaich
- Martin Kübelbäck, Dipl.-Kfm. (graduate in business administration), Meerbusch

The management did not receive any remuneration in 2021.

5.4 Members of the Advisory Board

Members of the Advisory Board were:

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

5.5 Incorporation in the consolidated financial statement

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

5.6 Subsequent Events

The following events of particular significance occurred after the close of the financial year 31 December 2021, have not been taken into account in either the income statement or in the balance sheet but are disclosed here for a better assessment of the net assets, financial position and results of operations:

The so-called Corona virus continues to be present in Germany and worldwide in 2022. The Corona measures have been relaxed in almost all countries. In Germany, they will be relaxed or lifted as of 20.03.2022. In general, less serious cases are reported, but the absentee rate is increasing due to the higher infection rate. An escalation of the Ukraine crisis will lead to macroeconomic constraints for 2022 and very likely also for the following years. Due to their raw material and energy reserves, both Ukraine and Russia are important suppliers to the Western industrialised countries, which can only be replaced with rising costs. In addition, many suppliers have relocated part of their production to Ukraine in recent years. Due to the war situation and also the partial destruction of the plants, there will be short-term bottlenecks and relocations back. The imposed sanctions mean that sales markets shall also disappear in the short and medium-term. Since Bharat Forge Daun GmbH does not deliver directly to the affected areas and customers also do not yet have a clear picture of the effects, it is currently not possible to forecast with sufficient reliability the extent to which additional and specific effects on the net assets, financial position and results of operations are to be expected in 2022.

5.7 Proposal for the appropriation of profits

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

Daun, 17 March 2022

Bharat Forge Daun GmbH

Michael Weis Martin Kübelbäck

Bharat Forge Global Holding GmbH, Ennepetal

Managing Directors

Mr. Michael Weis

Mr. Martin Kubelback

Advisory Board

Mr. B. N. Kalyani

Mr. Amit B. Kalyani

Mr. S. E. Tandale

Mr. S. G. Joglekar

Mr. Dipak Mane (w.e.f. 01st January, 2022)

Auditors

Dr. Wehberg Und Partner HbR

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Mittelstrasse 64

58256 Ennepetal

Germany

Independent Auditor's Report

To Bharat Forge Global Holding GmbH, Ennepetal.

Audit Opinion

We have audited the annual financial statements of Bharat Forge Global Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2021 and the income statement for the fiscal year from January 1, 2021 to December 31, 2021 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, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 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, 4 April, 2022

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

Balance Sheet as at December 31st, 2021

ASSETS	Rs.		EUR		As at 31/12/2020 EUR
A. Fixed Assets					
I. Intangible assets					
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	3,278,708.61		38,728.00		94,471.00
II. Tangible assets					
1. Other plant, factory and office equipment	3,579,589.89		42,282.00		40,718.00
2. Prepayments on tangible assets and construction in progress	3,727,152.10		44,025.00		-
		10,585,450.60		125,035.00	135,189.00
III. Financial assets					
1. Shares in affiliated companies	6,493,371,969.57		76,699,499.64		76,699,499.64
2. Loans to affiliated companies	283,187,365.50		3,345,000.00		3,345,000.00
3. Investments	84.66		1.00		1.00
4. Loans to associated companies	84.66		1.00		1.00
		6,776,559,504.39		80,044,501.64	80,044,501.64
		6,787,144,954.99		80,169,536.64	80,179,690.64
B. Current assets					
I. Accounts receivable and other assets					
1 Receivables from affiliated companies	1,654,875,539.81		19,547,336.34		18,721,591.45
of which EUR 0.00 (2020: EUR 0.00) due after one year					
of which Rs. 56,797,946.79 EUR 670,895.51 (2020: EUR 516,421.81) to shareholders					
2 Receivables from associated companies	3,555,715.80		42,000.00		-
of which EUR 0.00 (2020: EUR 0.00) due after one year					
3 Other assets	63,096,355.50		745,292.11		648,993.14
of which EUR 0.00 (2020: EUR 0.00) due after one year					
		1,721,527,611.11		20,334,628.45	19,370,584.59
II. Cash on hands, bank balances		5,879,437.03		69,447.72	54,430.16
C. Prepaid expenses		456,102.67		5,387.47	-
D. Asset side difference from offsetting of plan assets		-		-	-
Total		**8,515,008,105.82**		**100,579,000.28**	**99,604,705.39**

Balance Sheet as at December 31st, 2021

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2020 EUR
A. Equity					
I. Share Capital		423,299,500.00		5,000,000.00	5,000,000.00
II. Capital reserves		7,066,090,128.04		83,464,428.00	83,464,428.00
III. Loss/profit brought forward		(4,786,674,523.52)		(56,540,044.62)	(9,604,162.04)
IV. Net loss for the year		618,862,781.97		7,309,987.16	(46,935,882.58)
		3,321,577,886.49		39,234,370.54	31,924,383.38
B. Accruals					
1. Accruals for pensions and similar obligations	159,539,465.05		1,884,475.00		1,815,401.00
2. Tax accruals	93,379,869.70		1,103,000.00		0.00
3. Other accruals	84,846,677.52		1,002,206.21		645,839.29
		337,766,012.27		3,989,681.21	2,461,240.29
C. Liabilities					
1. Trade payables	22,484,627.28		265,587.69		32,940.18
- up to one year: Rs. 22,484,627.28 EUR 265,587.69 (2020: EURO 32,940.18)					
- Due later than one year EUR 0.00 (2020: EUR 0.00)					
2. Payables to affiliated companies	3,886,598,810.86		45,908,379.42		53,580,821.20
- up to one year: Rs. 3,886,598,810.86 EUR 45,908,379.42 (2020: EUR 53,580,821.20)					
- due later than one year EUR 0.00 (2020 : EUR 0.00)					
- of which Rs. 90,713,072.69 EUR 1,071,499.88 (2020: EUR 1,042,773.47) to shareholders					
3. Other liabilities	946,580,768.92		11,180,981.42		11,605,320.34
- up to one year: Rs. 40,719,838.92 EUR 480,981.42 (2020: EUR 505,320.34)					
- due later than one year: Rs. 905,860,930.00 EUR 10,700,000.00 (2020 EUR 11,100,000.00)					
- of which Rs. 6,683,430.94 EUR 78,944.47 (2020: EUR 57,795.96) relating to taxes					
- of which EUR 0.00 (2020: EUR 0.00) relating to social security					
		4,855,664,207.06		57,354,948.53	65,219,081.72
Total		**8,515,008,105.82**		**100,579,000.28**	**99,604,705.39**

Profit and Loss Account for the period from January 1st to December 31st, 2021

	Rs.	Rs.	EUR	EUR	Previous Year EUR
1. Sales		442,836,663.23		5,230,772.34	5,400,570.12
2. Other operating income		13,985,089.94		165,191.43	210,488.18
		456,821,753.17		5,395,963.77	5,611,058.30
3. Personnel expenses					
a) Wages and salaries	(264,455,769.16)		(3,123,742.99)		(1,961,556.28)
b) Social security contributions and pension expenses	(41,463,959.65)		(489,770.95)		(429,998.17)
- thereof Rs. 9,633,426.32 EUR 113,789.72 (2020 : EUR 144,585.92) for pension expenses					
		(305,919,728.81)		(3,613,513.94)	(2,391,554.45)
4. Depreciation and amortization on intangible fixed assets and tangible assets		(7,276,526.87)		(85,950.10)	(73,629.25)
5. Other operating expenses		(234,065,524.23)		(2,764,774.40)	(3,502,934.26)
		(90,440,026.74)		(1,068,274.67)	(357,059.66)
6. Income from profit & loss transfer agreements	835,200,987.92		9,865,367.05		-
7. Other interest and similar income	3,580,577.87		42,293.67		126,131.00
- thereof Rs. 3,031,304.44 EUR 35,805.67 (2020 : EUR 126,131.00) from affiliated companies					
8. Depreciation on financial assets	-		-		4,200,000.00
9. Expenses out of profit and loss transfer agreement	-		-		41,951,204.76
10. Interest and similar expenses	38,837,813.78		458,751.00		590,894.09
- thereof Rs. 35,305,210.14 EUR 417,024 (2020 : EUR 504,013.00) to affiliated companies					
- thereof Rs. 3,518,042.14 EUR 41,555.00 (2020: EUR 48,030.00) from discounting of provisions					
		799,943,752.01		9,448,909.72	(46,615,967.85)
		709,503,725.27		**8,380,635.05**	**(46,973,027.51)**
11. Taxes on income		(90,444,616.99)		(1,068,328.89)	40,058.93
12. Income after Tax		**619,059,108.28**		**7,312,306.16**	**(46,932,968.58)**
13. Other taxes		(196,326.31)		(2,319.00)	(2,914.00)
14. Net loss/income for the year		**618,862,781.97**		**7,309,987.16**	**(46,935,882.58)**

Fixed Assets Analysis as at 31st December, 2021

	Historical acquisition or manufacturing costs					Accumulated depreciation					Book value	
	01/01/2021	Additions	Disposals	Reclassifications	31/12/2021	01/01/2021	Additions	Disposals	Reclassifications	31/12/2021	31/12/2021	31/12/2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	213,813.25	4,418.25	-	-	218,231.50	119,342.25	60,161.25	-	-	179,503.50	38,728.00	94,471.00
	213,813.25	4,418.25	-	-	218,231.50	119,342.25	60,161.25	-	-	179,503.50	38,728.00	94,471.00
II. Tangible assets												
1. Other plant, factory and office equipment	131,673.24	27,352.85	2,952.95	-	156,073.14	90,955.24	25,788.85	2,952.95	-	113,791.14	42,282.00	40,718.00
2. Prepayments on tangible assets and construction in progress	-	44,025.00	-	-	44,025.00	-	-	-	-	-	44,025.00	-
	131,673.24	71,377.85	2,952.95	-	200,098.14	90,955.24	25,788.85	2,952.95	-	113,791.14	86,307.00	40,718.00
III. Financial Assets												
1. Shares in affiliated companies	-	-	-	-	-	-	-	-	-	-	-	-
2. Loans to affiliated companies	107,499,499.64	-	-	-	107,499,499.64	30,800,000.00	-	-	-	30,800,000.00	76,699,499.64	76,699,499.64
3. Investments	3,345,000.00	-	-	-	3,345,000.00	-	-	-	-	-	3,345,000.00	3,345,000.00
4. Loans to associated companies	-	-	-	-	-	-	-	-	-	-	-	-
	110,844,499.64	-	-	-	110,844,499.64	30,800,000.00	-	-	-	30,800,000.00	80,044,499.64	80,044,499.64
	111,189,986.13	**75,796.10**	**2,952.95**	**-**	**111,262,829.28**	**31,010,297.49**	**85,950.10**	**2,952.95**	**-**	**31,093,294.64**	**80,169,534.64**	**80,179,688.64**

1. General

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

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

The financial year covers the period from 01.01.2021 to 31.12.2021.

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

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

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

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

3. Accounting and valuation methods

The annual financial statements for the 2021 financial year have been prepared in accordance with Sections 242 - 256a, 264 - 288 HGB. Supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz) relating to the annual financial statements have been observed.

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

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

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

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

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

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

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

Subscribed capital is stated at nominal value.

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

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

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

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

Liabilities are stated at the settlement amounts.

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

4. Disclosures on the balance sheet

4.1 Pension accruals

The portion of pension provisions not yet recognized as a liability due to the application of Article 67 (1) of the Introductory Act to the German Commercial Code (EGHGB) (distribution of the adjustment amount resulting from the change in valuation under BilMoG), which originally amounted to € 369k, still totals € 44k as of December 31, 2021.

In the case of pension obligations, assets and liabilities as well as expenses and income were offset for individual pension obligations in accordance with Section 246 (2) sentence 2 HGB.

The fair values of the offset assets amount to € 194k, the acquisition costs are equal. The settlement amount of the liability items to be offset amounts to € 235k. Due to incomplete matching of the terms of the commitment and the plan assets, the pension provision is not recognized at the fair value of the plan assets.

The resulting effect pursuant to Section 253 (6) HGB amounts to € 154k as of December 31, 2021. A distribution block exists in this amount.

4.2 Liabilities

There were no liabilities with a remaining term of more than five years as of the balance sheet date. Other liabilities include a fine of € 11.1 million for infringements of competition law, which was imposed for a period in which the company was still operating. Due to the contractual agreements in connection with the spin-off of the operating business to Bharat Forge CDP GmbH, which was established as a result, the related expense was charged to Bharat Forge CDP GmbH. The liability itself is recognized in the Company, as the latter remains the debtor of the fine in its external relationship.

4.3 Contingent liabilities and other financial obligations

The other financial commitments relate to leases totalling € 202k, of which € 54k is due within 2022.

Contingent liabilities in favor of affiliated companies consisted of debt commitments to secure a KFW entrepreneurial loan in the amount of € 9.9 million and lease-purchase obligations of an affiliated company in the total amount of € 41k.

5. Disclosures on the income statement

5.1 Other operating income

Income from currency translation amounted to € 2k.

5.2 Other interest and similar expenses

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

6. Other disclosures

6.1 Employees

The company has an average of 18 employees.

6.2 Inclusion in consolidated financial statements

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

6.3 Subsequent Events

The following events of particular significance occurred after the close of the financial year 31 December 2021, have not been taken into account in either the income statement or in the balance sheet but are disclosed here for a better assessment of the net assets, financial position and results of operations:

The so-called Corona virus continues to be present in Germany and worldwide in 2022. The Corona measures have been relaxed in almost all countries. In Germany, they will be relaxed or lifted as of 20.03.2022. In general, less serious cases are reported, but the absentee rate is increasing due to the higher infection rate. An escalation of the Ukraine crisis will lead to macroeconomic constraints for 2022 and very likely also for the following years. Due to their raw material and energy reserves, both Ukraine and Russia are important suppliers to the Western industrialised countries, which can only be replaced with rising costs. In addition, many suppliers have relocated part of their production to Ukraine in recent years. Due to the war situation and also the partial destruction of the plants, there will be short-term bottlenecks and relocations back. The imposed sanctions mean that sales markets shall also disappear in the short and medium-term.

Since subsidiaries of the Bharat Forge Global Holding GmbH do not deliver directly to the affected areas and customers also do not yet have a clear picture of the effects, it is currently not possible to forecast with sufficient reliability the extent to which additional and specific effects on the net assets, financial position and results of operations are to be expected in 2022.

Ennepetal, 17 March, 2022

Bharat Forge Global Holding GmbH

Michael Weis Martin Kübelbäck

Bharat Forge Holding GmbH

Managing Director

Mr. Michael Weis

Auditors

Dr. Wehberg Und Partner HbR

WuP Treuhand GmbH

Wirtschaftsprufungsgesellschaft

Feithstrasse 177

58097 Hagen

Germany

Registered Office

Mittelstrasse 64

58256 Ennepetal

Germany

Independent Auditor's Report

To Bharat Forge Holding GmbH, Ennepetal

Audit Opinion

We have audited the annual financial statements of Bharat Forge Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2021 and the income statement for the fiscal year from January 1, 2021 to December 31, 2021 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, 2021 and of its financial performance for the financial year from January 1, 2021 to December 31, 2021 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, 4 April, 2022

(Börstinghaus)
Wirtschaftsprüfer
(German Public Auditor)

(Lingnau)
Wirtschaftsprüfer
(German Public Auditor)

Balance Sheet as at December 31st, 2021

ASSETS	Rs.	EUR	As at 31/12/2020 EUR
A. Fixed Assets			
I. Financial assets			
Shares in affiliated companies	1,443,559,303.25	17,051,275.79	17,051,275.79
B. Current assets			
I. Accounts receivable and other assets			
Receivables from affiliated companies	120,808,798.53	1,426,989.62	6,520,990.46
of which EUR 0.00 (12/31/2020: EUR 0.00) due after one year			
of which against shareholders Rs. 105,857,189.68 EUR 1,250,381.70 (12/31/2020: EUR 6,335,382.54)			
II. Cash on hands, bank balances	54,485.42	643.58	497.78
Total	**1,564,422,587.20**	**18,478,908.99**	**23,572,764.03**

EQUITY AND LIABILITIES	Rs.	EUR	As at 31/12/2020 EUR
A. Equity			
I. Share Capital	2,116,497.50	25,000.00	25,000.00
II. Capital reserves	916,358,757.60	10,824,000.00	10,824,000.00
III. Profit brought forward	169,430,609.65	2,001,308.88	2,001,308.88
IV. Income for the year	-	-	-
	1,087,905,864.75	12,850,308.88	12,850,308.88
B. Accruals			
Other Provisions	761,939.10	9,000.00	9,000.00
C. Liabilities			
1U Trade Payables	15,467.36	182.70	182.70
up to one year: Rs 15,467.36 EUR 182.70 (12/31/2020: EUR 182.70)			
2. Payables to affiliated companies	475,739,315.99	5,619,417.41	10,713,272.45
- up to one year: Rs.475,739,315.99 EUR 5,619,417.41 (12/31/2020: EUR 10,713,272.45)			
- Due later than one year EUR 0.00 (12/31/2020: EUR 0.00)			
- thereof to shareholders : Rs. 347,495,500.48 EUR 4,104,605.61 (12/31/2020: EUR 4,071,155.61)			
Total	**1,564,422,587.20**	**18,478,908.99**	**23,572,764.03**

Profit and Loss Account for the period from January 1st to December 31st, 2021

		Rs.	Rs.	EUR	EUR	Previous Year EUR
1.	Other operating Income		-		-	-
2.	Other operating expenses		(749,595.69)		(8,854.20)	(16,133.03)
3.	Income from Profit & Loss transfer agreements	434,077,131.96		5,127,305.04		-
4.	Expenses from loss transfer agreement	-		-		(18,998,213.79)
5.	Interest and similar expenses	(2,831,873.66)		(33,450.00)		(33,452.87)
	thereof Rs. 2,831,873.66 EUR 33,450.00 (2020 :EUR 33,450.00) to affiliated companies					
			431,245,258.30		5,093,855.04	(19,031,666.66)
			430,495,662.61		**5,085,000.84**	**(19,047,799.69)**
6.	Taxes on income		-		-	-
7.	**Results after taxes on Income**		**430,495,662.61**		**5,085,000.84**	**(19,047,799.69)**
8.	Income from transfer of losses		-		-	19,047,799.69
9.	Expenses out of profit & loss transfer agreements		(430,495,662.61)		(5,085,000.84)	-
10.	**Income for the year**		**-**		**-**	**-**

1. General

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

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

The financial year covers the period from January 1 to December 31, 2021.

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

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

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

3. Accounting and valuation methods

The annual financial statements as of December 31, 2021 have been prepared in accordance with the provisions of Sections 242 to 256a and Sections 264 to 288 HGB. Supplementary provisions of the GmbH Act relating to the annual financial statements have been observed.

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

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

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

Subscribed capital is stated at nominal value.

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

Liabilities are stated at their settlement amounts.

4. Other disclosures

4.1 Employees

The company has no employees.

4.2 Inclusion in consolidated financial statements

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

Ennepetal, March, 9, 2022

Bharat Forge Holding GmbH

Michael Weis
Managing Director

Bharat Forge International Limited

Director

Mr. B. N. Kalyani

Mr. Amit B. Kalyani

Mr. P. G. Pawar

Mr. S. G. Joglekar

Mr. K. P. Dixit

Auditors

Eacotts Limited

Grenville Court, Britwell Road

Burnham, Bucks., SL1 8DF

United Kingdom

Registered Office

Boston House Business Centre

69-75 Boston Manor Road

Brentford TW8 9JJ

United Kingdom

Strategic Report for the Year Ended March 31, 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

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

This year, there has been a steady recovery and this is reflected in the company's turnover. Revenue for March 2022 was $355 million compared to $208 million in 2021.

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

The directors are of the opinion that the key performance indicator for this business is this reported turnover which has seen an increase from $208m in 2021 to $355m in 2022. In percentage terms it has increased by 70%.

Principal risks and uncertainties

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

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

Key performance indicators

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

Other risks include;

- Global pandemic, which is COVID 19 and its impact on the automotive and industrial markets
- Vulnerability to exchange markets or mechanisms
- Inflation risk

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

In any event the company has the continued support of its parent Bharat Forge Limited to ensure that the company will have every opportunity to benefit from any improvement in the economic conditions in which the company operates. We therefore look forward with some confidence to 2023 and beyond.

On behalf of the board

Mr K Dixit
Director

13 May 2022

Director Report for the Year Ended March 31, 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

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 93.

Ordinary dividends were paid amounting to $1,250,000. 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

Supplier payment policy

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

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

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

Auditor

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

Energy and carbon report

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

Statement of disclosure to auditor

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

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

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

On behalf of the board

Mr K Dixit
Director

13 May 2022

Director’s Responsibilities Statement for the Year Ended 31 March 2022

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

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

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

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

Independent Auditor's Report

To the members of bharat forge international ltd

Opinion

We have audited the financial statements of Bharat Forge International Ltd (the 'company') for the year ended 31 March 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims.

- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Challenging assumptions and judgements made by management in their significant accounting estimates.

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

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

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

Use of our report

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

Mr Jeffrey Smith FCA (Senior Statutory Auditor)

For and on behalf of Eacotts International Limited — 13 May 2022

Accountants
ICAEW Registered Auditors

Grenville Court
Britwell Road, Burnham
Buckinghamshire, SL1 8DF

Statement of Financial Position as at 31st March 2022

	Notes	2022		2022		2021	
		Rs.	Rs.	USD	USD	USD	USD
Non - current Assets							
Property, plant and equipment	11		505,709,998		6,671,011		7,114,277
Investments			130,335,147		1,719,300		-
Other receivables	13		85,317,328		1,125,453		19,502
Deferred tax asset	21		16,837,515		222,110		190,760
			738,199,988		**9,737,874**		**7,324,539**
Current assets							
Inventories	12	11,185,284,161		147,549,295		87,748,567	
Trade and other receivables	13	7,795,428,001		102,832,426		73,836,000	
Cash and cash equivalents		33,450,338	19,014,162,500	441,256	250,822,977	1,591	161,586,158
			19,752,362,488		**260,560,851**		**168,910,697**
Current Liabilities							
Trade and Other payables	19	16,400,714,624		216,348,002		129,911,639	
Current tax liabilities		46,772,374		616,992		247,360	
Borrowings	15	1,631,731,150		21,524,780		21,117,414	
Lease liabilities	20	7,770,379	18,086,988,527	102,502	238,592,276	69,857	151,346,270
Net current Assets			**927,173,973**		**12,230,701**		**10,239,888**
Non - current liabilities							
Borrowings	15		-		-		-
Lease Liabilities	20		51,693,620		681,910		823,251
			51,693,620		**681,910**		**823,251**
Net assets			**1,613,680,341**		**21,286,665**		**16,741,176**
Equity							
Called up share capital	23		7,942,613		104,774		104,774
Retained earnings			1,605,737,728		21,181,891		16,636,402
Total Equity			**1,613,680,341**		**21,286,665**		**16,741,176**

The financial statements were approved by the board of directors and authorised for issue on May 13, 2022 and are signed on its behalf by:

K P Dixit

Director

Company Registration No. 07459638

Income Statement for year ended 31st March 2022

	Notes	2022 Rs.	2022 USD	2021 USD
Revenue	2	26,935,648,763	355,318,285	208,232,151
Cost of sales		(26,465,937,586)	(349,122,148)	(204,360,499)
Gross profit		**469,711,177**	**6,196,137**	**3,871,652**
Other operating income		7,658,640	101,028	46,652
Administrative expenses		(96,881,929)	(1,278,006)	(2,895,827)
Operating profit	3	**380,487,888**	**5,019,159**	**1,022,477**
Investment revenues	6	48,128,563	634,882	569,760
Finance costs	7	(20,823,983)	(274,697)	(419,211)
Other gains and losses	8	46,492,343	613,298	(613,298)
Profit before taxation		**454,284,811**	**5,992,642**	**559,728**
Income tax expense	9	(93,140,393)	(1,228,650)	(170,155)
Profit for the year		**361,144,418**	**4,763,992**	**389,573**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Investments held at fair value through other comprehensive income:				
- Valuation gain arising in the year		78,194,796	1,031,497	-
Total comprehensive income for the year		**439,339,214**	**5,795,489**	**389,573**

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

Statement of changes in equity for the year ended 31 March 2022

	Notes	Share capital		Revaluation Reserve		Retained earnings		Total	
		Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance at 1 April 2020		7,942,613	104,774	-	-	1,231,624,991	16,246,829	1,239,567,604	16,351,603
Year ended 31 March 2021:									
Profit and total comprehensive income for the year		-	-	-	-	29,532,399	389,573	29,532,399	389,573
Dividends	10	-	-	-	-	-	-	-	-
Balance at 31 March 2021		**7,942,613**	**104,774**	**-**	**-**	**1,261,157,390**	**16,636,402**	**1,269,100,003**	**16,741,176**
Year ended 31 March 2022:									
Profit for the year		-	-	-	-	361,144,418	4,763,992	361,144,418	4,763,992
Other comprehensive income									
Adjustments to fair value of financial assets		-	-	78,194,796	1,031,497	-	-	78,194,796	1,031,497
Total comprehensive income for the year		7,942,613	104,774	78,194,796	1,031,497	1,622,301,808	21,400,394	1,708,439,217	22,536,665
Dividends	10	-	-	-	-	(94,758,875)	(1,250,000)	(94,758,875)	(1,250,000)
Balance at 31 March 2022		**7,942,613**	**104,774**	**78,194,796**	**1,031,497**	**1,527,542,933**	**20,150,394**	**1,613,680,342**	**21,286,665**

Statement of Cash Flows for the year ended 31st March, 2022

	Notes	2022		2022		2021	
		Rs.	Rs.	USD	USD	USD	USD
Cash flows from operating activities							
Cash (absorbed by)/generated from operations	**27**		151,286,941		1,995,683		(2,959,157)
Interest paid			(20,823,983)		(274,697)		(419,211)
Tax paid			(67,496,216)		(890,368)		(268,962)
Net cash (outflow)/inflow from operating activities			**62,966,742**		**830,618**		**(3,647,330)**
Investing activities							
Purchase of property, plant and equipment		-		-		(1,738)	
Purchase of investments		(130,335,147)		(1,719,300)		248,682	
Impairment of investments		124,687,139		1,644,795		(613,298)	
Interest received		48,128,563		634,882		569,760	
Net cash generated from/(used in) investing activities			**42,480,555**		**560,377**		**203,406**
Financing activities							
Repayment of bank loans		(47,379,437)		(625,000)		(4,304,077)	
Movements in lease liabilities		(8,239,929)		(108,696)		(103,115)	
Dividend Paid		(94,758,875)		(1,250,000)		-	
Net cash used in financing activities			**(150,378,241)**		**(1,983,696)**		**(4,407,192)**
Net (decrease) / increase in cash and cash equivalents			**(44,930,944)**		**(592,701)**		**(7,851,116)**
Cash and cash equivalents at beginning of year			(1,553,349,868)		(20,490,823)		(12,639,707)
Cash and cash equivalents at end of year			**(1,598,280,812)**		**(21,083,524)**		**(20,490,823)**
Relating to:							
Bank balance and short term deposits			120,609		1,591		1,591
Bank overdrafts			(1,598,401,421)		(21,085,115)		(20,492,414)

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

1.2 Going concern

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

1.3 Revenue

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

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

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

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

The company recognises revenue from the following major sources:

- Sale of goods
- Interest income

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

Sale of goods

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

Interest income

Interest income is recognised on receipt.

1.4 Property, plant and equipment

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

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

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

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

1.5 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.

1.6 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.

1.7 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.

1.8 Financial assets

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

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

Financial assets at fair value through profit or loss

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets held at amortised cost

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

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

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

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

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

Impairment of financial assets

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

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

b. Lease receivables

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

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

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

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

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

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

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

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

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

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

  ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

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

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

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

Derecognition of financial assets

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

1.9 Financial liabilities

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

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

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

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
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

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.

1.10 Equity instruments

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

1.11 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.

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

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

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

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

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

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

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

1.15 Grants

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

1.16 Foreign exchange

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

2 Revenue

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

	2022	2021
	$	$
Revenue analysed by class of business		
Forged and machined components for automotive and non-automotive industry	355,318,285	208,232,151
Other significant revenue		
Interest income	634,882	569,760
Grants received	16,413	9,587
Revenue analysed by geographical market		
United States of America	289,282,757	164,408,588
Europe	60,307,901	41,089,833
United Kingdom	5,727,627	2,733,730
	355,318,285	**208,232,151**

3 Operating profit

	2022	2021
	$	$
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(671,865)	1,176,994
Government grants	(16,413)	(9,587)
Fees payable to the company's auditor for the audit of the company's financial statements	101,167	128,066
Depreciation of property, plant and equipment	443,266	442,077
Cost of inventories recognised as an expense	315,582,728	194,093,586

4 Employees

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

	2022	2021
	Number	Number
Directors	2	2
Administration	12	12
Total	14	14

Their aggregate remuneration comprised:

	2022	2021
	$	$
Wages and salaries	737,810	668,641
Social security costs	49,968	38,887
Pension costs	8,614	6,763
	796,392	**714,291**

5 Directors' fees

	2022	2021
	$	$
Fees for qualifying services	262,618	274,948

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

Fees for qualifying services	131,309	137,474

6 Investment income

	2022	2021
	$	$
Interest income		
Financial instruments measured at amortised cost:		
Other interest income on financial assets	634,882	569,760

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

7 Finance costs

	2022	2021
	$	$
Interest on bank overdrafts and loans	252,975	391,513
Other interest expense	21,722	27,698
Total interest expense	**274,697**	**419,211**

8 Income tax expense

	2022	2021
	$	$
Current tax		
UK corporation tax on profits for the current period	1,260,000	360,915
Deferred tax		
Origination and reversal of temporary differences	(31,350)	(190,760)
Total tax charge	1,228,650	170,155

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

Profit before taxation	5,992,642	559,728
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	1,138,602	106,348
Effect of expenses not deductible in determining taxable profit	62,895	6,753
Permanent capital allowances in excess of depreciation	(4,739)	57,054
Other timing differences	31,350	-
Other differences	542	-
Taxation charge for the year	**1,228,650**	**170,155**

9 Dividends

Amounts recognised as distributions:	2022 per share $	2021 per share $	2022 Total $	2021 Total $
Ordinary				
Interim dividend paid	19.53	-	1,250,000	-

10 Property, plant and equipment

	Land and buildings Freehold $	Fixtures, fittings & equipment $	Plant and machinery $	Motor vehicles $	Right of use asset $	Total $
Cost						
At 1 April 2020	7,366,098	564,987	87,617	106,119	1,095,290	9,220,111
Additions	-	-	1,738	-	-	1,738
At 31 March 2021	7,366,098	564,987	89,355	106,119	1,095,290	9,221,849
At 31 March 2022	7,366,098	564,987	89,355	106,119	1,095,290	9,221,849
Accumulated depreciation and impairment						
At 1 April 2020	1,216,022	234,597	84,935	21,922	108,019	1,665,495
Charge for the year	246,028	62,959	2,253	21,224	109,613	442,077
At 31 March 2021	1,462,050	297,556	87,188	43,146	217,632	2,107,572
Charge for the year	246,027	62,284	990	21,223	112,742	443,266
At 31 March 2022	1,708,077	359,840	88,178	64,369	330,374	2,550,838
Carrying amount						
At 31 March 2022	**5,658,021**	**205,147**	**1,177**	**41,750**	**764,916**	**6,671,011**
At 31 March 2021	**5,904,048**	**267,431**	**2,167**	**62,973**	**877,658**	**7,114,277**
At 31 March 2020	**6,150,076**	**330,390**	**2,682**	**84,197**	**987,271**	**7,554,616**

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

Right-of-use assets	2022 $	2021 $
Net values		
Property	764,916	877,658
Depreciation charge for the year		
Property	112,742	109,613

11 Investments

	Current		Non-current	
	2022	2021	2022	2021
	$	$	$	$
Investments held at fair value through other comprehensive income	-	-	1,719,300	-

The company holds an investment of 51,536 (1.76%) shares in Tevva Motors (Jersey) Limited, of which 35,159 shares were acquired during the year. Tevva Motors (Jersey) Limited, incorporated in Jersey, holds an investment of 1.95m shares in Tevva Motors Limited or 27.05% of the company. The shares of Tevva Motors Ltd are currently valued at $50 based on a recent funding round. As a result the company has decided to revalue its investment as above.

Judgements and key sources of estimation uncertainty

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

Unlisted Investments

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

Fair value of financial assets

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

12 Inventories

	2022	2021
	$	$
Finished goods	147,549,295	87,748,567

13 Trade and other receivables

	Current		Non-current	
	2022	2021	2022	2021
	$	$	$	$
Trade receivables	78,478,131	50,734,041	-	-
Deposits recoverable	-	-	18,734	19,502
VAT recoverable	16,478	27,068	-	-
Amount owed by parent undertaking	1,045,205	1,208,358	-	-
Amounts owed by fellow group undertakings	19,667,318	20,361,007	1,106,719	-
Amounts owed by related parties	14,778	700,789	-	-
Other receivables	200,000	200,000	-	-
Prepayments	3,410,516	604,737	-	-
	102,832,426	**73,836,000**	**1,125,453**	**19,502**

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

	2022	2021
	$	$
Secured borrowings at amortised cost		
Bank overdrafts	21,524,780	20,492,414
Bank loans	-	625,000
	21,524,780	**21,117,414**

Analysis of borrowings

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

Current liabilities	**21,524,780**	**21,117,414**

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 2021			
Bank loans	625,000	-	625,000
Bank overdraft	20,492,414	-	20,492,414
Trade payables	287,812	-	287,812
Other payables	129,941,044	823,251	130,764,295
	151,346,270	**823,251**	**152,169,521**
At 31 March 2022			
Bank overdraft	21,524,780	-	21,524,780
Trade payables	13,995	-	13,995
Other payables	217,053,501	681,910	217,735,411
	238,592,276	**681,910**	**239,274,186**

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	
	2022	2021	2022	2021
	$	$	$	$
Euro	32,778,791	30,569,890	41,757,156	29,265,735
Pound sterling	2,505,056	1,428,109	14,736,895	10,274,297
	35,283,847	**31,997,999**	**56,494,051**	**39,540,032**

Interest rate risk

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

	2022	2021
	%	%
Bank loans carried at $21.5m (2021: $21.1m)	2	3
	2	**3**

19 Trade and other payables

	2022	2021
	$	$
Trade payables	13,995	287,812
Amount owed to parent undertaking	203,977,092	116,370,857
Amounts owed to fellow group undertakings	233,722	306,192
Amounts owed to related parties	10,557,734	10,684,983
Accruals	897,256	1,662,783
Social security and other taxation	88,030	89,871
Other payables	580,173	509,141
	216,348,002	**129,911,639**

20 Lease liabilities

	2022	2021
	$	$
Maturity analysis		
Within one year	102,502	69,857
In two to five years	463,913	471,023
In over five years	217,997	352,228
Total undiscounted liabilities	**784,412**	**893,108**

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

Current liabilities	102,502	69,857
Non-current liabilities	681,910	823,251
	784,412	**893,108**

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

21 Deferred taxation

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

	Provisions
	$
Deferred tax balance at 1 April 2020	-
Deferred tax movements in prior year	
Other	(190,760)
Deferred tax asset at 1 April 2021	(190,760)
Deferred tax movements in current year	
Charge/(credit) to profit or loss	(31,350)
Deferred tax asset at 31 March 2022	**(222,110)**

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

22 Retirement benefit schemes

	2022	2021
	$	$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	8,614	6,763

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

23 Share capital

	2022	2021
	$	$
Ordinary share capital		
Issued and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774
	104,774	**104,774**

24 Revaluation reserve

	2022	2021
	$	$
At the beginning of the year	-	-
Fair value adjustment - investments	1,031,497	-
At the end of the year	**1,031,497**	**-**

25 Capital risk management

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

26 Related party transactions

Fees for qualifying services

Two directors received directors fees totaling $262,618 (2021: $247,948), 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	
	2022	2021	2022	2021
	$	$	$	$
Parent company	-	-	294,668,017	178,030,723
Other related parties	-	-	17,763,330	13,346,168
	-	-	312,431,347	191,376,891

The following amounts were outstanding at the reporting end date:

	2022	2021
	$	$
Amounts due to related parties		
Parent company	203,977,092	116,370,857
Other group companies	233,722	306,192
Key management personnel	190,586	199,347
Other related parties	10,557,734	10,684,983
	214,959,134	**127,561,379**
Amounts due from related parties		
Parent company	1,045,205	1,208,358
Other group companies	19,667,318	20,361,007
Other related parties	14,778	700,789
	20,727,301	**22,270,154**

27 Controlling party

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

28 Cash generated from/(absorbed by) operations

	2022	2021
	$	$
Profit for the year after tax	4,763,992	389,573
Adjustments for:		
Taxation charged	1,228,650	170,155
Finance costs	274,697	419,211
Investment income	(634,882)	(569,760)
Depreciation and impairment of property, plant and equipment	443,266	442,077
Other gains and losses	(613,298)	613,298
Movements in working capital:		
(Increase)/decrease in inventories	(59,800,728)	6,369,370
Decrease/(increase) in contract assets	768	(2,004)
(Increase)/decrease in trade and other receivables	(30,103,145)	6,437,746
Increase/(decrease) in trade and other payables	86,436,363	(17,228,823)
Cash generated from/(absorbed by) operations	**1,995,683**	**(2,959,157)**

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Bharat Forge Kilsta AB

Chairman

Mr. K. M. Saletore

Managing Director

Mr. Niklas Blom

Director

Mr. S. E. Tandale

Mr. Mats Pettersson

Mr. Michael Weis

Auditors

Ernst & Young AB

Kungsgatan 18, Box 477,

651 11 Karlstad, Sweden

Registered Office

Box 428 691 27 Karlskoga

Sweden

Auditor's report

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

Report on the annual accounts

Opinions

We have audited the annual accounts of Bharat Forge Kilsta AB for the year 2021-01-01 - 2021-12-31.

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, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts , whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bharat Forge Kilsta AB for the year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company’s profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

Karlstad May 13, 2022

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 manufacturer 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

Sales volumes recovered strongly during the financial year, as compared to the Corona-year 2020, and sales volumes were also significantly higher as compared to the Company's budget. However, customers' purchasing forecasts often changed with short notice, mainly depending on lack of components, which has made the Company's planning more complicated.

Steel prices have increased strongly during the financial year. By the end of the year, prices were approximately 35-40% higher as compared to the same time a year ago. In addition, energy costs rose heavily during the year, in particular during the last quarter of the year.

The Company has during the year continued to use the possibility to postpone tax payments, which is one of the crisis-measures implemented in Sweden to meet the Corona-crisis.

The Group continues to ensure that the capital cover requirements according to Swedish Companies Act, for the Company, are adhered to.

Significant events after year-end

Sales in financial year 2022 are expected to be a lower level than in 2021. Sales volumes in the beginning of 2022 have been weak, and the Company is evaluating to again use the short-time work program. The Company has applied for, and has been granted, a continued and increased deferment of tax payments.

The underlying reasons to the uncertain situation seem to be lack of components, and high staff absence due to the Corona/Omikron-pandemic with its quarantine rules.

Expected future development, risk and uncertainties

The Company operates in a highly competitive market and the business is associated with risks. The Company is exposed to both operational and financial risks. The development of steel and energy prices as well as increased competition are among the most important operational risks. The financial risk consists of a credit risk, ie the company is not paid for its accounts receivable, and the development of EUR / SEK because the company has its financing in EUR.

As the Company is a subcontractor to the automotive industry, the Company itself cannot influence its sales in the short term, but the sales volume depends on the overall economic development and how the sales volumes develop at the Company's customers. The impact of the ongoing Corona crisis' continued impact on the world economy cannot be assessed here. The company is mainly financed by a time-limited credit facility. The ongoing Corona crisis may lead to a need for additional liquidity.

In general, the Group strives to ensure that all its companies cover their own cash needs on their own. When it comes to financing costs, there is a risk that interest rates will increase, and thus also interest costs.

The company buys large quantities of steel. When the Corona crisis is over, this can lead to disruptions, in the form of capacity constraints and delays, in connection with the resumption of production. This is also a risk for other purchased goods and consumables.

In the end of February 2022 the Ukraine war started and the European Union introduced far reaching economic sanctions towards Russia (including the annected Crim-peninsula) and Belarus, and also towards the two breakaway republics Donetsk and Luhansk. The impact of the war in Ukraine on the Company is currently unknown. The Company has no own sales towards Russia, but the Company's customers produce and sell trucks in Russia. European car industry has many sub suppliers in Ukraine, particularly within the passenger vehicle industry, and it is likely that disturbances of supply will occur. However, there is a great deal of uncertainty, and the total impacts of the events and implications in the short and long run cannot currently be quantified.

The company has focused on preventive maintenance to avoid unplanned downtime. However, downtime is part of the production concept, and can therefore not be completely ruled out. The company is working on projects within "Industry 4.0" to use sensor technology and digitization to find further preventive measures.

Adequate insurance coverage is available for all relevant operational risks - including property damage, interruptions and claims from third parties.

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

Research and development

The research and development activities of the Company amounted 0.24 % (0.45%) 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.

	2021	2020	2019	2018
Net sales, TSEK	906,894	662,788	907,408	952,021
Profit/loss after financial items, TSEK	20 990	(26 667)	(34 787)	(44,629)
Balance sheet total, TSEK	573,425	508,402	506,737	523,481
Number of employees,	271	288	338	333
Equity/assets ratio, %	8,4	5,4	2,0	2,5
Return on total assets, %	6,3	Neg	Neg	Neg
Return on equity, %	43,5	Neg	Neg	Neg

Equity/assets ratio

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

Return on total assets

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

Return on equity

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

Proposed treatment of gain/losses

To the disposal of the annual general meeting are the following loss (SEK)	
Unappropriated loss brought forward	(6,482,754)
Net profit for the year	20,989,812
	14,507,058
The Board of Directors propose that the unappropriated loss be distributed as follows	
Retained profit carried forward	**14,507,058**

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, 2021

	Note	31/12/2021		31/12/2020
		Rs.'000	SEK'000	SEK'000
Assets				
Tangible fixed assets				
Land and buildings	12	215,224	26,183	28,571
Plant and machinery	13	1,149,189	139,804	135,627
Equipment, tools, fixtures and fittings	14	52,707	6,412	6,658
Construction in progress	15	286,426	34,845	6,889
		1,703,546	207,244	177,745
Financial fixed assets				
Deferred tax Assets	16	-	-	-
		-	-	-
Total fixed assets		**1,703,546**	**207,244**	**177,745**
Current assets				
Inventories, etc.				
Raw materials and consumables		800,423	97,375	66,682
Products in progress		798,696	97,165	70,977
Finished goods		235,873	28,695	5,997
		1,834,992	223,234	143,656
Current receivables				
Accounts receivable - trade		580,373	70,605	47,439
Receivables from group companies		173	21	20,339
Income tax receivables		34,984	4,256	3,791
Other current receivables		814	99	219
Prepaid expenses and accrued income		193,482	23,538	6,330
		809,826	98,519	78,118
Cash and bank balances		365,198	44,428	108,883
Total current assets		3,010,016	366,181	330,657
Total assets		**4,713,562**	**573,425**	**508,402**

Balance Sheet as at December 31, 2021

	Note	31/12/2021		31/12/2020
		Rs.'000	SEK'000	SEK'000
Equity and liabilities				
Equity	17, 18			
Restricted equity				
Share capital		164,400	20,000	20,000
Revaluation Reserve		79,775	9,705	10,724
Statutory reserve		32,880	4,000	4,000
		277,055	33,705	34,724
Non-restricted equity				
Unappropriated profit brought forward		(53,290)	(6,483)	19,351
Net loss of the year		172,536	20,990	(26,667)
		119,246	14,507	(7,316)
Total equity		**396,301**	**48,212**	**27,408**
Provisions				
Provisions for pensions	19	39,900	4,854	6,502
Guarantee reserve		11,097	1,350	850
Total provisions	20	50,997	6,204	7,352
Current liabilities				
Liabilities to credit institutions	21	2,192,767	266,760	260,780
Accounts payable - trade		841,021	102,314	59,994
Liabilities to group companies		289,056	35,165	50,494
Other Current liabilities		371,708	45,220	45,013
Accrued expenses and deferred income	22	571,712	69,549	57,361
Total current liabilities		**4,266,264**	**519,009**	**473,642**
Total equity and liabilities		**4,713,562**	**573,425**	**508,402**

Income statement for the period from January 1 to December 31, 2021

	Note	2021		Previous Year
		Rs.'000	SEK'000	SEK'000
Operating Income	1			
Net sales	2	7,454,669	906,894	662,788
Change in inventories of work in progress and finished goods		401,843	48,886	(60,845)
Other operating income	3	469,888	57,164	45,323
Total Operating income		**8,326,400**	**1,012,944**	**647,266**
Operating expenses				
Raw materials and consumables		(4,953,701)	(602,640)	(362,086)
Other external costs	4,5	(1,188,752)	(144,617)	(110,159)
Personnel costs	6	(1,633,520)	(198,725)	(178,216)
Depreciation of tangible assets		(246,806)	(30,025)	(28,834)
Other operating expenses	7	(23,386)	(2,845)	(3,869)
Total Operating expenses		**(8,046,165)**	**(978,851)**	**(683,163)**
Operating profit/(loss)	8	**280,235**	**34,093**	**(35,900)**
Result from financial investments				
Result of disposal fixed assets		-	-	(365)
Other interest income and similar profit/loss items	9	20,040	2,437	16,893
Interest expenses and similar profit/loss items	10	(127,739)	(15,540)	(7,296)
Total profit/loss from financial investments		(107,699)	(13,103)	9,233
Profit/loss after financial items		172,536	20,990	(26,667)
Tax on profit for the year	11	-	-	-
Net profit/loss for the year		**172,536**	**20,990**	**(26,667)**

Change of Equity

	Share capital		Revaluation reserve		Non restricted equity		Total equity	
	Rs. '000	SEK '000	Rs. '000	SEK '000	Rs. '000	SEK '000	Rs. '000	SEK '000
Equity 01-12-2020	**164,400**	**20,000**	**129,325**	**15,733**	**(209,594)**	**(25,498)**	**84,131**	**10,235**
Change revaluation	-	-	(8,290)	(1,008)	8,290	1,008	-	-
Shareholder contribution	-	-	-	-	359,655	43,754	359,655	43,754
Revaluation of defined benefit pension	-	-	-	-	703	87	703	87
Net loss for the year	-	-	-	-	(219,195)	(26,667)	(219,195)	(26,667)
Equity 31-12-2020	**164,400**	**20,000**	**121,035**	**14,725**	**(60,141)**	**(7,316)**	**225,294**	**27,408**
Change revaluation	-	-	(8,380)	(1,019)	8,380	1,019	-	-
Shareholder contribution	-	-	-	-	-	-	-	-
Revaluation of defined benefit pension	-	-	-	-	(1,529)	(186)	(1,529)	(186)
Net loss for the year	-	-	-	-	172,536	20,990	172,536	20,990
Equity 31-12-2021	**164,400**	**20,000**	**112,655**	**13,705**	**119,246**	**14,507**	**396,301**	**48,212**

Statement of Cash Flow for the period ended December 31 , 2021

	Note	2021		2020
		Rs.'000	SEK'000	SEK'000
Operating activities				
Profit/loss after financial items		172,536	20,990	(26,667)
Adjustments for items not requiring an outflow of cash, etc.:				
Depreciation		246,806	30,025	28,836
Result disposal fixed assets		-	-	364
Exchange loss		59,809	7,276	(13,840)
Provisions		4,110	500	(957)
Other		247	30	5
Released debts		-	-	(1,526)
Cash flow from operating activities before changes in working capital		**483,508**	**58,821**	**(13,785)**
Cash flow from changes in working capital				
Increase(-) /decrease (+) in inventories		(654,131)	(79,578)	72,160
Increase(-) /decrease (+) in current receivables		(167,696)	(20,401)	25,574
Increase(+) /decrease (-) in current liabilities		483,459	58,815	10,707
Cash flow from operating activities		**145,140**	**17,657**	**94,656**
Investing activities				
Acquisition of tangible assets		(489,287)	(59,524)	(10,863)
Cash flow from investing activities		**(489,287)**	**(59,524)**	**(10,863)**
Financing activities				
Loans taken		-	-	13,102
Repayment of borrowings		(170,351)	(20,724)	-
Shareholder contribution		(15,322)	(1,864)	-
Cash flow from financing activities		**(185,673)**	**(22,588)**	**13,102**
Cash flow		(529,820)	(64,455)	96,895
Cash and cash equivalents at beginning of the year		895,018	108,883	11,988
Cash and cash equivalents at the end of the year	23	**365,198**	**44,428**	**108,883**

Note 1 : Accounting principles

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

Foreign currencies

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

Revenues

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

Income taxes

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

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

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

Intangible fixed assets

Research and development

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

Tangible fixed assets

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

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

In this respect the following depreciation periods are applied:

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

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

Impairment of non-financial assets

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

Lease

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

Financial instruments

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

Account receivables and other receivables

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

Loan and payables

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

Netting of financial asset and financial liability

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

Impairment of financial assets

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

Inventories

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

Provisions

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

Employee benefits

Short term benefits

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

Post-employment benefits

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

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

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

Termination benefits

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

Cash flow

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

Estimates and assessments

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

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

Fixed assets

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

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

Deferred tax assets

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

Accounts receivables

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

Inventories

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

CSR/Sustainability report

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

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

Note 2 : Net sales classified according to geographical market

	2021	**2020**
Chassis	421,034	316,783
Engines	474,336	338,658
Other	11,524	7,346
Total	**906,894**	**662,787**
Net sales classified according to geographic market as follows:		
Nordic countries	567,518	424,713
Europe, excluding the Nordic countries	288,991	206,914
North America	17,473	12,488
Other markets	32,912	18,672
Total	**906,894**	**662,787**

Note 3 : Other operating income

	2021	**2020**
Scrap	49,644	21,242
Sales of dies	1,008	978
Other	6,405	2,965
Contributions employees	107	20,137
Total	**57,164**	**45,322**

Note 4 : Operating lease

Operating lease during the period, 7 250 (8 112) TSEK.

	2021	2020
Future minimum payable non-cancellable leases:		
Payment due within one year	4,964	6,230
Payment due after one year but within 5 years	9,409	7,643
Payment due after 5 years	1,881	42
Total	**16,254**	**13,915**

Note 5 : Remuneration to auditors

	2021	2020
Ernst and Young		
Audit engagement	1,185	1,308
Audit in addition to audit assignment	516	560
Total	**1,701**	**1,868**

Note 6 : Salaries, other remuneration and social security contributions

	2021	2020
Average number of employees, with women and males as allocation basis amounts to:		
Women	22	23
Men	249	265
Total for the Company	**271**	**288**
Wages and compensations amounts to		
Board of Directors and MD	1,917	3
Bonus to Board of Directors and MD	1,906	0
Other employees	129,470	126,971
	133,293	**126,974**
Pension cost to Board of Directors and MD	1,368	0
Pension cost to other employees	14,359	12,665
Statutory and contractual social security contributions	46,050	36,181
	61,777	**48,846**
Total salaries, remuneration, social security contributions and pension costs	**195,070**	**175,820**

Managing Director is employed by the parent company during 2015-2020.
From 2021 is MD employed by the company.

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	29%	33%
Men	71%	67%

Note 7 : Other operating expenses

	2021	2020
Realized/unrealized exchange loss Realized/unrealized exchange loss	3,559	3,869
Total	**3,559**	**3,869**

Note 8 : Transactions Intercompany

	2021	2020
Purchases and sales, Intercompany		
Below are the percentage of purchases and sales, Intercompany.		
Purchases	0.28%	0.67%
Sales	0.54%	0.00%

Ownership structure

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

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

	2021	2020
Interest income from group company	64	0
Realized/not realized exchange profit on liquidity account	2,137	3,054
Realized/not realized exchange profit on loan	237	13,839
Total	**2,431**	**16,893**

Note 10 : Interest expenses and similar profit/loss items

	2021	2020
Interest expenses to group company	855	1,286
Interest expenses pensions	31	55
Realized/unrealized exchange loss loans	7,342	0
Other interest expenses	7,312	5,955
Total	**15,540**	**7,296**

Note 11 : Tax on profit for the year

Reconciliation of effective tax

	2021	2020
Profit/loss before tax	20,990	-26,667
Tax calculated at applicable tax rate 20,6% (21,4%)	-4,324	5,707
Tax effect of non-deductible expenses	801	798
Earned unrecognized loss carryforwards	0	-6,505
Used unrecognized loss carryforwards	3,523	0
Recognized tax	**0**	**0**

Note 12 : Land and buildings

	2021-12-31	2020-12-31
Opening acquisition cost	44,826	44,051
Changes during the year		
- Redistribution from construction in progress	0	873
- Purchases	310	,0
- Disposals	0	-490
- Reclassification	0	392
Closing accumulated acquisition cost	**45,136**	**44,826**
Opening depreciation	-29,770	-28,432
- Disposals	0	154
- Depreciation	-1,415	-1,492
Closing accumulated depreciation	**-31,185**	**-29,770**
Opening revaluation	13,515	14,799
Changes during the year		
- Depreciation	-1,283	-1,284
Closing accumulated revaluation	**12,232**	**13,515**
Closing residual value according to plan	**26,183**	**28,571**

Note 13 : Plant and machinery

	2021-12-31	2020-12-31
Opening acquisition cost	441,432	440,568
Changes during the year		
- Redistribution from construction in progress	5,123	4,693
- Purchases	25,337	0
- Disposals	0	-5,870
- Reclassification	0	2,041
Closing accumulated acquisition cost	**471,892**	**441,432**
Opening depreciation	-305,805	-286,521
Changes during the year		
- Disposals	0	5,842
- Depreciation	-26,283	-25,126
Closing accumulated depreciation	**-332,088**	**-305,805**
Closing residual value according to plan	**139,804**	**135,627**

Accumulated acquisition values at the beginning of the year are reduced by investment contributions during 1997-2000 amounting to total of 10 MSEK.

Note 14 : Equipment, tools, fixtures and fittings

	2021-12-31	2020-12-31
Opening acquisition cost	48,879	49,457
Changes during the year		
- Redistribution from construction in progress	0	809
- Purchases	798	0
- Disposals	0	-1,718
- Reclassification	0	331
Closing accumulated acquisition cost	**49,677**	**48,879**
Opening depreciation	-42,221	-43,005
Changes during the year		
- Disposals	0	1,718
- Depreciation	-1,044	-934
Closing accumulated depreciation	**-43,265**	**-42,221**
Closing residual value according to plan	**6,412**	**6,658**

Note 15 : Constructions in progress

	2021-12-31	2020-12-31
Opening accrued expenses	6,889	5,165
Expenses accrued during the year	33,079	10,862
Fixed assets under construction completed this year	-5,123	-9,138
Closing expenses accrued	34,845	6,889
Closing residual value according to plan	**34,845**	**6,889**

Note 16 : Deferred tax

	2021-12-31	2020-12-31
Deferred tax assets on tax loss	2,527	2,791
Deferred tax liabilities related to revaluation of property	-2,527	-2,791
	0	**0**

Total tax loss amount is 241 579 TSEK (266 273 TSEK).

Note 17 : Accrued expenses and deferred income

	2021-12-31	2020-12-31
Accrued expenses	3,538	6,330
Deferred income	20,000	0
	23,538	**6,330**

Note 18 : Equity

	2021-12-31	2020-12-31
Number of A-shares	**No of shares**	**Value**
	200,000	100

The Company reports a revaluation fund of 9 705 (10 725) TSEK related to the revaluation of the building. Annually reduction in revaluation fund has been transferred to equity.

Note 19 : Equity and proposed treatment of losses

	2021-12-31
To the disposal of the annual general meeting are the following losses:	
Unappropriated profit/loss brought forward	-6,483
Net gain/loss for the year	20,990
	14,507
The board of Directors propose that the unappropriated loss be distributed as follows	
Retained losses carried forward	**14,507**

Note 20 : Contingent liabilites

	2021-12-31	2020-12-31
Contingent liability to FPG	107	149
Total contingent liabilities	**107**	**149**

Not 21 : Provisions

	2021-12-31	2020-12-31
Provisions for pensions and guarantee		
Opening balance provisions	7,352	8,395
Provisions of the year	500	0
Claims of the year	-1,648	-1,043
Closing balance provisions	**6,204**	**7,352**

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 4 854 (6 502) 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 1.00 (0.50) % and expected inflation of 2.20 (1.50) %. The company has reported interest expenses attributable to the provision of 31 (55) tsek over the financial result. Furthermore, the Company reported actuarial loss of 185 (-86) tsek directly in equity.

Note 22 : Pledged assets

	2021-12-31	2020-12-31
For provisions, own liabilities and receivables		
Concerning credit insurance FPG liability		
Business mortgage	10,000	10,000
Total pledged assets	**10,000**	**10,000**

Bharat Forge Limited has provided guarantee for current loans.

Note 23 : Accrued expenses and deferred income

	2021-12-31	2020-12-31
Accrued salaries	8,912	10,703
Accrued holiday pay	16,139	14,709
Accrued social security costs & pensions	17,405	11,980
Accrued customer provisions	23	170
Accrued special employer´s contribution, tax on returns from pension funds and property tax	3,617	3,430
Accured financial expenses	5,396	3,286
Ongoing claims	1,806	842
Other items	16,251	12,241
Total	**69,549**	**57,361**

Note 24 : Cash and cash equivalents

Only placements which can be immediately converted into cash are referred to as cash and bank balances.

Income statement and balance sheet will be submitted to the annual general meeting

Karlskoga May 13, 2022

Kishore Saletore
Chairman

Subodh Tandale

Mats Pettersson
Employee representive

Michael Weis

Niklas Blom
Managing Director

Our audit report was issued on May 13, 2022

Ernst & Young

Tomas Karlsson
Authorized public accountant

Daniel Berg
Authorized public accountant

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Bharat Forge PMT Technologie, LLC

Directors

Mr. Amit B. Kalyani

Mr. Michael Weis

Mr. S. E. Tandale

Mr. S. G. Joglekar

Mr. K. P. Dixit

Auditors

KNAV P. A

One Lakeside

Commons, Suite 850

990 Hammond Drive NE,

Atlanta, GA 30328

Registered Office

2150, Schmiede St,

Surgoinville

TN 37873

U.S.A.

Independent Auditor's Report

To the Members,

Bharat Forge PMT Technologie, LLC

Opinion

We have audited the accompanying financial statements of Bharat Forge PMT Technologie, LLC (the "Company"), which comprises the balance sheets as at December 31, 2021, and December 31, 2020, and the related statements of income (loss), changes in members' equity and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2021, and December 31, 2020, and the result of its operations, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial Statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Atlanta, Georgia

May 15, 2022

Balance Sheet as on 31st December, 2021

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

	As of December 31, 2021		As at December 31, 2020
	Rs.	USD	USD
Assets			
Current Assets			
Cash and cash equivalents	107,944,231	1,423,933	2,912,807
Accounts receivable, net	357,623,406	4,717,545	4,016,764
Receivable from related parties (Refer Note I)	220,911,669	2,914,129	154,743
Inventories, net	385,490,854	5,085,155	2,365,800
Prepaid expenses and other current assets	1,253,167	16,531	82,929
Total current assets	**1,073,223,327**	**14,157,293**	**9,533,043**
Property, plant and equipment, net	874,527,611	11,536,223	12,826,299
Intangible assets, net	1,719,305	22,680	55,047
Other assets	6,208,601	81,900	81,900
Total assets	**1,955,678,844**	**25,798,096**	**22,496,289**
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable	165,215,965	2,179,426	872,649
Payable to related parties (Refer Note J)	35,390,014	466,843	3,164,309
Other current liabilities	122,098,706	1,610,650	616,308
Current maturities of long term borrowings	-	-	1,085,882
Short term borrowings	379,035,500	5,000,000	-
Total current liabilities	**701,740,185**	**9,256,919**	**5,739,148**
Non- Current Liabilities			
Long tern borrowings	-	-	334,118
Long term capital lease obligations	2,012,148	26,543	91,695
Total liabilities	**703,752,333**	**9,283,462**	**6,164,961**
Commitments & contingencies (Refer note N)			
Members' Equity			
Member's capital	7,387,402	97,450	97,450
Additional paid in capital	2,862,411,281	37,759,145	37,759,145
Accumulated deficit	(1,617,872,172)	(21,341,961)	(21,525,267)
Total members' equity	**1,251,926,511**	**16,514,634**	**16,331,328**
Total liabilities and Member's equity	**1,955,678,844**	**25,798,096**	**22,496,289**

(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, 2021		Year ended December 31, 2020
	Rs.	**USD**	**USD**
Operating revenues	2,349,287,045	30,990,330	25,945,324
Less : Cost of revenues	(2,201,848,528)	(29,045,413)	(24,249,604)
Gross Profit	**147,438,517**	**1,944,917**	**1,695,720**
Cost and expenses			
Selling, general and administrative expenses	69,296,635	914,118	986,775
Depreciation and amortization	159,333,334	2,101,826	2,239,976
Total cost and expenses	**228,629,969**	**3,015,944**	**3,226,751**
Operating Loss	**(81,191,452)**	**(1,071,027)**	**(1,531,031)**
Interest expenses	(11,841,979)	(156,212)	(230,890)
Other (expense) income	106,929,326	1,410,545	(69,051)
Net loss	**13,895,895**	**183,306**	**(1,830,972)**

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

Statement of Changes in Members' Equity

For the year ended December 31, 2021 and December 31, 2020

	Member's Contribution		Additional paid in capital		Accumulated deficit		Total Member's equity	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance January 01, 2020	**7,387,402**	**97,450**	**2,862,411,281**	**37,759,145**	**(1,492,967,390)**	**(19,694,295)**	**1,376,831,293**	**18,162,300**
Net Loss during the period	-	-	-	-	(138,800,677)	(1,830,972)	(138,800,677)	(1,830,972)
Member's equity as at December 31,2020	**7,387,402**	**97,450**	**2,862,411,281**	**37,759,145**	**(1,631,768,067)**	**(21,525,267)**	**1,238,030,616**	**16,331,328**
Member's equity as at January 01, 2021	**7,387,402**	**97,450**	**2,862,411,281**	**37,759,145**	**(1,631,768,067)**	**(21,525,267)**	**1,238,030,616**	**16,331,328**
Net income during the year	-	-	-	-	13,895,895	183,306	13,895,895	183,306
Member's equity as at December 31, 2021	**7,387,402**	**97,450**	**2,862,411,281**	**37,759,145**	**(1,617,872,172)**	**(21,341,961)**	**1,251,926,511**	**16,514,634**

Statement of Cash Flow for the year ended December 31, 2021

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

	December 31, 2021		December 31, 2020
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net Income (Loss)	**13,895,895**	**183,306**	**(1,830,972)**
Adjustments to reconcile net loss to net income (loss) to net cash provided by operating activities :			
Depreciation and amortization	159,333,334	2,101,826	2,239,976
Loss on disposal of fixed asset	-	-	69,052
Gain on forgiveness of PPP Loan	(107,646,082)	(1,420,000)	-
Provision for inventory	47,976,722	632,879	-
Provision for allowance for doubtful debts	7,798,201	102,869	10,282
Changes in net operating assets and liabilities			
Account Receivable	(60,922,376)	(803,650)	(531,028)
Receivables from related party	(209,181,050)	(2,759,386)	927,253
Inventories	(254,123,138)	(3,352,234)	1,406,319
Prepaid expenses and other current assets	5,033,440	66,398	133,136
Accounts payable	99,062,975	1,306,777	(1,048,515)
Payable, related party	(204,487,075)	(2,697,466)	(2,235,149)
Other current liabilities	77,390,483	1,020,887	78,860
Long term capital lease onligations	(5,009,482)	(66,082)	114,889
Net cash (used in) provided by operating activities	**(430,878,153)**	**(5,683,876)**	**(665,897)**
Cash Flows from Investing Activities			
Purchase of property, plant, and equipment and capital assets	(59,082,765)	(779,383)	(718,282)
Proceeds from sale of property, plant, and equipment	-	-	-
Net cash used in investing activities	**(59,082,765)**	**(779,383)**	**(718,282)**
Cash Flows from Financing Activities			
Purchase from Loan from related party	379,035,500	5,000,000	-
Proceed from paycheck protection plan	-	-	1,420,000
Repayment of finance lease	(1,941,799)	(25,615)	(23,194)
Net cash provided by financing activities	**377,093,701**	**4,974,385**	**1,396,806**
Net Increase in Cash and Cash Equivalents	**(112,867,217)**	**(1,488,874)**	**12,627**
Cash and Cash Equivalents at the Beginning of the year	220,811,448	2,912,807	2,900,179
Cash and Cash Equivalents at the end of the year	**107,944,231**	**1,423,933**	**2,912,807**
Supplemental cash flow information			
Interest paid	10,321,667	136,157	215,680
Assets purchased on finance lease	-	-	135,480

(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 of America ("US GAAP"). The significant accounting policies are detailed below.

1. Basis of presentation

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

b. The financial statements are for the years ended December 31, 2021, and December 31, 2020.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for 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, 2021, and December 31, 2020, respectively are presented under Topic 606. Please refer Note Q "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 receivables 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 account receivable when evaluating the adequacy of the provision for doubtful accounts. All amounts deemed to be uncollectible are charged against the provision for doubtful debt in the period that determination is made and is included in marketing and selling expenses in the statements of loss.

6. Inventories

Inventories are stated at 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 equipments and depreciation

Property, plant, and equipments 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
Equipment under finance lease	5 years
Production tools and dies	4-8 years
Office furniture	5-10 years
Vehicles	9 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipments 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. Leases

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.

Capital leases

Capital leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return.

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. Government grant

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

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, 2022. The Company is currently evaluating the impact of this standard on its financial statements.

NOTE C : FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

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

In management's opinion, as of December 31, 2021, and December 31, 2020, 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 two customers having greater than 10% accounts receivable accounted for approximately 72% (previous year four customers for 90%) of total accounts receivable. Three customers accounted for approximately 64% of total sales during the year 2021 (previous year four customers for 74%).

Company's two vendors having greater than 10% of the accounts payable accounted for 37% of accounts payable as of December 31, 2021 (previous year two vendor accounted for 50%).

NOTE D : CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at	
	December 31, 2021	**December 31, 2020**
Cash in hand	955	575
Balance with banks	1,422,978	2,912,232
Total	**1,423,933**	**2,912,807**

NOTE E : ACCOUNTS RECEIVABLE, NET

Accounts receivable as of December 31, 2021, and December 31, 2020, represent due from customers of $ 4,717,545 and $ 4,016,764 respectively. Accounts receivable, net, are stated net of provision for doubtful receivables and other allowances.

	As at	
	December 31, 2021	**December 31, 2020**
Accounts receivable	4,939,798	4,136,148
Less: provision for doubtful receivables and other allowances	(222,253)	(119,384)
Accounts receivable, net of allowances	**4,717,545**	**4,016,764**

The activity in provision for doubtful receivables and other allowances is given below:

	December 31, 2021	December 31, 2020
Balance at beginning of the year	**119,384**	**109,102**
Provision for doubtful receivables and other allowances	222,253	119,384
Reversal of provision for doubtful receivables and other allowances	(119,384)	(109,102)
Balance at the end of the year	**222,253**	**119,384**

NOTE F : INVENTORIES, NET

Major classes of inventory are as follows:

	As at	
	December 31, 2021	**December 31, 2020**
Raw material	2,437,434	325,092
Work in progress	1,701,358	1,074,909
Finished goods	1,719,442	1,106,001
Inventory reserve	(773,081)	(140,202)
Total	**5,085,155**	**2,365,800**

The activity in inventory reserve is given below:

	December 31, 2021	December 31, 2020
Balance at beginning of the year	**140,202**	**180,000**
Provision during the year	632,879	-
Reversal of provision during the year	-	(39,798)
Balance at the end of the year	**773,081**	**140,202**

NOTE G : PROPERTY, PLANT AND EQUIPMENTS, NET

Property, plant, and equipment includes the following:

	As at	
	December 31, 2021	**December 31, 2020**
Building improvements	1,233,597	1,213,029
Machinery and equipment	40,317,870	39,208,993
Equipment under finance lease	135,480	135,480
Production tools and dies	642,017	752,389
Vehicles	22,179	112,223
Construction-in-progress	234,229	432,509
Furniture & fixtures	73,314	73,314
	42,658,686	**41,927,937**
Less: accumulated depreciation	(31,122,463)	(29,101,638)
Property, plant and equipment, net	**11,536,223**	**12,826,299**

Depreciation for the year ended December 31, 2021, was $ 2,069,459 (for the year ended December 31, 2020, $ 2,110,397).

NOTE H : INTANGIBLE ASSETS, NET

Intangible assets include the following:

	As at	
	December 31, 2021	**December 31, 2020**
Software	544,870	544,870
Less: accumulated amortization	(522,190)	(489,823)
Intangible assets, net	**22,680**	**55,047**

Amortization for the year ended December 31, 2020, was $ 32,367 (for the year ended December 31, 2020, $ 127,188).

NOTE I : RECEIVABLE FROM RELATED PARTIES

Receivable from related parties include:

	As at	
	December 31, 2021	**December 31, 2020**
Bharat Forge America, Inc.	2,437,542	-
Bharat Forge Aluminium USA, Inc.	476,587	154,743
Total	**2,914,129**	**154,743**

NOTE J : PAYABLE TO RELATED PARTIES

Payable to related parties include:

	As at	
	December 31, 2021	**December 31, 2020**
Bharat Forge Limited	16,843	7,749
Bharat Forge Tennessee, Inc.	450,000	450,000
Bharat Forge America, Inc.	-	2,706,560
Total	**466,843**	**3,164,309**

NOTE K : OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at	
	December 31, 2021	**December 31, 2020**
Accrued expenses	1,058,594	208,659
Current obligations under capital leases	65,150	25,614
Employee related liabilities	486,906	382,035
Total	**1,610,650**	**616,308**

NOTE L : SHORT TERM BORROWINGS

Short term borrowings include:

	As at	
	December 31, 2021	**December 31, 2020**
Line of credit	5,000,000	-
Total	**5,000,000**	**-**

Under a line of credit agreement with a bank, the Company has available borrowings of $ 5,000,000. The interest rate as per the agreement was stipulated at 1% plus the applicable LIBOR.

During the year ended December 31, 2021, the Company borrowed loans amounting to $ 5,000,000 the whole of which is outstanding as of the year then ended. The line of credit is unsecured.

The interest expense for the year ended December 31, 2021, was $ 156,212. The interest outstanding as of December 31, 2021, was $ 20,055.

NOTE M : LONG TERM CAPITAL LEASE OBLIGATION

Long term capital lease obligation is calculated as -

	As at	
	December 31, 2021	**December 31, 2020**
Total capital lease obligation	91,694	117,309
Less: Current portion	(65,150)	(25,614)
Long term capital lease obligations	**26,544**	**91,695**

NOTE N : PAYCHECK PROTECTION PROGRAM

On April 23, 2020, the Company received loan proceeds amounting to $ 1,420,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks ("the covered period" as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

In the year ended December 31, 2021, the Company applied for forgiveness of the entire $1,420,000 PPP loan, and received full forgiveness in the year, and accounted for as gain on forgiveness of PPP loan in 2021.

NOTE O : COMMITMENTS AND CONTINGENCIES

Lease obligations

Operating leases

The Company is obligated under operating leases with unrelated parties primarily for equipment. The rental expense for the year ended December 31, 2021, is $ 402,300 (for the year ended December 31, 2020, $ 551,179).

As of December 31, 2021, future rental commitments for the non-cancelable leases are as follows:

Years ending December 31,	Amount
2022	416,453
2023	404,470
2024	394,083
2025	391,608
Thereafter	454,824
Total minimum lease payments	**2,061,438**

Capital leases

The company has taken two equipment under capital lease. The minimum future lease payments under capital lease as of December 31, 2021, are as follows:

Years ending December 31,	Amount
2022	30,792
2023	30,792
2024	30,792
2025	10,264
Total minimum lease payments	**102,640**

NOTE P : INCOME TAXES

For the year ended December 31, 2021, the limited liability company will file a federal tax return as per applicable regulations in the United States of America. Generally, the income of a partnership is not subject to federal tax at the partnership level, but rather the partners are required to include a pro-rata share of the partnership's taxable income or loss in their income tax return. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements. 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, 2021	**December 31, 2020**
Non-current deferred tax liabilities		
Property, plant, and equipments	(503,919)	(396,357)
Total deferred tax liabilities	**(503,919)**	**(396,357)**
Non-current deferred tax assets		
Inventory	9,788	5,634
Inventory obsolescence	36,043	9,113
Provision for bad debts	-	7,760
State tax credit carryforward	203,488	168,981
State net operating loss carryforward	1,993,175	2,042,243
Total deferred tax assets	**2,242,494**	**2,233,731**
Net deferred taxes	1,738,575	1,837,374
Less: Deferred tax assets valuation allowance	(1,738,575)	(1,837,374)
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 $ 2,242,494 and $1,837,374 has been created as at December 31, 2021, and December 31, 2020 respectively.

The Company has net operating loss (NOL's) carryforward in the State of Tennessee of approximately $31,419,129 as at December 31, 2021, which, if unutilized will expire during the years 2027 through 2035.

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, 2020.

The tax years of 2017 through 2019 remain subject to examination by the taxing authorities.

NOTE Q : REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

	For the year ended	
	December 31, 2021	**December 31, 2020**
Type of goods or services		
Sale of manufactured products	30,990,330	25,945,324
Total	**30,990,330**	**25,945,324**
Timing of revenue recognition		
Goods transferred at a point of time	30,990,330	25,945,324
Total	**30,990,330**	**25,945,324**

NOTE R : 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, 2021, was $ 120,406 (for the year ended December 31, 2020, was $ 117,554).

NOTE S : RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company

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

B. Parent company

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 Global Holding GmbH (Germany) (GMBH)
3. Bharat Forge Aluminum USA, Inc (BFALU)

Summary of transactions with related parties:

	December 31, 2021	December 31, 2020
Receivable*:		
Bharat Forge America, Inc.	2,437,542	-
Bharat Forge Aluminium USA, Inc.	476,587	154,743
Total receivables from related parties	**2,914,129**	**154,743**

* included in 'Receivables, related parties' line item

Payable to*:		
Bharat Forge Limited	16,843	7,749
Bharat Forge Tennessee, Inc.	450,000	450,000
Bharat Forge America, Inc.	-	2,706,560
Total payable to related parties	**466,843**	**3,164,309**

* included in 'Payables, related parties' line item

Reimbursement of expenses by the company during the year:		
Bharat Forge America, Inc.	2,437,542	-
Bharat Forge Aluminium USA, Inc.	476,587	154,743
Total	**2,914,129**	**154,743**
Purchases / Expenses during the year:		
Bharat Forge Tennessee, Inc.	360,000	360,000
Bharat Forge Limited	9,094	7,749
Total	**369,094**	**367,749**

NOTE T : SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

Bharat Forge Tennessee, Inc.

Directors

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Mr. S. E. Tandale

Mr. S. G. Joglekar

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Surgoinville

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U.S.A.

Independent Auditor’s Report

To the Members,

Bharat Forge Tennessee, Inc.

Opinion

We have audited the accompanying financial statements of Bharat Forge Tennessee, Inc. (the "Company") which comprises the balance sheets as at December 31, 2021, and December 31, 2020, and the related statements of income (loss), changes in stockholder’s equity and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2021, and December 31, 2020, and the result of its operations, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial Statements

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

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Atlanta, Georgia

May 15, 2022

Balance Sheet as on 31st December, 2021

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

	As at 31/12/2021		As at 31/12/2020
	Rs.	USD	USD
Assets			
Current Assets			
Cash and Cash equivalents	170,566	2,250	62,157
Trade Receivables (refer note G)	46,624,778	615,045	498,656
Other Current Assets	242,809	3,203	-
Total current assets	**47,038,153**	**620,498**	**560,813**
Land, Building and Equipment - Net	242,822,802	3,203,167	3,364,864
Investment in non-consolidated affiliate	281,273,982	3,710,391	3,550,128
Total assets	**571,134,937**	**7,534,056**	**7,475,805**
Liabilities and Stockholder's Equity			
Current Liabilities			
Trade accounts payable (refer note G)	-	-	-
Other accrued liabilities	-	-	14,957
Total current liabilities	**-**	**-**	**14,957**
Non Current - Deffered Tax Liability	48,502,444	639,814	644,377
Total liabilities	**48,502,444**	**639,814**	**659,334**
Stockholder's Equity			
Common stock ($ 0.01 par value, authorized, issued and outstanding 100 shares)	76	1	1
Additional paid - in -capital	354,557,160	4,677,097	4,677,097
Accumulated Surplus	168,075,257	2,217,144	2,139,373
Total stockholder's equity	**522,632,493**	**6,894,242**	**6,816,471**
Total liabilities and stockholder's equity	**571,134,937**	**7,534,056**	**7,475,805**

(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 1,2020	10,000	7,581	100	100	76	1	354,557,160	4,677,097	171,087,604	2,256,881	525,644,840	6,933,979
Net loss	-	-	-	-	-	-	-	-	(8,907,941)	(117,508)	(8,907,941)	(117,508)
Balance as at December 31, 2020	10,000	7,581	100	100	76	1	354,557,160	4,677,097	162,179,663	2,139,373	516,736,899	6,816,471
Balance as at January 1,2021	10,000	7,581	100	100	76	1	354,557,160	4,677,097	162,179,663	2,139,373	516,736,899	6,816,471
Net loss	-	-	-	-	-	-	-	-	5,895,594	77,771	5,895,594	77,771
Balance December 31 , 2021	**10,000**	**7,581**	**100**	**100**	**76**	**1**	**354,557,160**	**4,677,097**	**168,075,257**	**2,217,144**	**522,632,493**	**6,894,242**

Statements of income (loss) for the period ended December 31, 2021

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

	31/12/2021		31/12/2020
	Rs.	**USD**	**USD**
Lease Income	27,290,556	360,000	360,000
Less : Cost of revenues (depreciation)	(12,257,629)	(161,695)	(161,695)
Gross Profit	**15,032,927**	**198,305**	**198,305**
Cost and expenses			
Selling and Administrative Expenses	21,185,659	279,468	253,293
Operating Loss	**(6,152,732)**	**(81,163)**	**(54,988)**
(Deficit)/Equity in earnings of unconsolidated Investees	12,148,846	160,260	(200,587)
(Loss) / Profit before income taxes	5,996,114	79,097	(255,575)
Current tax expenses	(446,504)	(5,890)	(768)
Deferred tax (expenses)	345,984	4,564	138,835
Net (loss) /Profit	**5,895,594**	**77,771**	**(117,508)**

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

Statement of Cash Flow for the period ended December 31 , 2021

	31/12/2021		31/12/2020
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net loss	5,895,594	77,771	(117,508)
Adjustments to reconcile net profit to net cash fom Operating Activities :			
Depreciation	12,257,629	161,695	161,695
Equity in loss (earnings) of unconsolidated investees	(12,148,846)	(160,260)	200,587
Deferred tax benefit	(345,984)	(4,564)	(138,835)
Changes in net operating assets and liabilities			
Account Receivable	-	-	(60,000)
Receivables from related party	(8,823,113)	(116,389)	(12,437)
Payable to realted party	-	-	-
Other Current Assets	(242,810)	(3,203)	-
Other Current liabilities	(1,133,847)	(14,957)	(16,401)
Net cash provided by operating acitivties	**(4,541,377)**	**(59,907)**	**17,101**
Net Increase in Cash and Cash Equivalents	**(4,541,377)**	**(59,907)**	**17,101**
Cash and Cash Equivalents - Beginning of Year	**4,711,943**	**62,157**	**45,056**
Cash and Cash Equivalents - End of Year	**170,566**	**2,250**	**62,157**

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 of America (“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, 2021, and December 31, 2020.

2. **Use of estimates**

   The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for determination of useful lives for property, 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 receivables are derived from lease agreements with Bharat Forge PMT Technologie, LLC. An allowance for doubtful debts has not been recorded at December 31, 2021, and December 31, 2020 as management considers all accounts receivable collectible.

5. **Property 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 the 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, 2022. The Company is currently evaluating the impact of this standard on its financial statements.

NOTE C : PROPERTY AND EQUIPMENT, NET

Property and equipment, includes the following:

	As at	
	December 31, 2021	**December 31, 2020**
Land	282,889	282,889
Land improvements	341,046	341,046
Building	3,121,281	3,121,281
Machinery and equipment	950,352	950,354
Property and equipment	**4,695,568**	**4,695,570**
Less: Accumulated depreciation	(1,492,401)	(1,330,706)
Property and equipment, net	**3,203,167**	**3,364,864**

Depreciation for the year ended December 31, 2021, was $ 161,695 and for the year ended December 31, 2020 was $ 161,695.

NOTE D : INVESTMENT IN NON-CONSOLIDATED AFFILIATE

Investment in non-consolidated affiliate includes the following:

	As at	
	December 31, 2021	**December 31, 2020**
Investment in Bharat Forge PMT Technologie, LLC	3,710,391	3,550,128
Total	**3,710,391**	**3,550,128**

Following is a summary of the financial position of PMT as of December 31, 2021 and December 31, 2020:

	As at	
	December 31, 2021	**December 31, 2020**
Current assets	14,260,936	9,533,043
Property, and equipment	11,301,993	12,826,299
Capital work-in-progress	234,230	-
Intangible assets, net	22,680	55,047
Other assets	81,900	81,900
Total assets	**25,901,739**	**22,496,289**
Current liabilities	9,360,562	5,739,148
Long term borrowings	-	425,813
Other long-term liabilities	26,543	-
Member's equity	**16,514,634**	**16,331,328**

PMT has revenues of $ 30,990,330 and loss of $ 183,306 for the year ended December 31, 2021 (for the year ended December 31, 2020: revenue $ 25,945,324, and loss of $ 1,830,977). The 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, 2021	**December 31, 2020**
Provision for franchise tax	-	13,357
Payable to related party (refer note G)	-	1,600
Total	**-**	**14,957**

NOTE F : INCOME TAXES

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

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, 2021	**December 31, 2020**
Current taxes		
State	5,890	768
Total current taxes	**5,890**	**768**
Deferred taxes		
Federal	(3,636)	(79,469)
State	(928)	(59,366)
Total deferred taxes	**(4,564)**	**(138,835)**
Income taxes expense (benefit)	**1,326**	**(138,067)**

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, 2021	**December 31, 2020**
Non-current deferred tax assets		
Federal & state net operating losses	192,746	175,880
Total deferred tax asset	**192,746**	**175,880**
Non-current deferred tax liabilities		
Property and equipment	(579,278)	(558,576)
Investment in Bharat Forge PMT Technologie, LLC	(253,282)	(261,681)
Total deferred tax liabilities	**(832,560)**	**(820,257)**
Net deferred liabilities	**(639,814)**	**(644,377)**

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 $ 639,815 and $ 644,377 is recorded as of December 31, 2021, and December 31, 2020 respectively.

The Company has federal net operating loss carryforwards (NOL's) of approximately $ 740,187 as of December 31, 2021, as per Tax Cuts and Jobs Act it will be carried forward indefinitely for utilization. The Company has state NOL's carryforward in Tennessee state of approximately $ 726,512 as of December 31, 2020, 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, 2021 and December 31, 2020.

The tax years of 2017 through 2020 remain subject to examination by the taxing authorities.

NOTE G : RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Parent company

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

B. Affiliates

- Bharat Forge PMT Technologie, LLC (Company owns 17.90% of common stock) (PMT)
- Kalyani Precision Machining, Inc (KPM)

Summary of transactions with related parties:

	December 31, 2021	December 31, 2020
Receivable*:		
Bharat Forge PMT Technologie, LLC	450,000	-
Bharat Forge America, Inc.	165,045	48,656
Total payable to related parties	**615,045**	**48,656**

* included in 'Receivables, related parties' line item

Transactions during the year:		
Bharat Forge PMT Technologie, LLC	360,000	360,000
Bharat Forge America, Inc.	116,389	48,656
Total expenses	**476,389**	**408,656**

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 of December 31, 2021 of which 100 shares were issued as of that date.

Voting

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

Liquidation

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

NOTE I : SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

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

Directors

Mr. Amit B. Kalyani

Mr. Ravindra Nagarkar

Auditors

KNAV P. A

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U.S.A.

Independent Auditor's Report

To the Members,

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

Opinion

We have audited the accompanying financial statements of Kalyani Mobility, Inc. (the "Company") which comprises the balance sheets as at December 31, 2021, and December 31, 2020, and the related statements of loss, stockholder's equity (deficit) and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2021, and December 31, 2020, and the result of its operations, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial Statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Atlanta, Georgia

May 15, 2022

Balance Sheets
December 31, 2021 and December 31, 2020

	As of		
	December 31, 2021		December 31, 2020
	Rs.	USD	USD
Assets			
Current assets			
Cash and Cash equivalents	53,143,430	701,035	100
Receivable from related parties	56,116,357	740,252	-
Other current assets	2,467,369	32,548	
Total current assets	**111,727,156**	**1,473,835**	**100**
Non-current assets			
Note receivable	151,614,200	2,000,000	-
Total assets	**263,341,356**	**3,473,835**	**100**
Liabilities and Stockholder's Deficit			
Current liabilities			
Payables, related party	-	-	200
Other current liabilities	-	-	200
Total current liabilities	**-**	**-**	**400**
Stockholder's deficit			
Common stock (no par value, authorized 100 shares, issued and outstanding 10 shares)	-	-	-
Additional paid in capital	360,091,306	4,750,100	100
Accumulated deficit	(96,749,948)	(1,276,265)	(400)
Total stockholder's deficit	**263,341,358**	**3,473,835**	**(300)**
Total liabilities and stockholder's deficit	**263,341,358**	**3,473,835**	**100**

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

Statements of loss
December 31, 2021 and December 31, 2020

	For the year ended December 31,2021		For the period ended December 31,2020
	Rs.	**USD**	**USD**
Costs and expenses			
Selling, general and administrative expenses	(99,182,068)	(1,308,348)	(200)
Total cost and expenses	**(99,182,068)**	**(1,308,348)**	**(200)**
Other Expenses / income			
Interest income	2,462,442	32,483	-
Loss before income tax	**(96,719,626)**	**(1,275,865)**	**(200)**
Current income tax	-	-	-
Net Loss	**(96,719,626)**	**(1,275,865)**	**(200)**

Statement of stockholder's deficit

For the year ended December 31,2021 and December 31, 2020

	Common Stock											
	Authorized			Issued and outstanding			Additional paid in capital		Accumulated deficit		Total stockholder's deficit	
Particulars	**Shares**	**Rs.**	**USD**	**Shares**	**Rs.**	**USD**	**Rs.**	**USD**	**Rs.**	**USD**	**Rs.**	**USD**
Balance as at January 1, 2020	100	-	-	10	-	-	7,581	100	(15,161)	(200)	**(7,580)**	**(100)**
Net Loss	-	-	-	-	-	-	-	-	(15,161)	(200)	**(15,161)**	**(200)**
Balance as at December 31, 2020	100	-	-	10	-	-	7,581	100	(30,322)	(400)	**(22,741)**	**(300)**
Balance as at January 1, 2021	100	-	-	10	-	-	7,581	100	(30,322)	(400)	**(22,741)**	**(300)**
Additional paid in capital	-	-	-	-	-	-	360,083,725	4,750,000	-	-	**360,083,725**	**4,750,000**
Net Loss	-	-	-	-	-	-	-	-	(96,719,626)	(1,275,865)	**(96,719,626)**	**(1,275,865)**
Balance as at December 31, 2021	**100**	**-**	**-**	**10**	**-**	**-**	**360,091,306**	**4,750,100**	**(96,749,948)**	**(1,276,265)**	**263,341,358**	**3,473,835**

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

Statement of cash flows
December 31, 2021 and December 31, 2020

	For the year ended December 31 , 2021		For the period ended December 31 , 2020
	Rs.	**USD**	**USD**
Cash Flow from operating activities			
Net Loss	(96,719,626)	(1,275,865)	(200)
Adjustments to reconcile net loss to net cash used in operating activities	-	-	-
Interest Income	(2,462,442)	(32,483)	-
Changes in net operating assets and liabilities			
Receivables, related parties	(56,116,357)	(740,252)	100
Payables, related parties	(15,161)	(200)	200
Other current assets	(4,927)	(65)	-
Other current liabilities	(15,161)	(200)	-
Net cash (used in) provided by operating activities	**(155,333,674)**	**(2,049,065)**	**100**
Cash flow from investing activities			
Payment on issue of promissory note	(151,614,200)	(2,000,000)	-
Net cash (used in) investing activities	**(151,614,200)**	**(2,000,000)**	-
Cash flow from financing activities			
Proceeds from additional paid in capital	360,083,725	4,750,000	-
Net cash (used in) investing activities	**360,083,725**	**4,750,000**	-
Net increase in cash and cash equivalents	**53,135,851**	**700,935**	**100**
Cash and cash equivalents at the beginning of the year	7,581	100	-
Cash and cash equivalents at the end of the year	**53,143,432**	**701,035**	**100**

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

NOTE A : NATURE OF OPERATIONS

Kalyani Mobility, Inc. (hereinafter referred to as "KMI" or the "Company") was incorporated in the State of North Carolina on September 27, 2019 and is a wholly owned subsidiary of Bharat Forge America Inc ("BFA") till September 30, 2021. With effect from October 01, 2021, Kalyani Powertrain Limited ("KPL" or "Parent Company") holds 99% shares of the company.

The Company is in a start-up phase and is yet to commence revenue generating activities. The Company will offer in-house machining facilities for various product lines enabling products to be supplied either in the pre-machined or completely machined condition, ready for installation with exceptional quality.

NOTE B : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States of America ("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, 2021, and December 31, 2020.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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 assets will not be realized.

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

5. Government incentives

The Company receives incentives from Community Economic Development, North Carolina in the form of business development grants. These grants will be recognized at their fair values in the statements of (loss) income where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received.

6. **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.

7. **Fair value measurement**

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

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

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

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

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

The Company's financial instruments consist of accounts receivable and accrued liabilities. The estimated fair value of related party receivable and payable 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.

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, 2021.

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 significant operations since then, hence no current or deferred taxes have been provided in the financial statements.

The provision for franchise taxes amounted to $ 200 which is the minimum tax for state of North Carolina for the year December 31, 2021 (December 31, 2020: $ 200). The amount of $ 200 pertaining to the year 2019 was paid by Bharat Forge Aluminum Inc on behalf of the Company. The payable balance outstanding as on December 31, 2021, amounted to $ 200.

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 of December 31, 2021.

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 fulfil the following conditions:

- Invest an amount of $ 34,400,000 in fixed assets on or before the year ended December 31, 2025
- Create job opportunities as per the threshold for 12 years grant period.

NOTE E : RELATED PARTY TRANSACTIONS

The Company had transactions with -

A. Ultimate parent company

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

B. Parent company

1. Bharat Forge America Inc. (BFA) - owning 100% of common stock of the Company till September 30, 2021.
2. Kalyani Powertrain Limited. (KPL) - owning 99% of common stock of the Company w.e.f. October 01, 2021. (BFA owns the remaining 1%)

C. Other related parties where common control exists

1. Bharat Forge Aluminum USA, Inc (BFALU)

Summary of transactions with related parties:

	December 31, 2021	December 31, 2020
Receivable*:		
Bharat Forge Aluminum USA, Inc	740,252	-
Total receivables from related parties	**740,252**	**-**

* included in 'Receivables, related parties' line item

Payable to*:		
Bharat Forge Aluminum USA, Inc	-	200
Total payable to related parties	**-**	**200**

* included in 'Payables, related parties' line item

Transactions during the year:		
Bharat Forge America, Inc.	740,252	200
Total	**740,252**	**200**

NOTE F : NOTES RECEIVABLES

Note receivable include the following:

	As of	
	December 31, 2021	December 31, 2020
Promissory note	2,000,000	-
Total	**2,000,000**	**-**

Under a convertible promissory note agreement (the "agreement") with Electron Transport Inc, the Company has issued note amounting to $ 2,000,000 on July 29, 2021. The maturity date for the note is July 28, 2023, i.e. 24 months from the date of issue. The interest rate as per the agreement was stipulated at cumulative rate of 6%. The interest expense for the year ended December 31, 2021, was $ 32,548. The entire interest amount is outstanding as of December 31, 2021.

NOTE G : 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 H : 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 I : COMMON STOCK

Common stock authorized, issued and outstanding

The authorized common stock is 100 shares with a par value of NIL as of December 31, 2021, and December 31, 2020, of which 10 shares were issued as of that date.

Voting

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

Liquidation

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

NOTE J : SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

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Mécanique Générale Langroise, SAS

Auditors
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Registered Office
Rue du Stade
52200 Saints Geosmes
France

Statutory Auditors' report on the financial statements
For the year ended 31st December 2021

To the single-member company of MGL SAS,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of MGL SAS for the year ended 2021, 31st December.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 2021, 31st December and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors rules applicable to us, for the period from 2021, 1st January to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you that the most important assessments made by us according to our professional judgement focused on the appropriateness of the accounting principles used in particular with regard to trade receivables.

The assessments were made in the context of our audit of the financial statements as a whole; approved in the conditions set out above, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the documents with respect to the financial position and the financial statements provided to the single-member company.

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

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

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

The financial statements were approved by the chairman.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

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

As specified in Article L.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 29th March 2022

French original signed by

Samuel Brunneval
Partner

Balance Sheet as at December 31st, 2021

ASSETS	Rs.		EUR		As at 31/12/2020 EUR
A. Fixed Assets					
I. Other Intangible assets	-		-		-
II. Tangible assets					
1. Land	6,123,281.25		72,328.00		72,328.00
2. Buildings	70,450,074.42		832,154.00		1,021,775.00
3. Plant & machinery, fixtures, fitting, tools & equipments	15,263,248.71		180,289.00		278,104.00
4. Other tangible Assets	1,731,125.64		20,448.00		20,000.00
B. Investments					
III. Other Financial Assets	7,873.37		93.00		93.00
		93,575,603.39		1,105,312.00	1,392,300.00
C. Current assets					
I. Stocks and work in progress					
Raw materials, other supplies	31,748,647.74		375,014.00		408,565.00
Work in progress (services)	15,309,303.70		180,833.00		143,653.00
Semi-finished and finished goods	-		-		14,597.00
Advances and payments on account on orders	5,079.59		60.00		5,017.00
II. Debtors					
Trade receivables	48,244,713.91		569,865.00		689,715.00
Other debtors	1,774,810.14		20,964.00		23,965.00
III. Cash at bank and in hand	96,502,804.09		1,139,888.00		1,278,027.00
IV. Prepaid expenses	2,628,181.94		31,044.00		44,479.00
		196,213,541.11		2,317,668.00	**2,608,018.00**
Total Assets		**289,789,144.50**		**3,422,980.00**	**4,000,318.00**

Balance Sheet as at December 31st, 2021

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2020 EUR
A. Equity					
Share Capital (paid in: 600,000)	50,795,940.00		600,000.00		600,000.00
Legal reserves	5,079,594.00		60,000.00		60,000.00
Other Reserve	175,740,830.12		2,075,845.00		2,075,845.00
Retained Profit / Loss	(10,096,031.71)		(119,254.00)		-
Profit / Loss for the financial year	(50,857,572.41)		(600,728.00)		(119,254.00)
Grants for capital expenditures	8,647,754.81		102,147.00		119,941.00
Tax-regulated provisions	4,489,937.80		53,035.00		52,334.00
		183,800,452.61		2,171,045.00	2,788,866.00
B. Financial Debts					
Bank loans and overdrafts	59,402,804.07		701,664.00		733,736.00
Other loans & financial liabilities					
Trade payables	21,993,118.14		259,782.00		159,041.00
Tax and employee-related liabilities	24,592,769.69		290,489.00		318,675.00
Fixed assets creditors	-		-		-
Other creditors	-		-		-
		105,988,691.90		1,251,935.00	1,211,452.00
Total		**289,789,144.50**		**3,422,980.00**	**4,000,318.00**

Income statement for the period from January 1 to December 31, 2021

	2021		Previous Year
	Rs.	Eur	Eur
Sales of processed goods	5,879,291.42	69,446.00	26,917.00
Sales of services	278,532,848.86	3,290,021.00	4,293,524.00
Change in inventory of finished goods	3,147,655.08	37,180.00	(19,650.00)
Operating grants	-	-	3,000.00
Reversal of depreciations, provisions and cost recharge	2,274,811.51	26,870.00	21,695.00
Other operating incomes	507.96	6.00	2.00
Total operating income	**289,835,114.83**	**3,423,523.00**	**4,325,487.00**
Operating expenses			
Purchase of raw materials and consumables (including customs duties)	52,851,567.03	624,281.00	753,737.00
Change in inventory of raw materials and consumables	2,985,785.35	35,268.00	(29,344.00)
Other external expenses	88,431,159.91	1,044,546.00	1,214,565.00
Taxes	8,795,232.35	103,889.00	180,815.00
Wages and salaries	115,573,039.19	1,365,145.00	1,484,345.00
Social contributions	44,843,502.43	529,690.00	574,190.00
Amortization and depreciation increase on fixed assets	27,202,411.11	321,314.00	332,007.00
Provision increase on current assets	1,460,129.30	17,247.00	4,489.00
Other operating expenses	1,015.92	12.00	4.00
Total operating expenses	**342,143,842.59**	**4,041,392.00**	**4,514,808.00**
***Including**			
Equipment Leasing	**22,261,405.36**	**262,951.00**	**294,647.00**
Operating income	**(52,308,727.76)**	**(617,869.00)**	**(189,322.00)**
Other interest and assimilated income	-	-	-
Total financial income	**-**	**-**	**-**
Interests and other financial expenses	95,581.03	1,129.00	1,379.00
Total financial expenses	**95,581.03**	**1,129.00**	**1,379.00**
Financial result	**(95,581.03)**	**(1,129.00)**	**(1,379.00)**
Income Before tax and Ordinary items	**(52,404,308.79)**	**(618,998.00)**	**(190,701.00)**

	2021		Previous Year
	Rs.	Eur	Eur
Non-recurring income			
Non-recurring income on operational transactions	153,827.00	1,817.00	46,279.00
Non-recurring capital gains	1,506,354.00	17,793.00	23,897.00
Reversals of provisions, depreciation and transfers of expenses	240,519.00	2,841.00	4,872.00
Total non-recurring income	**1,900,700.00**	**22,451.00**	**75,048.00**
Non-recurring expenses			
Non-recurring expense on operational transactions	5,079.59	60.00	60.00
Non-recurring capital losses	49,103.00	580.00	-
Non-recurring amortization, depreciation / impairment and provisions	299,781.03	3,541.00	3,541.00
Total non-recurring expenses	**353,963.62**	**4,181.00**	**3,601.00**
Non-recurring profit	**1,546,736.38**	**18,270.00**	**71,447.00**
Income tax	-	-	-
Total income	**291,735,814.83**	**3,445,974.00**	**4,400,535.00**
Total expenses	**342,593,387.24**	**4,046,702.00**	**4,519,788.00**
Net profit / (loss)	**(50,857,572.41)**	**(600,728.00)**	**(119,254.00)**

Accounting methods

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

The exercise has a duration of 12 months, covering the period from 01/01/2021 to 31/12/2021.

Notes or tables below are an integral part of the annual accounts.

The annual accounts have been established in accordance with the provisions of the Commercial Code and the general accounting plan (CCP).

General accounting policies have been applied, in respect of the precautionary principle, in accordance with the basic assumptions:

- continuity of operations,
- permanence of accounting from one exercise to another,
- independence exercises, and in accordance with the General rules of establishment and presentation of the annual accounts.

The basic method adopted for the assessment of the elements registered in accounting is the method of historical costs. The main methods used are the following:

Information on the transactions entered in the balance sheet and income statement

Are not mentioned in the annex that the significant information.

Depreciation

Tangible fixed assets are valued at their cost of acquisition or production, given the costs necessary for the pre-trial stage of use of these goods, and after deduction of the discount shopping, discounts, discounts obtained regulations.

The following decisions have been taken at the level of the presentation of the annual accounts:

- decomposable capital: the company has not been able to define decomposable capital or the decomposition of these does not have significant impact.
- no decomposable assets: the potential gap between periods of depreciation according to the duration of use and period of use has been recorded in derogatory depreciation.

The interest on loans specific to the production of fixed assets are not included in the production cost of these assets.

Depreciation for depreciation are calculated according to the linear or degressive modes based on the expected life :

- Computer software - 1 year,
- Buildings - 10 to 20 years,
- Building layouts - 04 to 15 years,
- Machinery and industrial equipment - 01 to 10 years,
- Layouts, facilities, facilities - 03 to 10 years,
- Transport equipment - 04 to 05 years,
- Office equipment and computer - 03 to 10 years.

Participation, other long-term securities, investment securities

The gross value is constituted by the cost of buying out incidentals.

When the inventory value is less than this value, an impairment is made up of the amount of the difference.

Stocks

Inventories are valued according to the method "first in, first out".

The gross value of goods and supplies includes the purchase price and incidental expenses.

The manufactured products are valued at production cost including consumption and direct and indirect production costs, depreciation of goods directly involved in production.

The cost of the sub-activity is excluded from the value of stocks.

Interests are always excluded from the valuation of stocks.

Inventories have, where appropriate, written down to reflect their net realizable value at the date of closing of the accounts. Any more one-time two-year-old is valuated at the price of scrap.

Receivables

The receivables are valued at face value. A depreciation is performed when the inventory value is lower than the book value.

Retirement commitments

The commitments of the company in terms of severance pay to the retirement of its employees amounted to € 86 754. These have not been the subject of recognition in the annual accounts.

The calculation is based on the following parameters:

- mortality table: TG05
- discount rate: 1% (rate iboxx to 31/12/2021)
- the staff turnover rate: 10%
- wage growth rate: 1%

Information required by article R.123 - 198-9 (the commercial code)

The total amount of the fees of the auditor contained in the income statement for the year totalled € 15 025 tax-free.

Average Manpower

Employee categories	Current year staff	Prior year staff
Executives	4	4
Supervisors and technicians	4	6
Employees	2	1
Workers	25	28
Apprentice under contract		
TOTAL	**35**	**39**

Breakdown of share capital

Relevant line items	Number	Nominal value	Amount in Euros
1. Share capital at the beginning of the financial year	8,000	75.00000	600,000
2. Shares issued during the financial year			
3. Shares redeemed during the financial year			
4. Share capital at the end of the financial year (1+2-3)	8,000	75.00000	600,000

Financial commitments

GIVEN COMMITMENTS :

Nature of commitments given	Amount in Euros
Notes receivable discounted	
Warranties, collaterals and guaranties	
Commitments under equipment leases	422,022
Commitments under real estate leases	
Other commitments	
Pension commitments	
TOTAL	**422,022**

Financial tables for current leases

	Lands	Buildings	Plant & machinery & equipment	Other tangible assets	TOTAL
Original value:			2,241,000		2,241,000
Depreciation:					
Cumulative totals from previous financial years					
Additions during the financial year					
TOTAL					
Theoretical net value					
Rents paid:					
Cumulative totals from previous financial years			1,732,583		1,732,583
Amounts from the financial year			262,951		262,951
TOTAL			**1,995,534**		**1,995,534**
Futural rentals:					
Within one year			278,700		278,700
Between one and five years			143,322		143,322
After more than five years					
TOTAL			**422,022**		**422,022**
Residual value:					
Within one year			18,075		18,075
Between one and five years			1,953		1,953
After more than five years					
TOTAL			**20,028**		**20,028**
Charges booked during the financial year:			262,951		262,951

Changes in equity

Item	Amount
Shareholders' equity Y-1 after profit (loss) and before OGM	2,788,866
Distributions	
Shareholders' equity at the start of the financial year	**2,788,866**
Changes to share capital	
Changes to issue, merger, contribution premiums, etc.	
Change to investment subsidies and tax-regulated provisions	
Changes to other items	
Capital contributions received with retroactive effect at the start of the financial year	
Shareholders' equity at the start of the financial year after retroactive capital contributions	**2,788,866**
Changes to share capital	
Changes to the business owner account	
Changes to issue, merger, contribution premiums, etc.	
Changes to revaluation reserves	
Changes to statutory or contractual reserves, reserves required under the articles of association and other reserves	
Changes to regulated reserves	
Changes to retained earnings	(119,254)
Change to investment subsidies and tax-regulated provisions	(17,093)
Appropriation of the profit (loss) for Y-1 to shareholders' equity (excluding distributions)	119,254
Changes during the financial year	**(17,093)**
Shareholders' equity at the end of the financial year before profit (loss)	**2,771,772**
Profit (loss) for the financial year	(600,728)
Shareholders' equity at the end of the financial year after profit (loss) but before the annual general meeting	**2,171,045**

Status of the fixed assets

	Gross amount opening balance	Increases; Revaluations during the year	Increases; Acquisition, reclassifications, Disposals	Reductions: Disposals	Reductions via transfer or decommissioning	Gross amount closing balance	Legal revaluation; Original value at the end of financial year
Set-up and research & development costs							
Other intangible assets	65,180	-	-		-	65,180	65,180
Land	72,328	-	-	-	-	72,328	72,328
Buildings on owned land	2,377,824	-	-	-	-	2,377,824	2,377,824
Building fixtures and fittings	972,625	-	-	-	-	972,625	972,625
Plant, machinery and equipment	2,338,280	-	22,518	3,546	-	2,357,251	2,357,251
Other fixtures and fittings	292,835	-	11,806	23,460	-	281,181	281,182
Vehicles	15,303	-	-	-	-	15,303	15,303
Office equipment, computer hardware, furniture	77,090	-	582	-	-	77,672	77,673
Tangible assets in progress	-		-	-	-	-	-
Total	6,146,286	-	34,906	27,006	-	6,154,185	6,154,185
Investments valued using the equity method	-	-	-	-	-	-	-
Loans and other financial assets	93	-	-	-	-	93	93
Total	93	-	-	-	-	93	93
Grand Total	**6,211,559**	**-**	**34,906**	**27,006**	**-**	**6,219,459**	**6,219,459**

Status of the amortisation

	Situations and transactions of the year				Breakdown of the depreciation allowances for the period			Transactions affecting the allowance for depreciations required by tax law	
	Opening balance	Additional allowances	Reductions: Disposals / Reversals	Closing balance	Linear	Degressive	Extraordinary	Allowances	Write-offs
Preliminary & formation expenses, research & development									
Other intangible assets	65,180	-	-	65,180	-	-	-	-	-
Land									
Buildings	1,506,687	123,666	-	1,630,353	-	-	-	-	-
Building fixtures and fittings	821,988	65,955	-	887,942	-	-	-	-	-
Plant, machinery and equipment	2,060,175	119,753	2,966	2,176,963	-	2,841	-	-	(2,841)
Other fixtures and fittings	290,296	3,330	23,460	270,165	-	-	-	-	-
Vehicles	9,331	3,825	-	13,156	-	-	-	-	-
Office equipment, computer hardware, furniture	65,602	4,786	-	70,388	-	-	-	-	-
Total	4,754,079	321,315	26,426	5,048,966	-	2,841	-	-	(2,841)
Grand Total	**4,819,259**	**321,315**	**26,426**	**5,114,147**	**-**	**2,841**	**-**	**-**	**(2,841)**

Provisions

Type of provisions	Amount at the beginning of the financial year	Increases in allowances for the financial year	Deductions taken at the end of the financial year		Amount at the end of the financial year
			Used	Unused	
Tax regulated					
Provisions for reconstitution of mines and oilfields Provisions for capital expenditures					
Price increase provisions					
Tax depreciation allowances	52,334	3,541	2,841		53,034
Tax provisions for setting-ups abroad before 01/01/92					
Tax provisions for setting-ups abroad after 01/01/92					
Provisions for set-up loans					
Other tax regulated provisions					
TOTAL I	**52,334**	**3,541**	**2,841**		**53,034**
Contingencies and liabilities					
Provisions for litigation					
Provisions for warranties given to customers					
Provisions for losses on future market					
Provisions for penalties					
Provisions for exchange losses					
Provisions for pension and similar commitments					
Provisions for taxes					
Provisions for assets renewals					
Provisions for important repairs					
Provisions for social contributions and taxes due on vacation					
Other provisions for contingencies and liabilities					
TOTAL II					
Provisions for loss in value					
On intangible assets					
On tangible assets					
On investments assessed on the equity method					
On shareholding securities					
On other investments					
On stocks and works in progress	23,981	14,935	2,056		36,861
On trade debtors		2,311			2,311
Other provisions for loss in value					
TOTAL III	**23,981**	**17,246**	**2,056**		**39,172**
GRAND TOTAL (I+II+III)	**76,315**	**20,787**	**4,896**		**92,206**
Including operating allowances and reversals		17,246	2,056		
Including financial allowances and reversals					
Including exceptional allowances and reversals		3,541	2,841		
Investments assessed on the equity method : allowances for the period					

Receivables

Receivables (a)	Gross amount	Liquidity of the asset: Payable within 1 year	Payable after 1 year
Fixed Assets			
Amount receivable from subsidiaries			
Loans (1) (2)			
Other financial assets	93		93
Current Assets			
Doubtful and in dispute trade debtors	2,773	2,773	
Other trade debtors	569,402	569,402	
Receivables representing borrowed securities			
Employees and related accounts			
Social contributions			
Corporation tax			
Value-added tax	16,965	16,965	
Other taxes			
Sundries			
Intercompany and current accounts (2)			
Other debtors (including claims on repurchase agreements)	3,999	3,999	
Prepaid expenses	31,044	31,044	
TOTAL	**624,277**	**624,184**	**93**

(1) Including loans granted within the period

(1) Including redemptions received within the period

(2) Loans and advances granted to partners

Payables

Payables	Gross amount	Liability's degree of payability: Payable within 1 year	Payable in 1 to 5 years	Payable after 5 years
Convertible debenture loans(1)	Convertible debenture loans (1)	Convertible debenture loans (1)		
Other debenture loans(1)				
Bank loans and overdraft(1)				
- Payable over 1 year	701,664	25,644	676,020	
- Payable over more than 1 year				
Other loans and financial liabilities (1) (2)				
Trade creditors and related accounts	259,781	259,781		
Employees and related accounts	83,612	83,612		
Social contributions	119,571	119,571		
Corporation tax				
Value-added tax	76,401	76,401		
Guaranteed bonds				
Other taxes	10,906	10,906		
Fixed assets creditors				
Intercompany and current accounts(2)				
Other creditors (including claims on repurchase agreements)				
Liabilities representing borrowed securities				
Deferred income				
TOTAL	**1,251,935**	**575,915**	**676,020**	
(1) Loans raised within the period	1,478			
(1) Loans redeemed within the period	33,728			
(2) Loans and liabilities raised from partners				

Sales breakdown

Sales breakdown	France	Export	Total
Finished goods	3,290,021	69,448	3,359,467
Semi-finished goods			
Waste products			
Works			
Surveys			
Services			
Sales of goods			
Incomes from other activities			
TOTAL	**3,290,021**	**69,448**	**3,359,467**

Accrued receivables

(Article R123-189 of the French Commercial Code)

Accrued receivables included in the following balance sheet items	Financial year ended 31/12/2021	Financial year ended 31/12/2020
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Other financial assets		
Trade debtors and related accounts		
Other debtors	3,999	9,721
Marketable securities		
Cash at bank and in hand		
TOTAL	**3,999**	**9,721**

Accrued receivables details

Accrued receivables included in the following balance sheet items	Financial year ended 31/12/2021	Financial year ended 31/12/2020
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Other financial assets		
Trade debtors and related accounts		
Other debtors	**3,999**	**9,721**
46870000 PRODUITS A RECEVOIR	3,999	9,721
Marketable securities		
Cash at bank and in hand		
TOTAL	**3,999**	**9,721**

Accrued payables

(Article R123-189 of the French Commercial Code)

Accrued payables included in the following balance sheet items	Financial year ended 31/12/2021	Financial year ended 31/12/2020
Convertible debenture loans		
Other debenture loans		
Bank loans and overdrafts	186	8
Other loans and financial liabilities		
Trade creditors	70,153	39,617
Tax and employee-related liabilities	124,163	135,013
Fixed assets creditors		
Other creditors		
TOTAL	**194,502**	**174,638**

Accrued payables details

	Financial year ended 31/12/2021	Financial year ended 31/12/2020
Convertible debenture loans		
Other debenture loan		
Bank loans and overdrafts	**186**	**8**
16884000 INTERETS COURUS SUR EMPRUNTS ETS CREDIT	186	8
Other loans and financial liabilities		
Trade creditors	**70,153**	**39,617**
40810000 FOURNISSEURS FACTURES NON PARVENUES	56,713	39,617
40812000 FOURNISSEUR FACTURES NON PARVENUES KPMG	13,440	
Tax and employee-related liabilities	**124,163**	**135,013**
42820000 DETTES PROVISIONNEES P/CONGES A PAYER	83,612	89,875
43820000 CHARGES SOCIALES SUR CONGES A PAYER	33,191	35,584
44820000 CHARGES FISCALES SUR CONGES A PAYER	1,331	1,510
43820000 CHARGES SOCIALES SUR CONGES A PAYER	35,584	35,584
44860000 ETAT CHARGES A PAYER	6,030	8,044
Fixed assets creditors and related accounts		
Other creditors		
TOTAL	**194,502**	**174,638**

Prepayments and deferred income

Prepaid Expenses	**Financial year ended 31/12/2021**	**Financial year ended 31/12/2020**
Operating expenses	31,044	44,479
Financial expenses		
Non-recurring expenses		
TOTAL	**31,044**	**44,479**

Transfers of expenses

Type of transfers of Expenses	**Amount**
TRANSFERT DE CHARGES DE PERSONNEL	**8,302**
TRANSFERT DE CHARGES DE PERSONNEL - AVANTAGES EN NATURE	**16514**
TOTAL	**24,816**

Analogic Controls India Limited

Directors

Mr. K. M. Saletore (ceased w.e.f. 15th July, 2021)

Mr. Rajinder Singh Bhatia

Mr. V. M. Munje (ceased w.e.f. 21st February, 2022)

Mr. Neelesh Vijay Tungar

Mr. Rudra Jadeja

Auditors

CA Hrushikesh S. Kulkarni

Chartered Accountant

Plot No 55, Niwara Co-op Society,

Shridharnagar, Dhankawadi,

Pune 411 043

Registered Office

Survey No. 23/2,

P.O. Gundlapochampally,

NH-7, via Hakimpet,

Hyderabad TG 500 014

Independent 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, 2022, 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, 2022, 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 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, 2020 ("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, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to 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.

      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in

writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to my notice that has caused me to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187
UDIN : 22160187AIYPMQ4618

Place : Pune
Date : 6th May, 2022

"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, 2022.

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) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to me, the Property, Plant and Equipment and right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no material discrepancies were noticed on physical verification of the Property, Plant and Equipment and right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) According to the information and explanation given to me, no proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising stock of raw materials and work in progress was physically verified at reasonable intervals during the year by the management. As explained to me, discrepancies noticed by the management on physical verification of stocks have been properly dealt with in the books of account.

(b) **The Company has been sanctioned working capital limits in excess of five crore rupees on the basis of security of current assets during the year covered by this report. The Company filed quarterly statements for the quarters ended 30th June, 2021 and 30th September, 2021 with a delay. No material discrepancies were found in the data submitted to the bank and as appearing in the books.**

(iii) (a) The Company has not made any investments in, provided any guarantee or security during the year to companies, firms, limited liability partnerships or any other parties. In respect of the loans or advances in the nature of loans, secured or unsecured, granted by the Company during the year to companies, firms, limited liability partnerships or any other parties covered under covered in the register maintained under section 189 of the Companies Act, 2013, I report as under.

(In ₹ Thousands)

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Aggregate amount granted/ provided during the year :				
Fellow Subsidiary	NIL	NIL	NIL	NIL
Other related party	NIL	NIL	500,000	NIL
Balance outstanding as at 31st March, 2022 :				
Fellow Subsidiary	NIL	NIL	NIL	NIL
Other related party	NIL	NIL	480,000	NIL

(b) The terms and conditions of the grant of the above loans were not found prima facie prejudicial to the Company's interest.

(c) In case of loans and advances in the nature of loans the schedules of repayment of principal has been stipulated. The said loan does not carry interest. However repayment of loan is not regular as per the stipulated terms and conditions. As per the information and explanation given to me, the management is in the process of recovery of the amount.

(d) As per the information and explanation given to me, no amount is overdue for a period more than ninety days as on the balance sheet date.

(e) No loan or advance in the nature of loan granted and which has fallen due during the year has been renewed or extended or fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(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 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, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was generally found to be regular in depositing undisputed statutory dues including goods and services tax, provident fund, 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 us, no undisputed statutory dues were outstanding as at 31st March, 2022 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In my opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the

Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to me by the Management, I report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In my opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 177 and 188 of the Companies Act, 2013. The details of the related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

(xiv) In my opinion and based on my examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013.

(xv) According to the information and explanations given to me, in my opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In my opinion and according to the information and explanations given to us, there is no core investment company within the Group.

(xvii) The Company has incurred the following amounts of cash losses during the financial year covered by this report There are no cash losses during the preceding financial year.

	Current Financial Year ₹	**Preceding Financial Year** ₹
Cash losses incurred	**16,334,817**	-

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to my attention, which causes me to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. I further state that my reporting is based on the facts up to the date of the audit report and I neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of Corporate Social Responsibility (CSR) liability for the current financial year, the Company has not transferred the unspent amount as at the Balance Sheet date out of the amounts that was required to be spent during the year, to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act till the date of my report since the time period for such transfer i.e. 6 months from the end of the financial year has not elapsed till the date of my report.

However during the current financial year, the Company has transferred the unspent funds of CSR liability relating to preceding financial year to the Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act.

Financial Year	**Amount unspent on Corporate Social Responsibility activities "other than Ongoing Projects"** ₹	**Amount transferred to Fund specified in Schedule VII within 6 months from the end of the financial year** ₹	**Amount transferred after the due date** ₹
2020 – 2021	650,632	650,632	-

(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) relating to ongoing projects requiring a transfer to a special account in compliance with second proviso to sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187
UDIN : 22160187AIYPMQ4618

Place : Pune
Date : 6th May, 2022

"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, 2022

I have audited the internal financial controls over financial reporting of **Analogic Controls India Limited** ("the Company") as of 31st March, 2022 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, 2022, 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 : 22160187AIYPMQ4618

Place : Pune
Date : 6th May, 2022

Balance Sheet as at 31st March, 2022

(In ₹ Thousands)

		Note No.	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
I	**ASSETS**			
1	**Non-current Assets**			
	(a) Property, Plant and Equipment	3	**13,475.73**	15,712.97
	(b) Right of use assets	4	**2,931.64**	4,389.32
	(c) Capital Work-in-Progress		**1,812.91**	452.01
	(d) Intangible assets	5	**-**	-
	(e) Intangible assets under development		**499.50**	310.50
	(f) Financial Assets			
	(i) Non current loans	6	**215.05**	215.05
	(g) Other non current assets	7	**174.18**	2,507.63
	(h) Income tax assets (net)	8	-	-
			19,109.01	23,587.48
2	**Current Assets**			
	(a) Inventories	9	**35,142.77**	29,439.88
	(b) Financial Assets			
	(i) Trade receivables	10	**9,359.00**	31,195.29
	(ii) Cash and cash equivalents	11	**11.79**	636.43
	(iii) Bank balances other than (ii) above	11	**1,850.33**	2,900.00
	(iv) Current Loans	12	**33.00**	33.00
	(v) Other financial assets	13	**742.44**	521.10
	(c) Other Current Assets	14	**3,228.62**	1,982.62
			50,367.95	66,708.32
	TOTAL		**69,476.96**	90,295.80
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	15	**184,896.70**	184,896.70
	(b) Other Equity	15	**(135,572.47)**	(115,359.65)
			49,324.23	69,537.05
2	**Non-current Liabilities**			
	(a) Financial Liabilities			
	(i) Lease Liability	16	**1,626.85**	3,086.97
	(b) Provisions	17	**1,265.49**	2,183.08
	(c) Deferred tax liabilities (Net)	18	**-**	-
	(d) Other Non Current Liabilities	19	**104.58**	61.49
			2,996.92	5,331.54
3	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	20	**6,560.72**	2,711.53
	(ii) Trade payables			
	Dues of micro enterprises and small enterprises	21	**60.24**	244.89
	Dues of creditors other than micro enterprises and small enterprises	21	**3,571.22**	5,848.62
	(iii) Lease Liability	22	**1,460.12**	1,313.16
	(iv) Other financial liabilities	23	**1,450.03**	1,408.31
	(b) Provisions	24	**3,654.92**	2,736.98
	(c) Other Current Liabilities	25	**285.28**	887.15
	(d) Income tax liabilities (net)	26	**113.28**	276.57
			17,155.81	15,427.21
	TOTAL		**69,476.96**	90,295.80
	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
UDIN : 22160187AIYPMQ4618

Rajinder Singh Bhatia
Director
DIN : 05333963

Rudra Kumar Jadeja
Director
DIN : 08486168

Harshavardhan Pachala
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : 6th May, 2022

Place : Pune
Date : 6th May, 2022

Statement of Profit and Loss for the year ended 31st March, 2022

(In ₹ Thousands)

		Note No.	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
I	Revenue from Operations	27	**27,435.32**	42,988.54
II	Other Income	28	**115.39**	5,749.11
III	**Total revenue**		**27,550.71**	48,737.65
IV	**Expenses**			.
	Cost of Material Consumed	29	**16,829.61**	31,290.69
	Changes in inventories of work-in progress	30	**(2,609.40)**	(10,053.62)
	Employee Benefit Expenses	31	**13,851.33**	11,703.62
	Finance Costs	32	**710.91**	363.19
	Depreciation & Amortisation Expense	33	**4,112.56**	4,499.47
	Other Expenses	34	**15,522.43**	13,411.97
	Total expenses		**48,417.44**	51,215.32
V	**Loss before tax**		**(20,866.73)**	(2,477.67)
VI	**Tax expense**			
	Current tax		**(5.41)**	(398.50)
	Deferred tax		-	-
			(5.41)	(398.50)
VII	**Loss for the year**		**(20,872.14)**	(2,876.17)
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		**659.32**	(69.90)
	Total other comprehensive income, net of tax		**659.32**	(69.90)
VIII	**Total Comprehensive Income /(Loss) for the Year**		**(20,212.82)**	(2,946.07)
IX	**Earnings per share (of Rs. 10/- each):**			
	Basic	40	**(1.13)**	(0.16)
	Diluted	40	**(1.13)**	(0.16)
	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
UDIN : 22160187AIYPMQ4618

Rajinder Singh Bhatia
Director
DIN : 05333963

Rudra Kumar Jadeja
Director
DIN : 08486168

Harshavardhan Pachala
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : 6th May, 2022

Place : Pune
Date : 6th May, 2022

Statement of changes in equity for the year ended 31st March, 2022

a. Equity share capital (In ₹ Thousands)

	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	₹	Nos.	₹
Equity shares of ₹ 10/- each issued, subscribed and fully paid up				
As at the beginning of the year	**18,489,670**	**184,896.70**	**18,489,670**	184,896.70
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period	**18,489,670**	**184,896.70**	18,489,670	184,896.70
Changes in equity share capital during the year	-	**-**	-	-
As at the end of the year	**18,489,670**	**184,896.70**	18,489,670	184,896.70

b. Other Equity (In ₹ Thousands)

	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, 2020	1,135.00	(177,144.73)	(176,009.73)	63,263.28	332.87	(112,413.58)
Changes in equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	1,135.00	(177,144.73)	(176,009.73)	63,263.28	332.87	(112,413.58)
Loss for the year	-	(2,876.17)	(2,876.17)	-	(69.90)	(2,946.07)
Balance as at 31st March, 2021	1,135.00	(180,020.90)	(178,885.90)	63,263.28	262.97	(115,359.65)
Changes in equity share capital due to prior period errors	**-**	**-**	**-**	**-**	**-**	**-**
Restated balance at the beginning of the current reporting period	**1,135.00**	**(180,020.90)**	**(178,885.90)**	**63,263.28**	**262.97**	**(115,359.65)**
Loss for the year	**-**	**(20,872.14)**	**(20,872.14)**	**-**	**659.32**	**(20,212.82)**
Balance as at 31st March, 2022	**1,135.00**	**(200,893.04)**	**(199,758.04)**	**63,263.28**	**922.29**	**(135,572.47)**

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.

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187
UDIN : 22160187AIYPMQ4618

Rajinder Singh Bhatia
Director
DIN : 05333963

Rudra Kumar Jadeja
Director
DIN : 08486168

Harshavardhan Pachala
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : 6th May, 2022

Place : Pune
Date : 6th May, 2022

Cash Flow Statement for the year ended 31st March, 2022

(In ₹ Thousands)

		Note No.	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
A.	**Cash flow from operating activities :**			
	Loss for the year		**(20,872.14)**	(2,876.17)
	Adjusted for :			
	Tax expense		**5.41**	398.50
	Depreciation		**4,112.56**	4,499.47
	Interest Paid		**710.91**	363.19
	Interest Received		**(106.50)**	(611.27)
	Profit on Sale of Property, Plant and Equipment		**-**	(76.67)
	Loss on discard of Property, Plant and Equipment		**1.44**	-
	Other Comprehensive Income			
	Remeasurement of the net defined benefit liability/asset		**659.32**	(69.90)
			5,383.15	4,503.32
	Operating Profit before working capital changes :		**(15,488.99)**	1,627.15
	Changes in :			
	Trade and other receivables		**20,916.23**	(24,806.82)
	Inventories		**(5,702.89)**	1,304.77
	Liabilities and Provisions		**(2,978.76)**	(1,517.08)
			12,234.58	(25,019.13)
	Cash generation from operations :		**(3,254.41)**	(23,391.98)
	Direct Taxes paid		**(168.71)**	(1,000.17)
	Net Cash (used in)/from operating activities :		**(3,423.12)**	(24,392.15)
B.	**Cash flow from investing activities :**			
	Purchase of Property, Plant and Equipment		**(1,968.97)**	(3,155.20)
	Sale of Property, Plant and Equipment		**(0.01)**	127.11
	Maturity of fixed deposits		**2,835.85**	26,085.62
	Interest received		**106.50**	611.27
	Net cash (used in)/from investing activities :		**973.37**	23,668.80
C.	**Cash flow from financing activities :**			
	Proceeds from / (Repayment of) short term borrowings		**3,849.19**	0.00
	Payment of lease liability including interest		**(1,739.80)**	(1,730.13)
	Interest paid		**(284.27)**	(236.53)
	Net cash (used in)/from financing activities :		**1,825.12**	(1,966.66)
	Net changes in cash and cash equivalents (A+B+C) :		**(624.63)**	(2,690.01)

	Note No.	**Year ended 31st March, 2022** ₹	Year ended 31st March, 2021 ₹
Cash and Cash Equivalents, at the beginning :		**636.42**	3,326.43
Add : Net changes in cash and cash equivalents, as above		**(624.63)**	(2,690.01)
Cash and Cash Equivalents, at the close :		**11.79**	636.42
Cash and Cash Equivalents			
In current accounts		**1.89**	452.84
Cash on hand		**9.90**	183.59
		11.79	636.42
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
UDIN : 22160187AIYPMQ4618

Rajinder Singh Bhatia
Director
DIN : 05333963

Rudra Kumar Jadeja
Director
DIN : 08486168

Harshavardhan Pachala
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : 6th May, 2022

Place : Pune
Date : 6th May, 2022

Notes forming part of the Financial Statements for the year ended 31st March, 2022

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 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 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.

2.4 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 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. 45.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.15.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 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.

2.7 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 derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		**Estimated useful life**
i)	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)	5 years to 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 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 any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset	Estimated useful life
i) Software	5 years

2.9 Leases :

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

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.

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**
Land and Building	2 year[(a)]

(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 remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost or 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.

2.11 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.

2.12 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 31st 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 Retirement and other employee benefits :

a) Gratuity :

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method.

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

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.15 Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

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

e) Debt instrument at FVTPL

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

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

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

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

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

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

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

h) Impairment of financial assets

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

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

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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

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

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

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

B Financial liabilities :

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

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

ii Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) Derecognition

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

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D Reclassification of financial assets :

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

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.

2.17 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.18 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.19 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.20 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.22 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that 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 standalone financial statements.

3 Property, Plant and Equipment :

(In ₹ Thousands)

	Leasehold improvements	Computers and Printers	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Capital work in progress
	₹	₹	₹	₹	₹	₹	₹	₹
GROSS BLOCK, AT COST :								
As at 1st April, 2020.	1,270.22	4,364.82	18,292.76	4,638.83	735.67	3,480.83	32,783.13	2,760.48
Additions	-	107.31	5,327.99	-	-	28.37	5,463.67	-
Disposals	-	(223.63)	(266.76)	(22.60)	(735.67)	(108.97)	(1,357.63)	(2,308.47)
Adjustments	-	-	-	-	-	-	-	-
As at 31st March, 2021.	1,270.22	4,248.50	23,353.99	4,616.23	-	3,400.23	36,889.17	452.01
Additions	**65.66**	**-**	**99.19**	**11.86**	**-**	**242.36**	**419.07**	**1,360.90**
Disposals	**-**	**-**	**-**	**(41.47)**	**-**	**-**	**(41.47)**	**-**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2022.	**1,335.88**	**4,248.50**	**23,453.18**	**4,586.62**	**-**	**3,642.59**	**37,266.77**	**1,812.91**
DEPRECIATION :								
Upto 1st April, 2020.	657.70	4,246.89	7,410.65	3,815.61	698.89	2,715.73	19,545.47	-
Disposals	-	(223.63)	(253.42)	(22.59)	(698.89)	(108.65)	(1,307.18)	-
Adjustments	-	-	-	-	-	-	-	-
For the year	487.15	34.95	1,905.28	339.95	-	170.58	2,937.91	-
Upto 31st March, 2021.	1,144.85	4,058.21	9,062.51	4,132.97	-	2,777.66	21,176.20	-
Disposals	**-**	**-**	**-**	**(40.04)**	**-**	**-**	**(40.04)**	**-**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**64.80**	**50.35**	**2,228.58**	**109.14**	**-**	**202.01**	**2,654.88**	**-**
Upto 31st March, 2022.	**1,209.65**	**4,108.56**	**11,291.09**	**4,202.07**	**-**	**2,979.67**	**23,791.04**	**-**
NET BLOCK :								
As at 31st March, 2021.	125.37	190.29	14,291.48	483.26	-	622.57	15,712.97	452.01
As at 31st March, 2022.	**126.23**	**139.94**	**12,162.09**	**384.55**	**-**	**662.92**	**13,475.73**	**1,812.91**

Aging of Capital Work in Progress :

(In ₹ Thousands)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	₹	₹	₹	₹	₹
As at 31st March, 2022					
Projects in Progress	**1,360.90**	**452.01**	**-**	**-**	**1,812.91**
As at 31st March, 2021					
Projects in Progress	452.01	-	-	-	**452.01**

4 Right of use assets :

(In ₹ Thousands)

	Right of use assets	Total
	₹	₹
GROSS BLOCK, AT COST :		
As at 31st March, 2020.	3,038.86	3,038.86
Additions	4,397.46	4,397.46
Disposals	-	-
Adjustments	(3,038.86)	(3,038.86)
As at 31st March, 2021.	4,397.46	4,397.46
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022.	**4,397.46**	**4,397.46**
DEPRECIATION :		
As at 31st March, 2020.	1,519.43	1,519.43
Disposals	-	-
Adjustments	(3,038.86)	(3,038.86)
For the year	1,527.57	1,527.57
Upto 31st March, 2021.	8.14	8.14
Disposals	-	-
Adjustments	-	-
For the year	**1,457.68**	**1,457.68**
Upto 31st March, 2022.	**1,465.82**	**1,465.82**
NET BLOCK :		
Upto 31st March, 2021.	4,389.32	4,389.32
Upto 31st March, 2022.	**2,931.64**	**2,931.64**

5 Intangible assets :

(In ₹ Thousands)

	Softwares	Total Intangible Assets	Intangibles under development
	₹	₹	₹
GROSS BLOCK, AT COST :			
As at 1st April, 2020.	1,893.94	1,893.94	310.50
Additions	-	-	
Disposals	-	-	
Adjustments	-	-	
As at 31st March, 2021.	1,893.94	1,893.94	310.50
Additions	**-**	**-**	**189.00**
Disposals	**-**	**-**	
Adjustments	**-**	**-**	
As at 31st March, 2022.	**1,893.94**	**1,893.94**	**499.50**
AMORTIZATION :		**-**	
As at 1st April, 2020.	1,859.95	1,859.95	-
Disposals	-	-	-
Adjustments	-	-	-
For the year	33.99	33.99	-
Upto 31st March, 2021.	1,893.94	1,893.94	-
Disposals	**-**	**-**	**-**
Adjustments	**-**	**-**	**-**
For the year	**-**	**-**	**-**
Upto 31st March, 2022.	**1,893.94**	**1,893.94**	**-**
NET BLOCK :			
As at 31st March, 2021.	-	-	310.50
Upto 31st March, 2022.	**-**	**-**	**499.50**

Ageing of Intangible assets under development :

(In ₹ Thousands)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	₹	₹	₹	₹	₹
As at 31st March, 2022					
Projects in Progress	**189.00**	**204.00**	**106.50**	**-**	**499.50**
As at 31st March, 2021					
Projects in Progress	204.00	106.50	-	-	310.50

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
6	**Non current loans :**		
	Security deposits[a]	**215.05**	215.05
	TOTAL :	**215.05**	215.05
	(a) Financial assets carried at amortized cost		
7	**Other non-current assets :**		
	(Unsecured)		
	Prepaid Expenses	**31.38**	9.35
	Balances in Fixed Deposits with banks[a]	**142.80**	1,928.98
	Balances with government authorities		
	Good	**-**	569.30
	Doubtful	**569.30**	-
	Less : Allowances for credit losses	**(569.30)**	-
		-	-
	TOTAL :	**174.18**	2,507.63
	(a) Fixed deposits are under lien with bank, as margin for non fund bases credit facilities.		
8	**Income tax assets (net) :**		
	Tax paid in advance (net)	**-**	-
	TOTAL :	**-**	-
9	**Inventories :**		
	(As taken, valued and certified by the Directors)		
	Raw materials, including stock in transit	**20,434.52**	17,341.03
	Work-in-progress	**14,356.32**	12,098.85
	Finished Goods	**351.93**	-
	TOTAL :	**35,142.77**	29,439.88

During the year ended 31st March, 2022: ₹ 2.82 thousands (31st March, 2021: ₹ 352.67 thousands) was recognised as an expense for inventories carried at net realisable value.

(In ₹ Thousands)

		As at 31st March, 2022	As at 31st March, 2021
		₹	₹
10	**Trade Receivables :**		
	Considered Good - Unsecured	**9,359.00**	31,195.29
	Credit Impaired	**11,161.14**	8,649.41
	Less : Allowances for credit losses	**(11,161.14)**	(8,649.41)
		-	-
	TOTAL :	**9,359.00**	31,195.29
	(Refer Note No. 37 for related party transactions.)		

Trade receivables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(In ₹ Thousands)

	Outsanding for following periods from due date of payment						
	Current but not due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
	₹	₹	₹	₹	₹	₹	₹
31st March, 2022							
i) Undisputed Trade Receivables – considered good	**-**	**8,312.92**	**1,024.08**	**22.00**	**-**	**-**	**9,359.00**
ii) Undisputed Trade receivable – credit impaired	**-**	**-**	**604.76**	**2,206.94**	**44.41**	**8,305.03**	**11,161.14**
iii) Disputed Trade receivables - considered good	**-**	**-**	**-**	**-**	**-**	**-**	**-**
iv) Disputed Trade receivables – credit impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**8,312.92**	**1,628.84**	**2,228.94**	**44.41**	**8,305.03**	**20,520.14**
31st March, 2021							
i) Undisputed Trade Receivables – considered good	-	29,732.73	1,363.29	5.91	44.41	48.95	31,195.29
ii) Undisputed Trade receivable – credit impaired	-	-	393.33	-	-	8,256.08	8,649.41
iii) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
iv) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	29,732.73	1,756.62	5.91	44.41	8,305.03	39,844.70

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
11	**Cash and Bank Balances :**		
	Cash and cash equivalents		
	In current accounts	**1.89**	452.84
	Cash on hand	**9.90**	183.59
		11.79	636.43
	Other Bank balance		
	Deposits with original maturity of more than three months[a]	**1,850.33**	2,900.00
		1,850.33	2,900.00
	TOTAL :	**1,862.12**	3,536.43
	(a) Fixed deposits are under lien with bank, as margin for non fund based credit facilities.		
12	**Current loans :**		
	Security Deposit	**33.00**	33.00
	TOTAL :	**33.00**	33.00
13	**Other financial assets (Current, Good) :**		
	Interest Accrued	**24.63**	66.17
	Sundry Debit Balances	**717.81**	454.93
	TOTAL :	**742.44**	521.10
	(Refer Note No. 37 for related party transactions.)		
14	**Other current assets (Unsecured, Good, unless otherwise stated) :**		
	Advances to suppliers		
	Considered Good - Unsecured	**2,095.25**	1,656.84
	Credit Impaired	**98.84**	-
	Less : Allowances for credit losses	**(98.84)**	-
		-	-
	Prepaid expenses	**108.90**	177.07
	Balances with government authorities		
	GST input credit receivable	**865.37**	40.99
	Other advances recoverable in cash or in kind or for value to be received	**159.10**	107.72
	TOTAL :	**3,228.62**	1,982.62

			As at 31st March, 2022	As at 31st March, 2021
			₹	₹

(In ₹ Thousands)

15 Share Capital :

Authorised :

20,000,000	(20,000,000)	Equity Shares of ₹ 10/-, each	**200,000.00**	200,000.00
20,000,000	(20,000,000)		**200,000.00**	200,000.00

Issued, Subscribed and Paid up :

18,489,670	(18,489,670)	Equity Shares of ₹ 10/-, each, fully paid up	**184,896.70**	184,896.70
18,489,670	(18,489,670)		**184,896.70**	184,896.70

(a) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

(b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) The reconciliation of the number of shares outstanding and the amount of paid-up share capital as at 31st March, 2022 and 31st March, 2021 is set out below.

(In ₹ Thousands)

	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	**Amount in ₹**	No. of Shares	Amount in ₹
Balance at the beginning of the year	**18,489,670**	**184,896.70**	18,489,670	184,896.70
Add: Shares issued during the year	**-**	**-**	-	-
Balance at the close of the year	**18,489,670**	**184,896.70**	18,489,670	184,896.70

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	**As at 31st March, 2022**		As at 31st March, 2021	
	No. of Shares	**% age**	No. of Shares	% age
Bharat Forge Ltd.$	**18,489,670**	**100.00**	18,489,670	100.00

$ The Holding Company. (Including shares held through nominees)

(e) Shares held by Promoters at the end of the year :

Name of the shareholders	**As at 31st March, 2022**		As at 31st March, 2021		**% Changes during the year**
	No. of Shares	**% age**	No. of Shares	% age	
Bharat Forge Ltd.$	**18,489,670**	**100.00**	18,489,670	100.00	-

$ The Holding Company. (Including shares held through nominees)

(In ₹ Thousands)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
16	**Lease Liability :**			
	Lease Liability (Non-current)		**1,626.85**	3,086.97
		TOTAL :	**1,626.85**	3,086.97
17	**Long-Term Provisions :**			
	Provision for employee benefits :			
	Gratuity		**952.34**	1,851.65
	Compensated absences		**313.15**	331.43
		TOTAL :	**1,265.49**	2,183.08
18	**Deferred tax Liabilities (net)**			
	Deferred Tax Liabilities :			
	Timing differences for			
	Depreciation		**1,150.00**	750.40
	Less : Deferred Tax Assets :			
	Timing differences for			
	Disallowances		**1,150.00**	750.40
		TOTAL :	**-**	-
19	**Other Non-Current Liabilities :**			
	Contract Liabilities			
	Deferred Revenue[a]		**104.58**	61.49
		TOTAL :	**104.58**	61.49

(a) Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

(In ₹ Thousands)

		As at 31st March, 2022	As at 31st March, 2021
		₹	₹
20	**Short-Term Borrowings :**		
	Secured		
	Overdraft[(a)]	**3,849.19**	-
	Unsecured		
	Demand loans from companies[(b)]	**2,711.53**	2,711.53
	TOTAL :	**6,560.72**	2,711.53

(a) Overdraft Facility from ICICI Bank :

Overdraft facility availed from ICICI Bank is secured by first and exclusive charge on inventory and receivables of the Company. Rate of Interest applicable I-MCLR-6M + spread between 3% - 3.71% p.a.

(b) The Company is in the process of settelement of this loan. No interest is chargeable for the current year as well as for previous year.

21	**Trade Payables :**		
	Dues of micro enterprises and small enterprises	**60.24**	244.89
	Dues of creditors other than micro enterprises and small enterprises	**3,571.22**	5,848.62
		3,631.46	6,093.51

Trade payables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(In ₹ Thousands)

	Outsanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	₹	₹	₹	₹	₹	₹
31st March, 2022						
i) MSME	**17.87**	**36.60**	**5.78**	**-**	**-**	**60.25**
ii) Other than MSME	**530.28**	**2,466.26**	**42.42**	**-**	**532.25**	**3,571.21**
iii) Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**	**-**
iv) Disputed dues to Other than MSME	**-**	**-**	**-**	**-**	**-**	**-**
	548.15	**2,502.86**	**48.20**	**-**	**532.25**	**3,631.46**
31st March, 2021						
i) MSME	-	233.59	11.31	-	-	244.90
ii) Other than MSME	-	5,095.68	5.69	43.05	704.19	5,848.61
iii) Disputed dues to MSME	-	-	-	-	-	-
iv) Disputed dues to Other than MSME	-	-	-	-	-	-
	-	5,329.27	17.00	43.05	704.19	6,093.51

(In ₹ Thousands)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
22	**Lease Liability :**			
	Lease Liability (Current)		**1,460.12**	1,313.16
		TOTAL :	**1,460.12**	1,313.16

23	**Other financial liabilities :**			
	Creditors for capital expenditure		**175.46**	175.46
	Other amounts payable		**1,274.57**	1,232.85
		TOTAL :	**1,450.03**	1,408.31

24	**Short-Term Provisions :**			
	Provision for employee benefits :			
	Gratuity		**265.00**	80.30
	Compensated absences		**27.08**	60.53
	Other provisions :			
	Liquidated damages[(a)(b)]		**3,362.84**	2,596.15
		TOTAL :	**3,654.92**	2,736.98

(a) In pursuance of Ind AS-37 'Provisions, contingent liabilities and contingent assets', the provisions required for liquidated damages have been incorporated in the books of account in the following manner:

Opening Balance	**2,596.15**	2,066.16
Arising during the year	**889.09**	529.99
Utilised during the year	**(122.40)**	-
Provision Written Back	**-**	-
Closing balance	**3,362.84**	2,596.15

(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.

25	**Other Current Liabilities :**			
	Contract Liabilities			
	Deferred Revenue[(a)]		**130.83**	75.38
	Statutory liabilities		**154.45**	811.77
		TOTAL :	**285.28**	887.15

(a) Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
26	**Income tax liabilities (net) :**		
	Income Tax provisions (net)	**113.28**	276.57
	TOTAL :	**113.28**	276.57

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
27	**Revenue from operations :**		
	Sale of products	**20,085.09**	38,403.32
	Sale of services	**7,350.23**	4,585.22
	TOTAL :	**27,435.32**	42,988.54

(Refer Note 37 for related party transactions)

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers by offerings and contract type.

Revenue by offerings :

Sale of products	**20,085.09**	38,403.32
Product assembly, integration and repairing services	**7,217.62**	3,016.84
Warranty services	**132.61**	1,568.38
TOTAL :	**27,435.32**	42,988.54

Revenue by geographical segments :

Within India	**27,435.32**	42,988.54
TOTAL :	**27,435.32**	42,988.54

Revenue by contract type :

Fixed price contracts	**27,435.32**	42,988.54
TOTAL :	**27,435.32**	42,988.54

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
28	**Other income :**		
	Interest Income		
	On Bank Deposits	**94.16**	600.81
	Other	**12.34**	10.46
	Credit balances written back	**0.50**	1,180.61
	Provisions written back	**-**	3,864.18
	Profit on Sale of property, plant and equipment	**-**	76.67
	Profit on Foreign Exchange Fluctuations (Net)	**-**	11.59
	Bad debts recovery	**-**	1.04
	Miscellaneous Income	**8.39**	3.75
	TOTAL :	**115.39**	5,749.11
29	**Cost of raw material and components consumed :**		
	Inventory at the beginning of the year	**17,341.03**	28,699.42
	Add: Purchases	**19,923.10**	19,932.30
		37,264.13	48,631.72
	Less: Inventory at the end of the year (Refer note 9)	**(20,434.52)**	(17,341.03)
	Cost of raw material and components consumed	**16,829.61**	31,290.69
30	**Changes in inventories of work in progress :**		
	Inventories at the beginning of the year		
	Work-in-progress	**12,098.85**	2,045.23
	Finished Goods	**-**	-
		12,098.85	2,045.23
	Inventories at the close of the year		
	Work-in-progress	**14,356.32**	12,098.85
	Finished Goods	**351.93**	-
		14,708.25	12,098.85
	TOTAL :	**(2,609.40)**	(10,053.62)

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
31	**Employee benefit expenses :**		
	Salaries and Wages	**12,018.76**	10,225.27
	Contributions to		
	- Provident fund	**542.44**	533.08
	- Other fund / scheme	**99.04**	131.07
	- Gratuity	**399.59**	364.73
	Staff welfare expenses	**791.50**	449.47
	TOTAL :	**13,851.33**	11,703.62
32	**Finance costs :**		
	Interest on Bank Borrowings	**252.02**	67.83
	Interest on Income Tax	**-**	129.00
	Interest on lease liabilities	**426.64**	126.66
	Other Interest*	**32.25**	39.70
	TOTAL :	**710.91**	363.19

* Other Interest includes interest on other borrowings, Micro and Small Enterprises, unwinding of discount on financial liabilities, etc.

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
33	**Depreciation :**		
	Depreciation on Property, Plant and Equipment	**2,654.88**	2,937.91
	Depreciation on Right-of-use assets	**1,457.68**	1,527.57
	Amortization on Intangible Assets	**-**	33.99
	TOTAL :	**4,112.56**	4,499.47

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
34	**Other expenses :**		
	Consumption of Stores and Spares	**161.70**	132.99
	Labour and Processing Charges	**1,211.75**	994.27
	Power and Fuel	**1,032.27**	931.04
	Repairs and Maintenance - Buildings	**418.17**	397.40
	Repairs and Maintenance - Plant and Machinery	**113.86**	28.60
	Repairs and Maintenance - Others	**691.59**	669.17
	Insurance	**102.77**	101.00
	Rates and Taxes	**457.91**	195.32
	Rent (Refer note 50)	**72.50**	24.66
	Liquidated damages (Refer note 24)	**889.09**	533.59
	Communication	**162.36**	138.54
	Bank Charges and Commission	**534.84**	193.42
	Printing and Stationery	**182.78**	160.27
	Travelling and Conveyance	**2,392.17**	2,709.45
	Professional Fees	**569.20**	1,375.75
	Technical Consultancy	**791.52**	456.03
	Security Services	**461.55**	376.00
	Payment to Auditors (Refer note 39)	**250.00**	350.00
	Loss on Foreign Exchange Fluctuations (Net)	**50.59**	-
	Corporate Social Responsibility Expenses (Refer note 52)		
	Contributed to the Prime Ministers National Relief Fund towards obligation for previous year	**650.63**	-
	On promotion of healthcare including preventive healthcare	**750.12**	-
	Contributed to be made for the Prime Ministers National Relief Fund towards obligation for the current year	**9.04**	-
	Freight, Packing and Forwarding	**23.78**	74.50
	Allowances for credit losses	**3,179.87**	3,223.86
	Miscellaneous Expenses#	**362.37**	346.11
	TOTAL :	**15,522.43**	13,411.97

Miscellaneous Expenses includes general office expenses, penalties and fines, etc.

35 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 538.84 thousands (Previous Year: ₹ 533.08 thousands) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

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 ₹ Thousands)

	Year ended 31st March, 2022	Year ended 31st March, 2021
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.20%**	6.92%
Expected rate of return on plan assets	**6.92%**	6.77%
Salary Growth Rate	**8.00%**	8.00%
Expected average remaining working lives (in years)	**12.77**	13.24
Withdrawal rate	**4.00%**	4.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Present value of obligation as at the beginning of the year	**2,255.39**	1,805.04
Interest expense	**140.34**	122.15
Current service cost	**281.63**	263.40
Benefits (paid)	**(454.88)**	(1.39)
Remeasurements on obligation [Actuarial (Gain) / Loss]	**(654.53)**	66.19
Present value of obligation as at the end of the year	**1,567.95**	2,255.39

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Fair value of plan assets at the beginning of the year	**323.44**	307.71
Interest Income	**22.38**	20.83
Contributions	**-**	-
Benefits paid	**-**	(1.39)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**4.79**	(3.71)
Fair value of plan assets at the end of the year	**350.61**	323.44
Actual return on plan assets	**27.17**	17.12

Net Interest (Income/Expense)

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2022 ₹
Interest (Income) / Expense – Obligation	**140.34**	122.15
Interest (Income) / Expense – Plan assets	**(22.38)**	(20.83)
Net Interest (Income) / Expense for the period	**117.96**	101.32

Remeasurement for the period [Actuarial (Gain)/loss]

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Experience (Gain) / Loss on plan liabilities	**(611.87)**	101.38
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**(42.65)**	(35.19)
Experience (Gain) / Loss on plan assets	**(4.31)**	24.50
Financial (Gain) / Loss on plan assets	**(0.49)**	(20.79)

Amount recognised in Statement of Other Comprehensive Income (OCI)

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Opening amount recognised in OCI outside profit and loss account	**(383.18)**	(453.08)
Remeasurement for the period-Obligation (Gain)/Loss	**(654.53)**	66.19
Remeasurement for the period-Plan assets (Gain)/Loss	**(4.80)**	3.71
Total Remeasurement cost/(credit) for the period recognised in OCI	**(659.33)**	69.90
Closing amount recognised in OCI outside profit and loss account	**(1,042.51)**	(383.18)

The amounts to be recognised in the Balance Sheet

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Present value of obligation as at the end of the period	**(1,567.95)**	(2,255.39)
Fair value of plan assets as at the end of the period	**350.61**	323.44
Net Asset / (liability) to be recognised in balance sheet	**(1,217.34)**	(1,931.95)

Expense recognised in the statement of profit and loss

(In ₹ Thousands)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Current service cost	**281.63**	263.40
Net Interest (Income) / Expense	**117.96**	101.32
Net periodic benefit cost recognised in the statement of profit and loss	**399.59**	364.72

Reconciliation of Net Asset/(Liability) recognised:

(In ₹ Thousands)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Net asset / (liability) recognised at the beginning of the period	**(1,931.95)**	(1,497.33)
Company contributions	**-**	-
Benefits Directly paid by company	**454.88**	-
Expense recognised at the end of period	**(399.59)**	(364.72)
Amount recognised outside profit & loss for the period	**659.33**	(69.90)
Net asset / (liability) recognised at the end of the period	**(1,217.33)**	(1,931.95)

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

(In ₹ Thousands)

	Year ended 31st March, 2022	Year ended 31st March, 2021
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 ₹ Thousands)

Discount rate	**Present value of obligation**	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in discount rate by 100 basis points	**1,428.60**	2,039.84
Decrease in discount rate by 100 basis points	**1,728.52**	2,505.98

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis points

(In ₹ Thousands)

Salary growth rate	Present value of obligation	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in salary growth rate by 100 basis points	**1,709.84**	2,502.04
Decrease in salary growth rate by 100 basis points	**1,441.71**	2,038.84

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis points

(In ₹ Thousands)

Withdrawal rate	Present value of obligation	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in withdrawal rate by 100 basis points	**1,560.56**	2,235.11
Decrease in withdrawal rate by 100 basis points	**1,576.24**	2,277.81

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

(In ₹ Thousands)

Year Ending	**31st March, 2022**	31st March, 2021
	₹	₹
Within the next 12 months (next annual reporting period)	**265.00**	1,931.95

(c) **Other Long Term Employee Benefits :**

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

(In ₹ Thousands)

Sr. No.		**As at 31st March, 2022**	As at 31st March, 2021
		₹	₹
1	Present Value of Obligation	**(340.23)**	(391.96)
2	Fair Value of Plan Assets	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**(340.23)**	(391.96)

36 Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of of designing, developing and manufacturing of reliable electronic systems and sub-systems for mission critical applications; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

37 Related Party Disclosure :

A. Related Parties and their relationships :

a) Holding Company : i) Bharat Forge Limited

b) Fellow Subsidiaries :
- i) Kalyani Strategic Systems Limited
- ii) Kalyani Rafael Advanced Systems Private Limited

c) Key Managerial Personnel :
- i) Mrs. R. Laxmi Sundari - Chief Executive Officer
  (Appointed as the CEO w.e.f. 20th May, 2021 and resigned w.e.f . 30th April, 2022)
- ii) Mr. Rajaramesh Reddy Bommareddy - Chief Financial Officer
  (Resigned w.e.f . 20th May, 2021)
- iii) Mr. Harshavardhan Pachala - Chief Financial Officer
  (Appointed as the CFO w.e.f. 4th August, 2021 and resigned w.e.f. 2nd December, 2021. Reappointed as the CFO w.e.f. 3rd May, 2022)
- iv) Mr. Tanay Mishra (Company secretary)@
  @ On deputation from Bharat Forge Limited, the Holding Company

B. Transactions with Related Parties :

(In ₹ Thousands)

Particulars	Terms and Conditions (Refer foot note no.)	Key Managerial Personnel	Holding Company	Fellow Subsidiaries	Total
		₹	₹	₹	₹
Sale of Service (Excluding Taxes)	(a)	**-**	**-**	**7,217.62**	**7,217.62**
		-	(55,943.08)	(207.05)	(56,150.13)
Sale of Products (Excluding Taxes)	(a)	**16.07**	**4,657.55**	**-**	**4,673.62**
		-	(3,940.82)	(5,896.07)	(9,836.89)
Rent Paid	(b)	**-**	**-**	**1,739.80**	**1,739.80**
		-	-	(1,739.80)	(1,739.80)
Remuneration	(c)	**2,468.90**	**-**	**-**	**2,468.90**
		(684.00)	-	-	(684.00)
Reimbursement of expenses	(d)	**-**	**0.60**	**63.81**	**64.41**
		(152.18)	-	-	(152.18)
Reimbursement of expenses paid	(e)	**-**	**-**	**-**	**-**
		-	(460.79)	-	(460.79)
Advance for expenses	(f)	**4,960.00**	-	-	**4,960.00**
		-	-	-	-
Repayment of advance for expenses	(f)	**4,960.00**	-	-	**4,960.00**
		-	-	-	-
Loan given	(g)	**500.00**	-	-	**500.00**
		-	-	-	-
Repayment received against loan	(g)	**20.00**	-	-	**20.00**
		-	-	-	-

(Figures in bracket indicate previous year)

(a) 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.

(b) Rent paid to related party is in the ordinary course of business and the same has been paid at arm's length price.

(c) Remuneration paid to the Key Managerial Personnel as per terms of appointment. The amount reported as remuneration are for the entire FY 2021-2022 irrespective of period of holding of office.

(d) Expenses incurred by the related parties on behalf of the Company.

(e) Expenses incurred on behalf of the holding company

(f) Advance was given to KMP for expenses to be made on behalf the Company. The same has been repaid by procurring material on behalf of the Company.

(g) An interest free medical loan to the related party. A part repayment is also received against the same.

C. **Balance with Related Parties:**

(In ₹ Thousands)

	Key Managerial Personnel	Holding Company	Fellow Subsidiaries	Total
	₹	₹	₹	₹
Amounts payables	**-**	**-**		**-**
	-	-	(160.21)	(160.21)
Amounts Receivable	**238.00**	**-**	**926.22**	**1,164.22**
	-	(3,139.52)	(244.32)	(3,383.84)
Loan given	**480.00**	-	-	**480.00**
	-	-	-	-
Remuneration payable	**411.77**	-	-	**411.77**
	-	-	-	-
Reimbursement of expenditure receivable	**-**	**-**	**-**	**-**
	-	(454.93)	-	(454.93)

(Figures in bracket indicate previous year)

38 Unhedged foreign currency exposure :

(In ₹ Thousands)

		As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2021
		Foreign Currency	₹	Foreign Currency	₹
1	Assets :				
	Advances to Trade Creditors	USD 1,040	**78.84**	USD 1,383	101.22
		EUR 6,354	**537.95**	-	-
2	Liabilities :				
	Trade Creditors	GBP 203	**20.23**	-	-
		USD 155	**11.78**		

39 Payments to Auditors (Excluding GST) :

(In ₹ Thousands)

		As at 31st March, 2022	As at 31st March, 2021
		₹	₹
a)	As auditor	**250.00**	350.00
	TOTAL :	**250.00**	350.00

40 Earning per Share (Face Value of ₹ 10 Each) :

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Profit for the year after taxation	**(20,872.14)**	(2,876.17)
Weighted Average Number of Equity Shares, outstanding during the period (In Nos)	**18,489,670**	18,489,670
Basic Earning per Share in rupees	**(1.13)**	(0.16)
Diluted Earning per Share in rupees	**(1.13)**	(0.16)

41 Income and deferred taxes :

a) The major components of income tax expense for the years ended 31st March, 2022 and 31st March, 2021 are

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Current income tax		
Current income tax charge	**-**	-
Taxes for earlier years	**5.41**	398.50
TOTAL :	**5.41**	398.50

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2022 and 31st March 2021 :

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Accounting profit before tax	**(20,866.73)**	(2,477.67)
At India's enacted tax rate of 26.00% (31st March 2021: 26%)	**-**	-
Deferred tax savings at India's enacted tax rate of 26% (31st March 2020: 26%)	**(5,425.40)**	(644.20)
Tax effect due to non-taxable income for Indian tax purposes	**21.90**	42.35
Deferred tax asset not recognised on the basis of prudence	**5,403.50**	601.85
Taxation effects of earlier year considered in current year.	**5.41**	398.50
At the effective income tax rate of -0.03% (31st March, 2021: -16.08%)	**5.41**	398.50
Income tax expense reported in the statement of profit and loss	**5.41**	398.50

c) Reconciliation of deferred tax liabilities (net)

(In ₹ Thousands)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Opening balance	-	-
Tax income/(expense) during the year recognised in profit or loss	-	-
Closing balance	-	-

d) The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to ₹ 5,985.00 thousands (Previous Year: ₹ 2,330.00 thousands) and on account of other disallowances including unabsorbed depreciation aggregating to ₹ 4,194.00 thousands (Previous Year: ₹ 3,380.00 thousands) 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 :

(In ₹ Thousands)

	Particulars	As at 31st March, 2022	As at 31st March, 2021
		₹	₹
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**235.71**	420.35
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**2.35**	30.85
(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	**736.11**	316.97
(iv)	The amount of interest due and payable for the year	**32.25**	39.70
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**1.23**	1.20
(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	**2.46**	3.18

Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.

43 Overdraft Facility from ICICI Bank :

Overdraft facility availed from ICICI Bank is secured by first and exclusive charge on inventory and receivables. Rate of Interest applicable I-MCLR-6M + spread between 3% - 3.71% p.a.

(In ₹ Thousands)

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹	₹
1 Limit Sanctioned	**70,000.00**	70,000.00
2 Outstanding balance at the end of the year	**3,849.19**	-

44 Ratio Analysis

(In ₹ Thousands)

Sr. No.	Particulars	Note Ref.	Numerator	Denominator	31st March 2022			31st March 2021			Variation
					₹	₹	%	₹	₹	%	
1	Current Ratio	(i)	Current Assets	Current Liabilities	**50,367.95**	**17,155.81**	**294%**	66,708.32	15,427.21	432%	-32%
2	Return on Equity Ratio	(ii)	Profit/(Loss) for the year	Average shareholders' equity	**(20,872.14)**	**59,430.64**	**-35%**	(2,876.17)	71,010.08	-4%	767%
3	Inventory Turnover Ratio	(iii)	Cost of goods sold	Average Inventory	**(2,447.70)**	**32,291.33**	**-8%**	(9,920.63)	30,092.26	-33%	-77%
4	Trade Receivables Turnover Ratio	(iv)	Revenue	Average trade receivable	**27,435.32**	**9,359.00**	**293%**	42,988.54	31,195.29	138%	113%
5	Trade Payables Turnover Ratio	(v)	Purchases + Other expenses	Average trade payables	**32,352.04**	**4,862.49**	**665%**	44,702.66	9,605.27	465%	43%
6	Net Capital Turnover Ratio		Revenue	Working capital (Current Assets-Current liabilities)	**27,435.32**	**33,212.14**	**83%**	42,988.54	51,281.11	84%	-1%
7	Net Profit Ratio	(vi)	Profit/(Loss) for the year	Revenue	**(20,872.14)**	**27,435.32**	**-76%**	(2,876.17)	42,988.54	-7%	1037%
8	Return on Capital Employeed	(vii)	Earning before interest and taxes	Capital Employed (Net Worth + Defered tax liabilities + Lease liabilities)	**(20,582.46)**	**52,411.20**	**-39%**	(2,241.14)	73,937.18	-3%	1196%

Notes :

i) Decrease in current assets has resulted in deterioration of the ratio.

ii) Increase in loss for the year has resulted in deterioration of the ratio.

iii) Decrease in the material consumption hs resulted in the improvement in the ratio.

iv) Regular recovery from the trade debtors has resulted in the improvement of the ratio.

v) Periodic payments to the trade payables has resulted in the improvement of the ratio.

vi) Increase in loss and decrease in the revenue has resulted in deterioration of the ratio.

vii) Increase in loss and decrease in the net worth has resulted in deterioration of the ratio.

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 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.

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 ₹ Thousands)

	Carrying value		Fair value	
	Year ended 31st March, 2022	Year ended 31st March, 2021	**Year ended 31st March, 2022**	Year ended 31st March, 2021
	₹	₹	₹	₹
I) Financial assets				
Loans - Non Current				
Security Deposits	**215.05**	215.05	**215.05**	215.05
Others current financial assets				
Security Deposit	**33.00**	33.00	**33.00**	33.00
Interest receivable	**24.63**	66.17	**24.63**	66.17
Sundry debit balances	**717.81**	454.93	**717.81**	454.93
	990.49	769.15	**990.49**	769.15
II) Financial liabilities				
Lease Liability - Non Current	**1,626.85**	3,086.97	**1,626.85**	3,086.97
Short term borrowings				
Overdraft	**3,849.19**	-	**3,849.19**	-
Demand loans from companies	**2,711.53**	2,711.53	**2,711.53**	2,711.53
Lease Liability - Current	**1,460.12**	1,313.16	**1,460.12**	1,313.16
Other financial liabilities				
Creditors for capital expenditure	**175.46**	175.46	**175.46**	175.46
Other amounts payable	**1,274.57**	1,232.85	**1,274.57**	1,232.85
	11,097.72	8,519.97	**11,097.72**	8,519.97

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 :

(In ₹ Thousands)

	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					
Security Deposits - Non Current	**3/31/2022**	**-**	**-**	**215.05**	**215.05**
Security Deposits - Current	**3/31/2022**	**-**	**-**	**33.00**	**33.00**
Interest receivable	**3/31/2022**	**-**	**-**	**24.63**	**24.63**
Sundry Debit Balances	**3/31/2022**			**717.81**	**717.81**
Liabilities for which fair value has been disclosed					
Lease Liability - Non Current	**3/31/2022**	**-**	**1,626.85**	**-**	**1,626.85**
Overdraft	**3/31/2022**	**-**	**-**	**3,849.19**	**3,849.19**
Demand loans	**3/31/2022**	**-**	**-**	**2,711.53**	**2,711.53**
Lease Liability -Current	**3/31/2022**	**-**	**1,460.12**	**-**	**1,460.12**
Creditors for capital expenditure	**3/31/2022**	**-**	**-**	**175.46**	**175.46**
Other amounts payable	**3/31/2022**	**-**	**-**	**1,274.57**	**1,274.57**
Assets for which fair value has been disclosed					
Security Deposits - Non Current	3/31/2021	-	-	215.05	215.05
Security Deposits - Current	3/31/2021	**-**	**-**	33.00	33.00
Interest receivable	3/31/2021	-	-	66.17	66.17
Sundry Debit Balances	3/31/2021	-	-	454.93	454.93
Liabilities for which fair value has been disclosed					
Lease Liability - Non Current	3/31/2021	**-**	3,086.97	-	3,086.97
Demand loans	3/31/2021	-	-	2,711.53	2,711.53
Lease Liability	3/31/2021	-	1,313.16	-	1,313.16
Creditors for capital expenditure	3/31/2021	-	-	175.46	175.46
Other amounts payable	3/31/2021	-	-	1,232.85	1,232.85

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, 2022 and 31st March, 2021.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2022 and 31st March, 2021 including the effect of hedge accounting(if any)

i) 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.

(In ₹ Thousands)

	Currency	Change in FC Rate	Effect on profit before tax	Effect on equity pre-tax
			₹	₹
31st March, 2022	**USD**	**5.00%**	**4,530.76**	**4,530.76**
		-5.00%	**(4,530.76)**	**(4,530.76)**
	Euro	**5.00%**	**26,897.51**	**26,897.51**
		-5.00%	**(26,897.51)**	**(26,897.51)**
	GBP	**5.00%**	**1,011.35**	**1,011.35**
		-5.00%	**(1,011.35)**	**(1,011.35)**
31st March, 2021	USD	5.00%	5,061.00	5,061.00
		-5.00%	(5,061.00)	(5,061.00)

B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company’s Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty’s potential failure to make payments.

C) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

(In ₹ Thousands)

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
Year ended 31st March, 2022						
Overdraft	**3,849.19**	**-**	**-**	**-**	**-**	**3,849.19**
Demand loans from companies	**2,711.53**	**-**	**-**	**-**	**-**	**2,711.53**
Lease Liability	**(0.01)**	**350.37**	**1,109.76**	**1,626.85**	**-**	**3,086.97**
Creditors for capital expenditure	**175.46**	**-**	**-**	**-**	**-**	**175.46**
Other amounts payable	**1,274.57**	**-**	**-**	**-**	**-**	**1,274.57**
	8,010.74	**350.37**	**1,109.76**	**1,626.85**	**-**	**11,097.72**

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
Year ended 31st March, 2021						
Overdraft	-	-	-	-	-	-
Demand loans from companies	2,711.53	-	-	-	-	2,711.53
Lease Liability	-	317.14	996.02	3,086.97	-	4,400.13
Creditors for capital expenditure	175.46	-	-	-	-	175.46
Other amounts payable	1,232.85	-	-	-	-	1,232.85
	4,119.84	317.14	996.02	3,086.97	-	8,519.97

49 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2021 ₹ NIL (Previous Year : ₹ NIL) of unbilled revenue pertaining to fixed price development contracts has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets are as under :

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
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 :

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Balance at the beginning of the year	**136.87**	1,594.03
Revenue recognised from unearned revenue/advance from customers at the beginning of the year	**(75.32)**	(1,554.95)
Increased due to invoicing during the year excluding the amounts recognised as revenue during the year	**173.87**	97.79
Decreased due to adjustment against revenue out of advance received during the year	**-**	-
Balance at the end of the year	**235.42**	136.87

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, 2022, other than those meeting the exclusion criteria mentioned above, is ₹ 235.42 thousands (Previous year ₹ 136.87 thousands). Out of this, the Company expects to recognize revenue of ₹ 105.98 thousands (Previous year ₹ 75.38 thousands) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Revenue recognised as per Statement of Profit & loss		
Sale of products	**20,085.09**	38,403.32
Sale of services	**7,350.23**	4,585.22
	27,435.32	42,988.54
Add : Adjustments		
Deferment of Sales revenue	**231.16**	136.87
Contract Price	**27,666.48**	43,125.41

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/A/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 ₹ Thousands)

	Buildings ₹
As at 31st March, 2020.	1,519.43
Additions	4,397.46
Depreciation	(1,527.57)
As at 31st March, 2021.	4,389.32
Additions	**-**
Depreciation	**(1,457.68)**
As at 31st March, 2022.	**2,931.64**

ii) The carrying amount of lease liability and the movements during the period:

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
As at 31st March, 2021.	**4,400.14**	1,606.15
Additions	**-**	4,397.46
Accretion of Interest	**429.31**	126.66
Payments	**(1,737.12)**	(1,730.13)
As at 31st March, 2022.	**3,092.33**	4,400.14
Current	**1,465.48**	1,313.16
Non - Current	**1,626.85**	3,086.98

iii) The amounts recognised in Statement of profit and loss :

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
Depreciation expense of right-of-use assets	**1,457.68**	1,527.57
Interest expense on lease liabilities	**429.31**	126.66
Expense relating to short-term leases	**72.50**	24.66
Total :	**1,959.49**	1,678.89

iv) The Company had total cash outflows for leases of ₹ 1,814.97 thousands (31st March, 2021: ₹ 1,754 thousands). The Company had non-cash addition of NIL (31st March, 2021: 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

(In ₹ Thousands)

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹	₹
For Property, plant and equipment	**189.00**	222.05

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 ₹ Thousands)

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹	₹
(a) Amount required to be spent by the Company during the year	**774.80**	650.63
(b)		
i) Amount spent during the year on promotion of healthcare including preventive healthcare	**750.12**	**-**
ii) Amount set apart for contribution to the Prime Ministers National Relief Fund	**9.04**	**-**
Subtotal (b) :	**759.16**	**-**
(c) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	**15.64**	**-**
(d) Contributed to the Prime Ministers National Relief Fund towards obligation for previous year	**650.63**	-
(e) Total amount debited to the Statement of Profit and Loss [(b)+(d)]	**1,409.79**	**-**
(f) The total of previous years shortfall amounts	**-**	650.63

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187
UDIN : 22160187AIYPMQ4618

Rajinder Singh Bhatia
Director
DIN : 05333963

Rudra Kumar Jadeja
Director
DIN : 08486168

Harshavardhan Pachala
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : 6th May, 2022

Place : Pune
Date : 6th May, 2022

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BF Elbit Advanced Systems Private Limited

Directors

Mr. B. N. Kalyani

Mr. Amit B. Kalyani

Mr. Rajinder Singh Bhatia

Mr. Shai Israel Cohen

Mr. Yehuda Vered

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

Pune Cantonment,

Mundhwa,

Pune 411 036

Independent Auditor’s Report

To the Members of BF Elbit Advanced Systems Private Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **BF Elbit Advanced Systems Private Limited** (“the Company”) which comprises the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

We have determined that there are no key audit matters to be reported in our 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 our auditor’s report thereon. The Board’s Report including annexures to Board’s Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board’s Report including annexures to Board’s Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of management and those charged with governance for the financial statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility

also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the “**Annexure A**” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in

writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

Place : Pune
Date : 4th May, 2022

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31st MARCH, 2022.

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

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to us, the Property, Plant and Equipment and relevant details of right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the Property, Plant and Equipment and relevant details of right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) As explained to us, the Company was not required to hold any inventories during the period covered by this report. Hence, paragraph 3(ii)(a)of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company has not made any investment, provided guarantee or security, granted any loans or advances in the nature of loan, secured or unsecured to companies, firms, limited liability partnerships or other parties.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) The requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(iv) (a) According to the records of the Company, the Company was found to be generally regular in depositing undisputed statutory dues including Goods and Services Tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2022 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x) (a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 188 of the Companies Act, 2013. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Provisions of section 177 of the Act do not apply to the Company.

(xiv) The provisions of section 138 of the Companies Act, 2013 do not apply to the Company and no internal audit was carried out during the year. Hence, reporting under clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company within the Group.

(xvii) The Company has incurred the following amounts of cash losses during the financial year covered by this report and also in the preceding financial year.

	Current Financial Year ₹	**Preceding Financial Year** ₹
Cash losses incurred	**15,191,093**	14,272,085

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us and particularly the willingness expressed by the Holding Company to continue to provide financial support to the Company as stated in the Note No. 31 forming part of the financial statements, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

Place : Pune
Date : 4th May, 2022

"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, 2022.

We have audited the internal financial controls over financial reporting of **BF Elbit Advanced Systems Private Limited** ("the Company") as of 31st March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

Place : Pune
Date : 4th May, 2022

Balance sheet as at 31st March, 2022

(Amounts in Thousand ₹)

		Notes	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
I.	**ASSETS**			
1	**Non-current assets**			
	a) Property, plant and equipment	3	**20,058.01**	241.10
	b) Right of use assets	4	**328.95**	723.68
	c) Capital Work in progress		**-**	62.77
	d) Intagible assets	5	**133.59**	398.59
	e) Financial assets			
	i) Other financial assets	6	**24.00**	24.00
	f) Other non-current assets	7	**-**	17,671.50
			20,544.55	19,121.64
2	**Current assets**			
	a) Financial assets			
	i) Cash and cash equivalents	8	**1,172.03**	9,543.41
	b) Other current assets	9	**8,202.54**	3,859.41
			9,374.57	13,402.82
	TOTAL :		**29,919.12**	32,524.46
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	a) Equity share capital	10	**19,804.08**	19,804.08
	b) Other equity	11	**(148,788.99)**	(132,614.33)
			(128,984.91)	(112,810.25)
2	**Non Current liabilities**			
	a) Financial liabilities			
	i) Lease liabilities	22	**-**	379.56
			-	379.56
3	**Current liabilities**			
	a) Financial Liabilities			
	i) Borrowings	12	**156,592.17**	143,201.27
	ii) Lease liabilities	22	**379.56**	415.74
	iii) Trade payables	13		
	Total outstanding dues of micro enterprises and small enterprises		**-**	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,788.70**	1,238.88
b)	b) Other current liabilities	14	**143.59**	99.27
			158,904.03	144,955.16
	TOTAL :		**29,919.12**	32,524.47
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 33		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

Place : Pune
Date : 4th May, 2022

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 4th May, 2022

Statement of profit and loss for the year ended 31st March, 2022

(Amounts in Thousand ₹)

		Notes	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
I.	**Income**			
	a) Revenue from operations (net)		**-**	-
	b) Other income	15	**-**	277.31
	Total Revenue		**-**	277.31
II.	**Expenses**			
	a) Finance costs	16	**14,943.04**	13,692.33
	b) Depreciation and amortization expenses	17	**983.57**	812.51
	c) Other expenses	18	**248.05**	857.06
	Total expenses		**16,174.66**	15,361.90
III.	**Loss before tax**		**(16,174.66)**	(15,084.60)
IV.	**Tax expenses**		**-**	-
V.	**Loss for the year**		**(16,174.66)**	(15,084.60)
VI.	**Other comprehensive income**		**-**	-
VII.	**Total comprehensive income for the year (V+VI)**		**(16,174.66)**	(15,084.60)
VIII.	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	23	**(8.17)**	(7.62)
	b) Diluted (In ₹)	23	**(8.17)**	(7.62)
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 33		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

On behalf of the Board of Directors,

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 4th May, 2022

Place : Pune
Date : 4th May, 2022

Statement of changes in equity for the year ended 31st March, 2022

(Amounts in Thousand ₹)

a Equity share capital

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
As at beginning of the year	**19,804.08**	19,804.08
Changes in equity share capital due to prior period errors	**-**	-
Restated balance at the beginning of the current reporting period	**19,804.08**	19,804.08
Changes in equity share capital during the year	**-**	-
As at end of the year	**19,804.08**	19,804.08

b Other equity

(Amounts in Thousand ₹)

	Retained Earnings ₹
Balance as at 1st April, 2020.	(117,529.74)
Changes in equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	(117,529.74)
Add :	
Loss for the year	(15,084.60)
Balance as at 31st March, 2021.	(132,614.33)
Changes in equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	(132,614.33)
Add :	
Loss for the year	**(16,174.66)**
Balance as at 31st March, 2022.	**(148,788.99)**

c Total equity (a+b)	**(128,984.91)**

Significant accounting policies and notes forming an integral part of the financial statements 1 to 33

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

Place : Pune
Date : 4th May, 2022

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 4th May, 2022

Cash Flow Statement for the year ended 31st March, 2022

(Amounts in Thousand ₹)

			Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
(A)	**Cash flow from operating activities**			
	Loss before tax		**(16,174.66)**	(15,084.60)
	Add :			
	Depreciation and amortization expenses		**983.57**	812.51
	Interest paid on borrowings		**14,878.78**	13,588.97
	Interest paid on lease liabilties		**64.26**	103.36
	Operating loss before working capital changes		**(248.05)**	(579.75)
	Movements in working capital :			
	(Increase) / decrease in other current assets		**(4,343.13)**	(235.06)
	(Increase) / decrease in other financial assets		**-**	21.00
	(Increase) / decrease in trade receivables		**-**	38,735.09
	Increase / (decrease) in trade payables		**549.82**	(62,117.11)
	Increase / (decrease) in other current financial liabilities		**-**	(187.25)
	Increase / (decrease) in other current liabilities		**44.33**	(152.60)
			(3,748.98)	(23,935.94)
	Cash generated from operations		**(3,997.03)**	(24,515.69)
	Direct taxes paid (net of refunds)		**-**	-
	Net cash flows from operating activities	**(A)**	**(3,997.03)**	(24,515.69)
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**(2,406.48)**	(32.36)
	Net cash flows used in investing activities	**(B)**	**(2,406.48)**	(32.36)
(C)	**Cash flows from financing activities**			
	Proceeds from short term borrowings (net of repayment)		**13,390.90**	12,531.34
	Interest Paid		**(14,878.78)**	(13,588.97)
	Payment of principal lease liabilities		**(415.74)**	(376.64)
	Payment of interest on lease liabilities		**(64.26)**	(103.36)
	Net cash flows from/(used in) financing activities	**(C)**	**(1,967.88)**	(1,537.63)
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**(8,371.38)**	(26,085.68)
(E)	**Cash and cash equivalents at the beginning of the year**		**9,543.41**	35,629.09
(F)	**Cash and cash equivalents at the end of the year**		**1,172.03**	9,543.41

(Amounts in Thousand ₹)

Components of cash and cash equivalents as at		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Balances with banks in current accounts		**1,172.03**	9,543.41
	TOTAL :	**1,172.03**	9,543.41
Significant accounting policies and notes forming an integral part of the financial statements	1 to 33		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

On behalf of the Board of Directors,

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 4th May, 2022

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Date : 4th May, 2022

Notes forming part of the financial statements for the year ended 31st March, 2022

1 Corporate information:

BF Elbit Advanced Systems Private Limited was incorporated on 2nd August, 2012, as a private limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited and thus deemed to be a public company within the meaning of Sec. 2(71) of the Companies Act, 2013. The Company is a 51:49 Joint Venture between Bharat Forge Limited and Elbit Systems Land and C4I Limited of Israel. Bharat Forge Limited is the Holding Company.

The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres. During the financial year covered by these statements, the Company was engaged in carrying out trial runs of its products.

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 thousand.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

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

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 9th August, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.4 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

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

i In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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

2.5 Revenue recognition :

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 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) 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. 2.13.

f) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

g) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

h) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

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

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on

"Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		Estimated useful life
i)	Building - Temporary structure	3 Years
ii)	Computers	3 Years
iii)	Office equipment	5 Years
iv)	Plant and Machinery	10 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

The Company amortizes software over three years.

2.9 Leases :

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

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) Right of use assets

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

Type of Asset	
i) Building	Over the period of lease agreement

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

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 Inventories :

Inventories comprises of traded goods are stated at the lower of costs determined on weighted average basis and net realisable value.

2.11 Impairment of Non-financial assets :

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

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

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

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

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.12 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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

2.13 Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

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

e) Debt instrument at FVTPL

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes 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.

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.

2.14 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.

2.15 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.16 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors that makes strategic decisions.

2.17 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.18 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.

2.19 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.20 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 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that 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 :

(Amounts in Thousand ₹)

	Building - Temporary structure	Office Equipment	Computers	Plant and Machinery	Total	Capital work-in-progress [(a)]
	₹	₹	₹	₹	₹	₹
Gross block, at cost :						
As at 1st April, 2020	667.81	179.84	444.59	-	1,292.25	30.41
Additions	-	-	-	-	-	32.36
Disposals	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
As at 31st March, 2021.	667.81	179.84	444.59	-	1,292.25	62.77
Additions	**-**	**-**	**-**	**20,140.74**	**20,140.74**	**20,077.98**
Disposals	**-**	**-**	**-**	**-**	**-**	**(20,140.74)**
Adjustments	**-**	**-**	**-**	**-**	**-**	
As at 31st March, 2022.	**667.81**	**179.84**	**444.59**	**20,140.74**	**21,432.99**	**-**
Depreciation and amortization :						
As at 1st April, 2020.	667.81	166.41	64.15	-	898.37	-
Disposals	**-**	**-**	**-**	**-**	**-**	-
Adjustments	**-**	**-**	**-**	**-**	**-**	-
For the year	**-**	4.58	148.20	-	152.78	-
Upto 31st March, 2021.	667.81	170.99	212.35	-	1,051.15	-
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**4.58**	**148.20**	**171.06**	**323.83**	**-**
Upto 31st March, 2022.	**667.81**	**175.56**	**360.55**	**171.06**	**1,374.98**	**-**
Net Block :						
As at 31st March, 2021.	-	8.85	232.24	-	241.10	62.77
As at 31st March, 2022.	**-**	**4.28**	**84.05**	**19,969.69**	**20,058.01**	**-**

a) Refer note no 20 for capital work- in progress ageing

4 Right of use assets :

(Amounts in Thousand ₹)

	Right of use assets	Total
	₹	₹
Gross block, at cost :		
As at 1st April, 2020.	1,513.16	**1,513.16**
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2021.	1,513.16	1,513.16
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022.	**1,513.16**	**1,513.16**
Depreciation and amortization :		
As at 1st April, 2020.	394.74	
Disposals	-	-
Adjustments	-	-
For the year	394.74	394.74
Upto 31st March, 2021.	789.47	394.74
Disposals	-	-
Adjustments	-	-
For the year	**394.74**	**394.74**
Upto 31st March, 2022.	**1,184.21**	**789.47**
Net Block :		
As at 31st March, 2021.	723.68	723.68
As at 31st March, 2022.	**328.95**	**328.95**

5 Intangible assets :

(Amounts in Thousand ₹)

	Software ₹	Total ₹
Gross block, at cost :		
As at 1st April, 2020.	-	-
Additions	795.00	795.00
Disposals	-	-
Adjustments	-	-
As at 31st March, 2021.	795.00	795.00
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2022.	**795.00**	795.00
Depreciation and amortization :		
As at 1st April, 2020.	131.41	131.41
Disposals	-	-
Adjustments	-	-
For the year	265.00	265.00
Upto 31st March, 2021.	396.41	396.41
Disposals	-	-
Adjustments	-	-
For the year	**265.00**	**265.00**
Upto 31st March, 2022.	**661.41**	**661.41**
Net Block :		
As at 31st March, 2021.	398.59	398.59
As at 31st March, 2022.	**133.59**	**133.59**

6 Other financial assets (Non-current)

(Unsecured, Good) (Amounts in Thousand ₹)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Security Deposits		**24.00**	24.00
	TOTAL :	**24.00**	24.00

7 Other non-current assets

(Unsecured, Good) (Amounts in Thousand ₹)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Capital advance to a related party		**-**	17,671.50
	TOTAL :	**-**	17,671.50

For terms and conditions relating to related party receivables, refer note no. 21

8 Cash and cash equivalents

(Amounts in Thousand ₹)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Balances with banks			
In current accounts		**1,172.03**	9,543.41
	TOTAL :	**1,172.03**	9,543.41

9 Other current assets

(Unsecured, Good) (Amounts in Thousand ₹)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Balances with government authorities		**8,200.22**	3,848.09
Prepaid expenses		**2.32**	11.32
	TOTAL :	**8,202.54**	3,859.41

10 Equity share capital

(Amounts in Thousand ₹)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Authorised				
15,000,000	(15,000,000)	Equity shares of ₹ 10/- each	**150,000.00**	150,000.00
Issued				
1,980,408	(1,980,408)	Equity shares of ₹ 10/- each	**19,804.08**	19,804.08
Subscribed and fully paid-up				
1,980,408	(1,980,408)	Equity shares of ₹ 10/- each	**19,804.08**	19,804.08
Total issued, subscribed and fully paid-up share capital :			**19,804.08**	19,804.08

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at 31st March, 2022 Nos.	₹	As at 31st March, 2021 Nos.	₹
At the beginning of the year	**1,980,408**	**19,804.08**	1,980,408	19,804.08
Shares issued during the year	**-**	**-**	-	-
Shares bought back during the year	**-**	**-**	-	-
Outstanding at the end of the year	**1,980,408**	**19,804.08**	1,980,408	19,804.08

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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

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

Name of Shareholder	As at 31st March, 2022 Nos.	% of Holding	As at 31st March, 2021 Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**1,010,000**	**51**	1,010,000	51
Elbit Systems Land and C4I Limited	**970,408**	**49**	970,408	49
	1,980,408	**100**	1,980,408	100

including the shares held through nominees

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

		As at 31st March, 2022		% Changes during the year	
Sr No.	**Promoter Name**	**No. of Shares**	**% of Total Shares**	**No. of Shares**	**% of Total Shares**
1	Bharat Forge Limited#	**1,010,000**	**51**	-	-
2	Elbit Systems Land and C4I Limited	**970,408**	**49**	-	-
	Total:	**1,980,408**	**100**	-	-

Including shares held through Nominees

		As at 31st March, 2021		% Changes during the year	
Sr No.	**Promoter Name**	**No. of Shares**	**% of Total Shares**		
1	Bharat Forge Limited#	1,010,000	51	-	-
2	Elbit Systems Land and C4I Limited	970,408	49	-	-
	Total:	1,980,408	100	-	-

Including shares held through Nominees

11 Other equity

(Amounts in Thousand ₹)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Retained earnings		
As per last account	**(132,614.33)**	(117,529.74)
Total comprehensive income for the year	**(16,174.66)**	(15,084.60)
Less : Appropriations	**-**	-
Closing balance	**(148,788.99)**	(132,614.33)

12 Borrowings (Current)

(Amounts in Thousand ₹)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Demand loans from companies(a)(b)	**156,592.17**	143,201.27
TOTAL :	**156,592.17**	143,201.27
(a) Includes Loan from Bharat Forge Ltd, the Holding Company which carries interest @ 10% p.a.	**140,822.91**	128,745.71
(b) Includes Loan from other related party which carries interest @ 9.70% p.a.	**15,769.26**	14,455.56

13 Trade payables :

(Amounts in Thousand ₹)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,788.70**	1,238.88
(including related party payables)		
TOTAL :	**1,788.70**	1,238.88

For terms and conditions relating to related party payables, refer note no. 21

Trade Payables are non-interest bearing and are generally settled in 30 to 60 days.

Trade payables ageing schedule

		Outstanding for following periods from due date of payment				
	Not Due ₹	Less than 1 year ₹	1-2 years ₹	2-3 years ₹	More than 3 years ₹	Total ₹
31st March, 2022						
i) Other than MSME	**-**	**668.52**	**535.98**	**394.20**	**190.00**	**1,788.70**
	-	**668.52**	**535.98**	**394.20**	**190.00**	**1,788.70**
31st March, 2021						
i) Other than MSME	-	654.68	394.20	190.00	-	1,238.88
	-	654.68	394.20	190.00	-	1,238.88

14 Other current liabilities

(Amounts in Thousand ₹)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Statutory liabilities	**143.59**	99.27
TOTAL :	**143.59**	99.27

15 Other Income:

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Gain on foreign exchange fluctuations	-	90.06
Sundry balances written back	-	187.25
TOTAL :	**-**	277.31

16 Finance costs :

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Interest on borrowings	**14,878.78**	13,588.97
Interest on lease liabilities	**64.26**	103.36
TOTAL :	**14,943.04**	13,692.33

17 Depreciation and amortization expenses

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
On property, plant and equipment	**323.83**	152.78
On intangible assets	**265.00**	265.00
On right of use assets	**394.74**	394.74
TOTAL :	**983.57**	812.51

18 Other expenses

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Legal and professional fees	**75.10**	692.20
Payment to Auditors (Refer details below)	**150.00**	110.00
Rates & taxes	**1.17**	25.74
Insurance	**2.54**	-
Miscellaneous expenses#	**19.24**	29.12
TOTAL :	**248.05**	857.06

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

Payment to auditors

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
As auditor:		
- Audit fee	**110.00**	100.00
- Transfer Pricing Audit fees	**25.00**	-
- Income Tax matters	**15.00**	10.00
TOTAL :	**150.00**	110.00

19 Segment reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

20 Capital Work in Progress Ageing :

(Amounts in Thousand ₹)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Projects in Progress		
Less than 1 year	-	32.36
1-2 years	-	30.41
2-3 years	-	-
More than 3 years	-	-
	-	62.77

21 Related party disclosures

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

Holding Company :	Bharat Forge Limited
Enterprises having significant influence in the Company :	Elbit Systems Land and C4I Limited, Israel
Fellow Subsidiary Company :	Kalyani Strategic Systems Limited
Other related party (Fellow subsidiary of Enterprises having significant influence in the Company)	Elbit Systems Land Ltd

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

(Amounts in Thousand ₹)

Sr. No.	Nature of transaction	Note	Bharat Forge Limited	Elbit Systems Land Limited	Kalyani Strategic Systems Limited	Total
			₹	₹	₹	₹
1	Reimbursement of expenses paid	(a)	**6,583.07**	**-**	**-**	**6,583.07**
			(12.50)	-	-	(12.50)
2	Rent paid	(b)	**480.00**	**-**	**-**	**480.00**
			(480.00)	-	-	(480.00)
3	Interest Paid	(c) & (d)	**13,419.11**	**-**	**1,459.67**	**14,878.78**
			(12,252.39)	-	(1,336.59)	(13,588.97)
4	Purchase of property, plant and equipment	(e)	**-**	**20,336.25**	**-**	**20,336.25**
			-	-	-	-

(a) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(b) 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.

(c) 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.

(d) 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.

(e) The Company has imported machinery during the year from and enterprise having significant influence in the Company.

(iii) Balances outstanding

Sr. No.	Nature of transaction	Bharat Forge Limited	Elbit Systems Land Limited	Kalyani Strategic Systems Limited	Total
		₹	₹	₹	₹
1	Demand Loans (including interest payable on these loans)	**140,822.91**	**-**	**15,769.26**	**156,592.17**
		(128,745.71)	-	(14,455.56)	(143,201.27)
2	Capital advance given	**-**	**-**	**-**	**-**
		-	(17,672.00)	-	(17,672.00)
3	Trade payable	**1,304.00**	**-**	**-**	**1,304.00**
		(785.00)	-	-	(785.00)

(Figures in bracket indicate previous year)

22 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 :

(Amounts in Thousand ₹)

	Buildings	
	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Balance at the beginning of the year	**723.68**	1,118.42
Additions	**-**	-
Depreciation	**(394.74)**	(394.74)
Balance at the end of the year	**328.95**	723.68

Below are the carrying amounts of lease liabilities and the movements during the year :

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Balance at the beginning of the year	**795.30**	1,171.94
Additions	**-**	-
Accretion of interest	**64.26**	103.36
Payments	**(480.00)**	(480.00)
Balance at the end of the year	**379.56**	795.30
Current	**379.56**	415.74
Non - Current	**-**	379.56

The following are the amounts recognised in profit or loss:

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Depreciation expense of right-of-use assets	**394.74**	394.74
Interest expense on lease liabilities	**64.26**	103.36
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	**459.00**	498.10

The Company had total cash outflows for leases of ₹ 480 Thousand/- (31st March, 2021: ₹ 480 Thousand/-). The non-cash additions to right-of-use assets and lease liabilities is NIL (31st March, 2021: NIL).

23 Earnings per share (EPS) :

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders	**(16,175.00)**	(15,085.00)
Weighted average number of equity shares in calculating basic EPS	**1,980,408.00**	1,980,408.00
EPS - Basic (in ₹)	**(8.17)**	(7.62)
EPS - Diluted - (in ₹)	**(8.17)**	(7.62)

24 Details of unhedged foreign currency exposures :

(Amounts in Thousand ₹)

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at 31st March, 2022		As at 31st March, 2021	
	USD		USD	₹
a) Capital Advance	-	-	280.00	17,671.50

25 Commitments :

(Amounts in Thousand ₹)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	10,136.64
For commitments relating to lease agreements, please refer note 22	**379.56**	795.30

26 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 27 and 28 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.

27 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:

(Amounts in Thousand ₹)

	Carrying value		Fair value	
	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹	**As at 31st March, 2022** ₹	As at 31st March, 2021 ₹
Financial assets				
Other current financial assets				
Security Deposits	**24.00**	24.00	**24.00**	24.00
Total	**24.00**	24.00	**24.00**	24.00
Financial liabilities				
Lease liability (Non-current)	**-**	379.56	**-**	379.56
Demand loans from companies	**156,592.17**	143,201.27	**156,592.17**	143,201.27
Lease liability (Current)	**379.56**	415.74	**379.56**	415.74
Total	**156,971.73**	143,996.57	**156,971.73**	143,996.57

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.

28 Fair value hierarchy :

(Amounts in Thousand ₹)

	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					
Security Deposits	**3/31/2022**	**-**	**-**	**24.00**	**24.00**
Liabilities for which fair value has been disclosed					
Lease liability (Non-current)	**3/31/2022**	**-**	**-**	**-**	**-**
Demand loans from companies	**3/31/2022**	**-**	**-**	**156,592.17**	**156,592.17**
Lease liability (Current)	**3/31/2022**	**-**	**-**	**379.56**	**379.56**
Assets for which fair value has been disclosed					
Security Deposits	3/31/2021	-	-	24.00	24.00
Liabilities for which fair value has been disclosed					
Lease liability (Non-current)	3/31/2021	-	-	379.56	379.56
Demand loans from companies	3/31/2021	-	-	143,201.27	143,201.27
Lease liability (Current)	3/31/2021	-	-	415.74	415.74

29 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, 2022 and 31st March, 2021.

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, 2022 and 31st March, 2021 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, 2022						
Lease liability (Non-current)	**-**	**-**	**-**	**-**	**-**	**-**
Demand loans from companies	**156,592.17**	**-**	**-**	**-**	**-**	**156,592.17**
Lease liability (Current)	**-**	**110.51**	**269.05**	**-**	**-**	**379.56**
	156,592.17	**110.51**	**269.05**	**-**	**-**	**156,971.73**
As at 31st March, 2021						
Lease liability (Non-current)	-	-	-	379.56	-	379.56
Demand loans from companies	143,201.27	-	-	-	-	143,201.27
Lease liability (Current)	-	100.12	315.62	-	-	415.74
	143,201.27	100.12	315.62	379.56	-	143,996.57

30 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

b) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The Company does not have any performance obligations that are completely or partially unsatisfied as at 31st March, 2022 and 31st March, 2021, other than those meeting the exclusion criteria mentioned above.

31 Going concern :

The Company has incurred losses of ₹ 16,175 Thousand (31st March, 2021 : ₹ 15,085 Thousand) during the year. As at 31st March, 2022, the Company's accumulated losses are ₹ 1,48,789 Thousand (31st March, 2021: ₹ 1,32,614 Thousand) which have completely eroded the net worth of the Company. The Company also has net current liabilities of ₹ 1,49,531 Thousand as at 31st March, 2022 (31st March, 2021 : ₹ 1,31,553 Thousand). The management is confident of streamlining the operations so as to start generating profits. The Company has received funding from the Holding Company and a Fellow Subsidiary Company in the form of demand loans. Also in view of the majority shareholders' continued commitment and support to the Company these financial statements have been prepared on going concern basis, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

32 Income tax :

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2022 and 31st March 2021:

	As at 31st March 2022 ₹	As at 31st March 2021 ₹
Accounting loss before tax	**(16,175)**	(15,085)
At India's enacted tax rate of 26.00% (31st March, 2021: 26%)	**-**	-
Deferred tax savings on current year accounting loss	**(7,438)**	(3,922)
Tax effect of non-deductible expenses	**-**	8
Deferred tax not recognised on prudence basis	**7,438**	3,914
At the effective income tax rate of 26% (31st March, 2021: 26%)	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

b) The Company has carried foraward business loss approx ₹ 21,848.39 Thousand (31st March, 2021 : approx ₹ 16,593.32 Thousand) and unabsorbed depreciation of approx ₹ 2,990.62 Thousand (31st March, 2021 : approx ₹ 1,210 Thousand). Business losses will expire in 8 years and may not be used to offset taxable income. The Company neither has any material taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by approx ₹ 6,243 Thousand (31st March, 2021 approx ₹ 7,448 Thousand).

33 Ratio Analysis :

	Numerator	Denominator	31st March 2022	31st March 2021	Variance %
(a) Current ratio (Refer note no. (i) below)	Current Assets	Current Liabilities	0.06	0.09	-36.20
(b) Trade payables turnover ratio (Refer note no. (ii) below)	Purchases + Other expenses	Average trade payables	13.87	0.00	512,475.26

Notes :

(i) Increase in the average shareholders funds has resulted in deterioration of the ratio.

(ii) Reduction in average trade payables have resulted in improvement of ratio.

(iii) Since there is a negative net worth and lossess during the current financial year as well as for previous financial year folowing rations can not be derived.
Return on equity ratio
Net profit ratio
Net capital turnover ratio
Return on capital employeed

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIKPQR1756

Place : Pune
Date : 4th May, 2022

On behalf of the Board of Directors,

B. N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place : Pune
Date : 4th May, 2022

BF Industrial Solutions Limited

(formerly Nouveau Power and India Infrastructure Private Limited)

Directors

Mr. K. M. Saletore

Mr. Vikram Manohar Munje

Mr. K. P. Dixit

Auditors

ANRK & Associates LLP

Chartered Accountants

2nd Floor, Shreeram Apartments,

1244-B, Apte Road, Deccan Gymkhana,

Pune 411 004

Registered Office

S No. 49, Industry House,

Opp. Kalyani Steels Ltd., Mundhwa,

Pune 411 036

Independent Auditors' Report

To the Members of
BF Industrial Solutions Limited
(formerly known as BF Industrial Solutions Private Limited)
(formerly known as Nouveau Power and Infrastructure Private Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of BF Industrial Solutions Limited (formerly known as BF Industrial Solutions Private Limited) (formerly known as Nouveau Power and Infrastructure Private Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year ended, and notes to the standalone Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its loss including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the standalone Ind AS financial statements and our auditor's report thereon. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Management's responsibility for the Standalone Ind AS Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

2. (A) As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company did not have any pending litigations as at 31 March 2022 which would impact its standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. (i) The management has represented that to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (ii) The management has represented that to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

and

(iii) Based on audit procedures which we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

(C) In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration to its directors during the year.

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

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 22107739AIWSGY6785

Place: Pune

Date: 27 April 2022

(Referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of BF Industrial Solutions Limited (formerly known as BF Industrial Solutions Private Limited) (formerly known as Nouveau Power and Infrastructure Private Limited) on the standalone Ind AS financial statements for the year ended 31 March 2022)

(i) (a) In our opinion and according to the information and explanations given to us, the Company does not have any Property, Plant and Equipment (including Right of use assets) or intangible assets. Accordingly, paragraph 3 (i) (a), (b),(c) and(d) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) In our opinion and according to the information and explanations given to us, the Company does not hold any inventories. Accordingly, the paragraph 3 (ii) (a) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the Company does not have any borrowings from banks or financial institutions. Accordingly, paragraph 3 (ii) (b) of the Order is not applicable to the Company.

(iii) In our opinion and according to the information and explanations given to us, the Company has invested in its subsidiary during the year.

The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, paragraph 3 (iii) (a), (c), (d), (e) and (f) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the investments made are not prejudicial to the Company's interest. Further, the Company has not granted any loans or advances in the nature of loans or provided any guarantees or any security. Accordingly, paragraph 3 (iii) (b) of the Order insofar as it relates to loans, advances in nature of loan or guarantee or security are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has invested in securities of other entity and has complied with the provisions of section 186 of the Act. The Company has not granted any loans or provided guarantee or security to which the provisions of section 185 or section 186 of the Act apply.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and rules made there under relating to the acceptance of deposits are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the activities of the Company.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income Tax and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Goods and Services Tax, Provident Fund, Employees' State Insurance and Duty of Customs. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax and other material statutory dues were in arrears as at 31 March 2022, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax and other statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transactions which were not recorded in books of accounts as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not availed any loans from banks or financial institutions. The Company has issued zero coupon optionally convertible debentures during the year and has not defaulted in repayment of principal amount. The zero coupon optionally convertible debentures carried no interest.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lenders.

(c) In our opinion and according to the information and explanations given to us, the term loan availed during the year was applied for the purpose for which the loan was obtained.

(d) In our opinion and according to the information and explanations given to us, the Company has not availed any loans on short term basis during the year. Accordingly, paragraph 3 (ix) (d) of the Order is not applicable to the Company.

(e) In our opinion and according to the information and explanations given to us, the Company has availed funds from its Holding Company on account of or to meet the obligations of its subsidiaries the details of which are as below:

Nature of fund taken	Name of entity	Amount involved	Name of Subsidiary	Relation	Nature of transaction
Debentures	Bharat Forge Limited	Rs 900.00 million	BF Industrial Technology & Solutions Limited	Subsidiary	Investment in subsidiary

(f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any joint ventures or associate companies. Accordingly, paragraph 3 (ix) (f) of the Order is not applicable to the Company.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (ix) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has made preferential allotment of shares and private placement of shares and optionally convertible debentures during the year. In our opinion and according to the information and explanations given to us, the requirements of section 42 and section 62 have been complied with by the Company and the funds have been used for the purposes for which the funds were raised.

(xi) (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year. Accordingly, paragraph 3 (xi) (b) of the Order relating to the filing of any report with the Central Government under sub-section (12) of section 143 of the Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government is not applicable.

(c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all the transactions with related parties are in compliance with section 188 of the Act and the details, as required by the applicable accounting standards, have been disclosed in the financial statements. The provisions of Section 177 are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the provisions of internal audit are not applicable to the Company. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of section 192 of the Act are not applicable to the company.

(xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to register itself under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) (a), (b) and (c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, the Company does not have a CIC as a part of the Group.

(xvii) In our opinion and according to the information and explanations given to us, the Company has incurred cash losses of Rs. 7.04 million and 0.02 million during the financial year and immediately preceding financial year respectively.

(xviii) During the year, the previous statutory auditors have resigned during the year. The previous auditors have not raised any issues, concerns or objections in their communication with us.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and the management plans presented before us, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date.

(xx) In our opinion and according to the information and explanations given to us, the provisions of section 135 relating to Corporate Social Responsibility are not applicable to the Company.

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

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

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 22107739AIWSGY6785

Place: Pune

Date: 27 April 2022

(Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of BF Industrial Solutions Limited (formerly known as Nouveau Power and Infrastructure Private Limited) on the standalone Ind AS financial statements for the year ended 31 March 2022)

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of BF Industrial Solutions Limited ("the Company") (formerly known as BF Industrial Solutions Private Limited) (formerly known as Nouveau Power and Infrastructure Private Limited) as of 31 March 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 22107739AIWSGY6785

Place: Pune

Date: 27 April 2022

Standalone Balance Sheet as at 31 March 2022

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

	Notes	31 March 2022	31 March 2021
Assets			
Non-current assets			
Financial assets			
(i) Investments in subsidiaries	3	900.50	-
		900.50	-
Current assets			
Financial assets			
(i) Trade receivables	4	1.50	-
(ii) Cash and bank balances	5	19.52	0.12
(iii) Other current financial assets	6	-	-
		21.02	0.12
		921.52	0.12
Equity and liabilities			
Equity			
Share capital	7	920.00	0.10
Other equity	8	(7.18)	(0.14)
		912.82	(0.04)
Current liabilities			
Financial liabilities			
(i) Short-term borrowings	9	-	0.16
(ii) Trade payables	10		
- due to micro enterprises and small enterprises		-	-
- due to others		8.70	0.00*
		8.70	0.16
		921.52	0.12

* Since denominated in INR million

Significant accounting policies	1-2		
Notes to the standalone financial statements	3-28		

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

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

Rahul Khasnis
Partner
Membership Number: 107739
Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850
Place: Pune
Date : 27 April 2022

Kedar Dixit
Director
DIN: 07055747
Place: Pune
Date : 27 April 2022

Sunil Kulkarni
Chief Financial Officer
Place: Pune
Date : 27 April 2022

Deepika Agrawal
Company Secretary
Place: Pune
Date : 27 April 2022

Standalone Statement of Profit and Loss for the year ended 31 March 2022

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

	Notes	31 March 2022	31 March 2021
Income			
Revenue from operations	11	1.50	-
Other income	12	0.16	-
Total income		1.66	-
Expenses			
Other expenses	13	8.70	0.02
Total expenses		8.70	0.02
Loss before tax		(7.04)	(0.02)
Tax expenses	14		
Current tax		-	-
Deferred tax		-	-
Loss for the year		(7.04)	(0.02)
Other comprehensive income			
Items that will not be reclassified to profit and loss in subsequent periods		-	-
Items that will be reclassified to profit and loss in subsequent periods		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(7.04)	(0.02)
Basic and diluted loss per equity share of face value Rupees 10/- each	15	(5.48)	(1.53)
Significant accounting policies	1-2		
Notes to the standalone financial statements	3-28		

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

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

Rahul Khasnis
Partner
Membership Number: 107739
Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850
Place: Pune
Date : 27 April 2022

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Director
DIN: 07055747
Place: Pune
Date : 27 April 2022

Sunil Kulkarni
Chief Financial Officer
Place: Pune
Date : 27 April 2022

Deepika Agrawal
Company Secretary
Place: Pune
Date : 27 April 2022

Standalone Statement of Changes in Equity for the year ended 31 March 2022

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

(A) Equity Share Capital

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

Notes	Amount
As at 01 April 2020	0.10
Change in equity share capital	-
As at 31 March 2021	**0.10**
As at 01 April 2021	0.10
Issue of fully paid equity shares of Rs. 10 each	**919.90**
As at 31 March 2022	**920.00**

(B) Other Equity

	Retained earnings	Total
As at 01 April 2020	(0.12)	(0.12)
Loss for the year	(0.02)	(0.02)
As at 31 March 2021	**(0.14)**	**(0.14)**
As at 01 April 2021	(0.14)	(0.14)
Loss for the year	(7.04)	(7.04)
As at 31 March 2022	**(7.18)**	**(7.18)**

Significant accounting policies	**1-2**
Notes to the standalone financial statements	**3-28**

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

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

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 27 April 2022

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Place: Pune
Date : 27 April 2022

Sunil Kulkarni
Chief Financial Officer

Place: Pune
Date : 27 April 2022

Deepika Agrawal
Company Secretary

Place: Pune
Date : 27 April 2022

Standalone Cash Flow Statement for the year ended 31 March 2022

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

		31 March 2022	31 March 2021
A) Cash flow from operating activities			
Loss before tax		**(7.04)**	(0.02)
Adjustment to reconcile profit before tax to net cash flows		**-**	-
Operating profit before working capital changes		**(7.04)**	(0.02)
Movements in working capital:			
Increase in trade receivables		**(1.50)**	-
Increase in trade payables		**8.70**	-
		7.20	-
Cash generated from operations		**0.16**	(0.02)
Direct taxes paid		**-**	-
Net cash flow from operating activities		**0.16**	(0.02)
B) Cash flows from investing activities			
Investment in subsidiary		**(900.50)**	-
Net cash flows used in investing activities		**(900.50)**	-
C) Cash flows from financing activities			
Repayment of borrowings		**(0.16)**	-
Proceeds from issue of shares		**19.90**	-
Proceeds from issue of optionally convertible debentures		**900.00**	-
Net cash flows from financing activities		**919.74**	-
Net increase/(decrease) in cash and cash equivalents		**19.40**	(0.02)
Cash and cash equivalents at beginning of the year		**0.12**	0.14
Cash and cash equivalents at end of the year		**19.52**	0.12
Components of cash and cash equivalents			
Cash in hand		**-**	-
Cheques in hand		**10.00**	-
Balances with banks:			
In current accounts		**9.52**	0.12
Total cash and cash equivalents (also refer note 5)		**19.52**	0.12
Significant accounting policies	**1-2**		
Notes to the standalone financial statements	**3-28**		

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

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

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date : 27 April 2022

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

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Place: Pune
Date : 27 April 2022

Sunil Kulkarni
Chief Financial Officer

Place: Pune
Date : 27 April 2022

Deepika Agrawal
Company Secretary

Place: Pune
Date : 27 April 2022

1. Corporate Information

BF Industrial Solutions Limited (formerly known as Nouveau Power and Infrastructure Private Limited) ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The name of the Company was changed to BF Industrial Solutions Private Limited during the year and subsequently to BF Industrial Solutions Limited. The Company is an investment vehicle for investment in BF Industrial Technology & Solutions Limited. The Company also provides management services to its group Companies. Bharat Forge Limited ('BFL') is the Holding Company. The registered office of the Company is located at Mundhwa, Pune. The Company's CIN is U29100PN2011PLC138621. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 27 April 2022.

2. Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Summary of significant accounting policies

a) Current and non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currencies

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

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

c) Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries at cost less accumulated impairment [Refer note 2.2(g)].

d) Fair value measurement

The Company measures financial instruments at fair value at each Balance Sheet date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

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

- Disclosures for valuation methods, significant estimates and assumptions (note 22)
- Quantitative disclosures of fair value measurement hierarchy (note 22)
- Investment in unquoted equity shares (note 3)
- Financial instruments (including those carried at amortised cost) (note 22)

e) Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of services

Revenue from sale of services are recognized when the services are rendered. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "Other income" in the

Statement of Profit and Loss.

Dividends

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2 (i) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs the obligation as per the contract.

f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

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

Deferred tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income ("OCI") or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

g) Impairment of non-financial assets

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

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

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

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

h) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through Profit or Loss ('FVTPL')
- Equity instruments measured at fair value through other comprehensive income ('FVTOCI')

Debt instruments at amortized cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity investments not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity investment included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

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

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

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

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

Impairment of financial assets

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

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

(b) Financial assets that are measured at FVTOCI

(c) Lease receivables under Ind AS 116

(d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

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

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

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

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

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

The Balance Sheet presentation for various financial instruments is described below:

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

  ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount.

Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings. For more information refer Note 17.

Derecognition

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

Offsetting of financial instruments

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

Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Cash and cash equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

k) Dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

l) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

m) Earnings per share

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

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

2.3 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Title	Key requirements
Ind AS 16, Property, Plant and Equipment	Proceeds before intended use of property, plant and equipment The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).
Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts – Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
Ind AS 103, Business combinations	References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.
Ind AS 109, Financial Instruments	Fees included in the 10% test for derecognition of financial liabilities The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

2.4 Significant accounting judgements, estimates and assumptions

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

Judgements

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

1) Revenue from contracts with customers

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

a) Identifying contracts with customers

Management has exercised judgement to determine contract with customers for the purpose of Ind AS 115 and for identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Company enters into contract with customers for goods and services. The Company determined that both the goods and services are capable of being distinct. The Company also determined that the promises to transfer these goods and services are distinct within the context of the contract.

c) Determination of timing of satisfaction of performance obligation

The Company concluded that services to be recognised over a period of time because it does not meet the criteria for recognising revenue at a point of time. The Company has applied judgement based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices.

Estimates and assumptions

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

1) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

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

		31 March 2022	31 March 2021
3	**Investment in subsidiaries**		
	(at cost, unless other wise stated)		
	Unquoted		
	90,050,000 (2021 : Nil) equity shares of face value of Rs. 10 each of BF Industrial Technology & Solutions Limited	**900.50**	-
		900.50	-
4	**Trade receivables**		
	Secured		
	Considered good	**-**	-
	Significant increase in credit risk	**-**	-
	Credit impaired	**-**	-
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)	**-**	-
	(A)	**-**	**-**
	Unsecured		
	Considered good	**1.50**	-
	Significant increase in credit risk	**-**	-
	Credit impaired	**-**	-
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)	**-**	-
	(B)	**1.50**	-
	(A)+(B)	**1.50**	-

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

Particulars as at 31 March 2022	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables and						
- considered good	**1.50**	**-**	**-**	**-**	**-**	**1.50**
- which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**
- credit impaired	**-**	**-**	**-**	**-**	**-**	**-**
- loss allowances	**-**	**-**	**-**	**-**	**-**	**-**
	1.50	**-**	**-**	**-**	**-**	**1.50**
(ii) Disputed trade receivables						
- credit impaired	**-**	**-**	**-**	-	**-**	-
- loss allowances	**-**	**-**	**-**	-	**-**	-
	-	**-**	**-**	-	**-**	-
Total	**1.50**	**-**	**-**	**-**	**-**	**1.50**

Particulars as at 31 March 2021	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables and						
- considered good	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
- loss allowances	-	-	-	-	-	-
	-	-	-	-	-	-
(ii) Disputed trade receivables						
- credit impaired	-	-	-	-	-	-
- loss allowances	-	-	-	-	-	-
	-	-	-	-	-	-
Total	-	-	-	-	-	-

There are no dues from directors, other officers of the Company, either severally or jointly with any other person. Also, there are no dues from firms or private Companies in which any director is a partner or a director or a member.

		31 March 2022	31 March 2021
5	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash in hand	**-**	-
	Cheques in hand	**10.00**	-
	Balances with banks		
	- in current accounts	**9.52**	0.12
		19.52	0.12
	Note:		
	Details of bank balances/deposits		
	Bank balances available on demand	**19.52**	0.12
		19.52	0.12

6	**Other current financial assets**		
	(at amortised cost)		
	Other advances	**-**	0.00*
		-	-

* Since denominated in INR million

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

		31 March 2022	31 March 2021
7	**Share capital**		
	Authorised capital:		
	92,000,000 equity shares of Rs.10 each (31 March 2021: 50,000)	**920.00**	0.50
		920.00	0.50
	Issued, subscribed & paid up capital:		
	92,000,000 equity shares of Rs.10 each fully paid up (31 March 2021: 10,000)	**920.00**	0.10
		920.00	0.10

7.1 Rights, preference and restrictions attached to the equity shares

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

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

7.2 Reconciliation of equity shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2022		31 March 2021	
	Number of shares	Amount (INR million)	Number of shares	Amount (INR million)
Equity share capital				
At the beginning of the year	**10,000**	**0.10**	10,000	0.10
Issued during the year	**91,990,000**	**919.90**	-	-
Outstanding at the end of the year	**92,000,000**	**920.00**	10,000	0.10

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

Particulars	31 March 2022		31 March 2021	
	Number of shares	Holding %	Number of shares	Holding %
Akurdi Trading & Company Private Limited	-	-	3,300	33.00%
Kudje Management Services Private Limited	-	-	3,300	33.00%
Axiom Project Consultants Private Limited	-	-	3,300	33.00%
Bharat Forge Limited*	**91,999,994**	**100.00%**	-	-
	91,999,994	**100.00%**	9,900	0.99

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

7.4 Details of shares held by holding Company

Particulars	31 March 2022		31 March 2021	
	Number of shares	Holding %	Number of shares	Holding %
Bharat Forge Limited*	**91,999,994**	**100.00%**	-	-

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

7.5 Details of terms of securities convertible into equity shares

During the year, the Company issued 90,000,000 Zero Coupon Optionally Convertible Debentures ('ZOCD') of face value of Rs. 1,000 each to Bharat Forge Limited on 28 June 2021.

The details of terms of securities of the abovementioned debentures are as follows :

(a) ZOCDs are unsecured and ranks pari passu with other unsecured creditors without any preference or priority over other.

(b) The debentureholder shall have a right to conversion or redemption at fair value at any time after the date of allotment.

(c) The debenture holders shall be entitled to transfer these ZOCDs in accordance with the provisions of Articles of Association of the Company and provisions of the Companies Act, 2013.

The debenture holders exercised their rights to conversion on 30 March 2022. Accordingly, 90,000,000 equity shares of the Company were allotted to the debentureholders in exchange of the ZOCDs during the year.

7.6 Details of Shareholdings of Promoters

Name of Promoter	Number of Shares held as on 31 March 2022	% of total Shares	% change during the year ended 31 March 2022
Bharat Forge Limited	**91,999,994**	**100.00%**	**100.00%**
Name of Promoter	**Number of Shares held as on 31 March 2021**	**% of total Shares**	**% change during the year ended 31 March 2021**
Akurdi Trading Company Private Limited	3,300	33.00%	100.00%
Kudje Management Services Private Limited	3,300	33.00%	100.00%
Axiom Project Consultants Private Limited	3,300	33.00%	100.00%
Ganesh Khaladkar	100	1.00%	100.00%
	10,000	**100%**	

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

		31 March 2022	31 March 2021
8	**Other equity**		
	Retained earnings		
	As per last balance sheet	**(0.14)**	(0.12)
	Loss for the year	**(7.04)**	(0.02)
	Other Comprehensive Income for the year	**-**	-
		(7.18)	(0.14)
		(7.18)	(0.14)
9	**Short term borrowings**		
	Unsecured		
	From others	**-**	0.16
		-	0.16

Unsecured loans availed from others are repayable on demand and does not carry any interest.

		31 March 2022	31 March 2021
10	**Trade payables**		
	Due to micro enterprises and small enterprises ("MSME") (refer note 19)	**-**	-
	Due to others	**8.70**	0.00*
		8.70	-

* Since denominated in INR million

Trade Payable ageing schedule

As on 31 March 2022

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-
Others	-	-	-	-	-
Disputed dues- MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-
Not due for payment	-	-	-	-	-
Unbilled dues*	-	-	-	-	8.70
	-	-	-	-	8.70

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

As on 31 March 2021

Particulars	**Outstanding for the following periods from due date of payment**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
MSME	-	-	-	-	-
Others	-	-	-	-	-
Disputed dues- MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-
Not due for payment	-	-	-	-	-
Unbilled dues*	-	-	-	-	0.00**
	-	**-**	**-**	**-**	-

* Unbilled dues represents provisions for expenses accounted for.

** Since denominated in INR million

		31 March 2022	31 March 2021
11	**Revenue from operations**		
	Sale of services	**1.50**	**-**
		1.50	**-**
	(a) Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**-**	**-**
	Revenue from within India	**1.50**	**-**
		1.50	**-**
	(b) Revenue recognised from contract liabilities outstanding at the beginning of the year :		
	Contract liabilities at the beginning of the year	**-**	**-**
	Performance obligations satisfied in the year	**-**	**-**
		-	**-**
12	**Other income**		
	Liabilities no longer payable	**0.16**	**-**
		0.16	**-**

		31 March 2022	31 March 2021
13	**Other expenses**		
	Legal and professional fees	-	0.01
	Rates and taxes	**8.60**	-
	Payment to auditors (refer note below)	**0.10**	0.00*
	Miscellaneous expenses	**0.00***	0.00*
		8.70	0.02

* Since denominated in INR million

	31 March 2022	31 March 2021
Auditors' remuneration (on accrual basis, net of taxes)		
Statutory audit fees	**0.10**	0.00*
	0.10	-

* Since denominated in INR million

		31 March 2022	31 March 2021
14	**Tax expenses**		
	(A) Tax expenses recognised in Statement of Profit and Loss		
	Current tax	-	-
	Deferred tax	-	-
		-	-
	(B) Tax expenses recognised in Other Comprehensive income	-	-
		-	-
	(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for respective year		
	Loss before tax	**(7.04)**	(0.02)
	Income tax rate	**25.17%**	25.17%
	Expected income tax expense	**(1.77)**	(0.00)
	Tax losses for which no deferred tax was recognised	**1.77**	0.00
	Effective income tax	-	-

(D) Deferred tax

Ind AS 12 - Accounting for taxes on income, states that where an enterprise has unused tax losses and unused tax credits, deferred tax assets should be recognised only to the extent it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Accordingly, the Company has not recognised deferred tax asset on unused tax losses and unused tax credits since it is not probable that future taxable profits will be available against which the unused tax losses and credits will be utilised.

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

15 Earnings per share (EPS)

Earnings per share has been computed as under :

Particulars			31 March 2022	31 March 2021
A	Loss after tax	INR million	**(7.04)**	(0.02)
B	Weighted average number of equity shares outstanding during the year	Nos.	**1,284,356**	10,000
C	Nominal value of each share	in Rs.	**10.00**	10.00
D	Basic and diluted loss per share (A/B)	INR	**(5.48)**	(1.53)

16 Segment information

Reportable segments

The Company's Chief Operating Decision Maker has been identified as the Board of Directors who examines the Company's performance both from a product and geographic perspective. The Chief Operating Decision Maker has identified only one reportable segment of "sale of services". Hence the revenue, expenses, results, assets and liabilities disclosed in the standalone financial statements of the Company are allocable to one segment.

	31 March 2022	31 March 2021
Geographical information		
(i) Segment revenue from customers		
- within India	**1.50**	-
- outside India	**-**	-
	1.50	-
(ii) Segment assets		
- within India	**21.02**	0.12
- outside India	**-**	-
	21.02	0.12

17 Contingent liabilities

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

18 Capital and other commitments **Nil** **Nil**

19 Disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006

There are no amounts that needs to disclosed pertaining to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). As at 31 March, 2022, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with appropriate authority under MSMED Act, 2006. (31 March 2021 : Nil)

20 Related party transactions

A. Enterprises exercising control over the Company

Bharat Forge Limited	Holding Company

B. Individuals exercising control over the Company

Kishore Saletore	Director (from 23 April 2021)
Vikram Munje	Director (from 23 April 2021)
Kedar Dixit	Director (from 23 April 2021)
Ganesh Khaladkar	Director (upto 28 April 2021)
Yogesh Nyayadhish	Director (upto 28 April 2021)
Sunil Kulkarni	Chief Financial Officer (from 25 March 2022)
Deepika Agrawal	Company Secretary (from 18 April 2022)

C. Enterprises over which the Company or the Holding Company exercises control or significant influence :

BF Industrial Technology & Solutions Limited	Subsidiary of Company
Sanghvi Europe B V	Foreign Subsidiary

D. Transactions with the above related parties and balances as at and for the year :

Name of the related party and nature of transaction	**31 March 2022**		31 March 2021	
	Transactions during the year (Rs.)	**Balance receivable/ (payable) (Rs.)**	Transactions during the year (Rs.)	Balance (receivable)/ payable (Rs.)
Bharat Forge Limited				
Issue of equity shares (fresh issue)	**19.90**	**-**	-	-
Issue of equity shares (on conversion of ZOCD*)	**900.00**	**-**	-	-
Issue of ZOCD*	**900.00**	**-**	-	-
Conversion of ZOCD* to equity shares	**900.00**	**-**	-	-
Unsecured loans accepted	**750.00**	**-**	-	-
Unsecured loans repaid	**(750.00)**	**-**	-	-
BF Industrial Technology & Solutions Limited				
Investment in equity shares	**40.50**	**-**	-	-
Investment in equity shares (on conversion of ZOCD*)	**860.00**	**-**	-	-
Subscription to ZOCD*	**860.00**	**-**	-	-
Conversion of ZOCD* to equity shares	**(860.00)**	**-**	-	-
Unsecured loan granted	**750.00**	**-**	-	-
Unsecured loan recovered	**(750.00)**	**-**	-	-
Management charges received	**1.50**	**1.50**	-	-

* ZOCD - Zero Coupon Optionally Convertible Debentures

21 Financial Risk Management

The Company's principal financial liabilities comprises of loans and borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and bank balances that is derived directly from its operations.

The Company is exposed to market risks, credit risks and liquidity risks. The Company's management oversees the management of these risks. The management of the Company ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(A) Market risks

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments in mutual funds and trade receivables.

(i) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates as the borrowings availed by the Company did not carry any interest.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have exposure to the risk of changes in foreign exchange rates as the Company does not have any assets or liabilities in foreign currency. The Company does not hedge its foreign currency exposures.

Other price risks

The Company has a policy of investing its surplus funds in mutual funds, interest bearing term deposits and other highly marketable debt investments. The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. However, the Company has not invested any surplus funds during the year.

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. At 31 March 2022, the Company has receivable from only one customer accounted for 100% of total value of trade receivable (31 March 2021 : Nil). An impairment analysis is performed at each reporting date on an individual basis for major customers. The calculation is based on historical data and subsequent expectation of receipts. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Other receivables, deposits with banks, mutual funds and loans granted

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with reputed banks and financial institutions were the counterparty risk is minimum.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2022 and 31 March 2021 is the carrying amounts as illustrated in the respective notes.

(C) Liquidity risks

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations as they fall due, due to insufficient availability of cash or cash equivalents. The Company's approach to managing liquidity is to ensure, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to Company's reputation.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2022 and 31 March 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in mutual funds, interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of the Company's financial liabilities

Particulars	Less than 5 years	1 - 5 Years	More than 5 years	Total
31 March 2022				
Shot term borrowings	-	-	-	-
Trade payables	8.70	-	-	8.70
Total	**8.70**	**-**	**-**	**8.70**
31 March 2021				
Short term borrowings	0.16	-	-	0.16
Trade payables	0.00*	-	-	0.00*
Total	**0.16**	**-**	**-**	**0.16**

* Since denominated in INR million

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

22 Fair value measurement

A Financial instruments by category

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

S. no	Particulars	31 March 2022		31 March 2021	
		FVTPL	Amortised cost	FVTPL	Amortised cost
	Financial assets				
(a)	Trade receivables	-	**1.50**	**-**	-
(b)	Cash and bank balances	-	**19.52**	**-**	0.12
(c)	Other advances	-	**-**	**-**	0.00*
	Total financial assets	-	**21.02**	-	0.12
	Financial liabilities				
(a)	Short-term borrowings	-	**-**	**-**	0.16
(b)	Trade payables	-	**8.70**	**-**	0.00*
	Total financial liabilities	-	**8.70**	-	0.16

* Since denominated in INR million

Investments do not include investments in subsidiaries, joint ventures and associates which are carried at cost and hence, are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Total Financial assets				
31 March 2022	**-**	**-**	**-**	**-**
31 March 2021	-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, trade payables, and all other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

iii) Valuation technique used to determine fair value

Fair value of market linked investments is determined using Net Asset Value ('NAV') report issued by mutual fund house.

23 Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants attached to the interest -bearing loans and borrowings. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company has adopted the objectives, policies or processes of Bharat Forge Limited for managing capital during the year ended 31 March 2022.

24 Additional regulatory information required by Schedule III of the Companies Act, 2013

a) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

b) Wilful defaulter

None of the entities in the Company have been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

c) Relationship with struck off company

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

d) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

e) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current year.

f) Utilisation of borrowed funds and share premium

The Company has not advanced or granted any loan or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

During the year, the Company has received funds from the holding company of the Company - Bharat Forge Limited, with the understanding that the Company shall directly lend or invest in its subsidiary company - BF Industrial Technology & Solutions Limited, identified in the manner by or on behalf of the holding company. The details of funds received and funds invested as stated below:

- Rs. 900.00 million received on 25 June 2021 from Bharat Forge Limited
- Rs. 40.00 million utilised towards subscription of equity shares and Rs. 860.00 million towards subscription of Zero Coupon Optionally Convertible Debetures

The Company has not provided any guarantee, security or the like provided to or on behalf of the holding company.

The Company has received funds from its holding company, which is registered in India and the funds are received within India. Accordingly, relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) are not applicable.

The Company has complied with the relevant provisions of the Companies Act, 2013, as amended and these transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003).

g) Undisclosed income

There is no income surrendered or disclosed as income, which is not recorded in the books of accounts during the current or previous year in the tax assessments under the Income Tax Act, 1961.

h) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

i) Valuation of property, plant and equipment, intangible asset and investment property

The Company does not have any property, plant and equipment or intangible assets or both during the current or previous year. The Company does not have any investment property.

j) Registration of charges or satisfaction with Registrar of Companies

The Company has not availed any borrowings availed from banks or financial institutions during the year, hence the compliance with respect to Registration of charges or satisfaction with Registrar of Companies is not applicable to the Company.

k) Following ratios need to be disclosed:

Sr. no	Ratio	31 March 2022	31 March 2021	% Change in ratio	Reasons
(a)	Current ratio	**2.42**	0.75	222.15%	Refer Note (i)
(b)	Debt-equity ratio	**-**	(4.53)	-100.00%	Refer Note (ii)
(c)	Debt service coverage ratio	**-**	(0.10)	-100.00%	Refer Note (ii)
(d)	Return on equity ratio	**(0.02)**	0.00	-1.54%	NA*
(e)	Inventory turnover ratio	**-**	-	-	NA**
(f)	Trade receivables turnover ratio	**2.00**	-	100.00%	Refer Note (iii)
(g)	Trade payables turnover ratio	**-**	-	-	NA**
(h)	Net capital turnover ratio	**0.12**	-	100.00%	Refer Note (iii)
(i)	Net profit ratio	**(4.69)**	-	100.00%	Refer Note (iv)
(j)	Return on capital employed ratio	**0.98**	(0.62)	-258.39%	Refer Note (iv)
(k)	Return on investment ratio	**-**	-	-	NA**

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

NA** - variance in ratio could not be computed since the said ratios are not applicable to the Company.

Accounting Ratios formulas :

(a) Current Ratio = Current Assets / Current liabilities

(b) Debt-Equity Ratio = Total Debt / Total equity

(c) Debt Service Coverage Ratio = Earnings available for debt service / Debt service

(d) Return on Equity Ratio = Profit for the year / Average equity

(e) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

(f) Trade receivables turnover ratio =
Revenue from operations / Average Trade receivables

(g) Trade payables turnover ratio = Revenue from operations / Average Trade payables

(h) Net capital turnover ratio = Revenue from operations / Average Working Capital

(i) Net profit ratio = Profit for the year / Revenue from operations

(j) Return on Capital employed =
EBIT / Capital employed (Total assets – Current liabilities)

(k) Return on investment = Profit for the year / (Debt + Total equity)

Accounting Ratios explanation :

(i) During the year, the Company has issued equity shares of Rs. 10.00 million which is included "Cheque in Hand". Accordingly, this has affected positively on the current ratio.

(ii) During the year, the Company has fully written back the unsecured loans accepted from others, since they were no longer payable resulting in the Company being debt-free.

(iii) The Company did not have any revenue from operations in the previous financial year. Accordingly, the trade receivable turnover ratio and net working capital turnover ratio have increased significantly.

(iv) The Company has recognised a provision for stamp duty expenses of Rs. 8.60 million payable for increasing the Authorised Share Capital of the Company. This has resulted in net losses to the Companies in the current financial year. Accordingly, the net profit ratio and return on capital ratio has turned negative. However, the Company has positive working capital as at the Balance Sheet date.

25 Compliance with Order of National Company Law Tribunal (NCLT)

One of the erstwhile financial creditor of the Subsidiary Company "BF Industrial Technology & Solutions Limited" (formerly known as Sanghvi Forging & Engineering Limited), had filed an application under the Insolvency and Bankruptcy Code, 2016 (hereinafter referred as IBC, 2016) seeking appointment of Resolution Professional and initiation of the Corporate Insolvency Resolution Process (hereinafter referred as CIRP process) against the Subsidiary Company, for defaulting on repayment of the bank's loan, which was admitted by the National Company Law Tribunal (hereinafter referred to as NCLT).

The holding Company, Bharat Forge Limited, had submitted a resolution plan to the resolution professional which was approved by the NCLT. In accordance with the approved resolution plan the Company was selected to act as intermediary investment company between the holding Company (Bharat Forge Limited) and subsidiary Company (BF Industrial Technology & Solutions Limited).

Accordingly, the Company issued zero coupon optionally convertible debentures to Bharat Forge Limited for a total consideration of Rs. 900.00 million. Out of the proceeds received, the Company has paid Rs. 750.00 million towards the loans of the Subsidiary Company and Rs. 150.00 million were transferred to the Subsidiary Company. The subsidiary Company has issued 4,050,000 equity shares of face value of Rs. 10 each issued at par and 860,000 zero coupon optionally convertible debentures of face value of Rs. 1,000 each issued at par.

The other conditions as prescribed by the NCLT have been completed through the operations of the subsidiary Company.

26 Disclosure on COVID -19 Pandemic

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended 31 March 2022 and has concluded that no there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

27 Prior period comparatives

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

28 The audit of previous year was conducted by a firm other than ANRK & Associates LLP.

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

Rahul Khasnis
Partner
Membership Number: 107739
Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850
Place: Pune
Date : 27 April 2022

Kedar Dixit
Director
DIN: 07055747
Place: Pune
Date : 27 April 2022

Sunil Kulkarni
Chief Financial Officer
Place: Pune
Date : 27 April 2022

Deepika Agrawal
Company Secretary
Place: Pune
Date : 27 April 2022

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

Directors

Mr. K. M. Saletore

Mr. Vikram Manohar Munje

Mr. K. P. Dixit

Auditors

ANRK & Associates LLP

Chartered Accountants

2nd Floor, Shreeram Apartments,

1244-B, Apte Road, Deccan Gymkhana,

Pune 411 004

Registered Office

S No. 49, Industry House,

Opp. Kalyani Steels Ltd., Mundhwa,

Pune 411 036

Independent Auditors' Report

To the Members of
BF Industrial Technology & Solutions Limited
(formerly known as Sanghvi Forging & Engineering Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging & Engineering Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year ended, and notes to the standalone Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit including other comprehensive income, its Cash Flows and changes in equity for the year ended on that date.

Basis for Opinion

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

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter described below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key Audit matter	How our audit addressed the key audit matter
('Compliance with the order of the National Company Law Tribunal ('NCLT	
One of the erstwhile financial creditor of the Company had initially filed an application under the Insolvency and Bankruptcy Code, 2016 (hereinafter referred as IBC, 2016) seeking appointment of Resolution Professional and initiation of the Corporate Insolvency Resolution Process (hereinafter referred as "CIRP" process) against the Company which was admitted by the National Company Law Tribunal (hereinafter referred as 'NCLT') on 30 August 2019. The ultimate Holding company of the Company – "Bharat Forge Limited" ('BFL') submitted the Resolution Plan to NCLT for acquisition of 100% ownership of the Company subject to conditions mentioned in the Resolution Plan. The NCLT pronounced its approval on 26 April 2021 and accepted the resolution plan submitted by the Ultimate Holding Company. The NCLT order prescribed certain conditions to be fulfilled by BFL, like settlement of bank loans, settlement of creditors, etc. The Company had to comply with the pronouncements of NCLT order. Due to complexities involved the accounting and operational implications with respect to the effects of NCLT order, this matter has been considered as key audit matter.	• We have reviewed the order passed by NCLT, resolution plans submitted by BFL and assessed the manner of settlement of CIRP costs and settlement of dues payable to workmen and employee, secured financial creditors, operational creditors, unsecured financial creditors, statutory government dues and shareholders within due dates. • Verified the settlements of above-mentioned dues made by the Company. • Verified the compliance made by the Company against various terms and conditions prescribed by the NCLT, which are considered as conditions precedent to the acquisition of the Company by Bharat Forge Limited, through its Subsidiary Company – BF Industrial Solutions Limited. • Verified various statutory filings made by the Company insofar as it relates to changes in the capital structure of the Company, satisfaction of charge against various assets of the Company, filings made with respect to the appointment of key managerial personnel of Company, infusion of fresh funds for working capital requirements of the Company, etc. • Assessed the disclosures made by the Company with respect to the compliance with the order of NCLT.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the standalone Ind AS financial statements and our auditor's report thereon. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Management's responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting

Standards) Rules 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

2. (A) As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. (i) The management has represented that to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The management has represented that to the best of it's knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures which we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

(C) In our opinion, the managerial remuneration for the year ended 31 March 2022 has been paid/ provided for by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act.

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

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 22107739AIWRMZ1985

Place: Pune
Date: 27 April 2022

(Referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging & Engineering Limited) on the standalone Ind AS financial statements for the year ended 31 March 2022)

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of its Property, Plant and Equipment, by which all the Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties disclosed in the financial statements (other than those properties where the Company is the lessee and the lease agreements are executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment, Right of Use assets, or intangible assets during the year.

(e) In our opinion and according to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for Holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) As explained to us, the inventory has been physically verified at reasonable intervals by the management during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate. There were no cases where the discrepancies exceeded 10% or more in aggregate for each class of inventory which were noticed during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned fresh working capital limits in aggregate, exceeding five crore rupees from the banks on the basis of security of current assets. The periodical statements filed by the Company with such bank is in agreement with books of accounts of the Company.

Refer note 48 to the standalone Ind AS financial statements with respect to the transfer of ownership to the current shareholders in accordance with the order issued by the National Company Law Tribunal (hereinafter referred as 'NCLT') in the current financial year. In accordance with the said order and the Resolution Plan submitted and approved by the Committee of Creditors, the current shareholders have settled all past dues of the banks, as mentioned in the Resolution Plan. Accordingly, the past non compliances, if any, have not been considered for reporting under this clause.

(iii) In our opinion and according to the information and explanations given to us, the Company has not made any investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties during the year. Accordingly, paragraph 3 (iii) of the order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments in or provided guarantee or security to which the provisions of section 185 or section 186 of the Act apply. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and rules made there under relating to the acceptance of deposits are not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost record under Section 148(1) of the Act, in respect of the products manufactured by the Company and are of the opinion that prima facie, such accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other statutory dues have not generally been regularly deposited during the year by the Company with the appropriate authorities, though the delays in deposit have not been serious.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs and other material statutory dues were in arrears as at 31 March 2022, for a period of more than six months from the date they became payable.

(b) In our opinion and according to the information and explanations given to us, the Company had not deposited certain statutory dues referred to in clause (vii) (a) on account of disputes. However, based on the Resolution Plan approved by the NCLT, all dues relating to Income tax, Service tax, duty of excise and Sales Tax have been waived off and liabilities were extinguished. As at the year end, there are no dues which are required to be reported under this clause.

(viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transactions which were not recorded in the books of accounts as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) Refer note 48 to the standalone Ind AS financial statements with respect to the transfer of ownership to the current shareholders in accordance with the order issued by the National Company Law Tribunal (hereinafter referred as 'NCLT') in the current financial year. In accordance with the said order and the Resolution Plan submitted and approved by the Committee of Creditors, the current shareholders have settled all past dues of the banks, as mentioned in the Resolution Plan. Accordingly, the past non compliances, if any, have not been considered for reporting under this clause. The Company has issued zero coupon optionally convertible debentures during the year and has not defaulted in repayment of principal amount. The zero coupon optionally convertible debentures carried no interest.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lenders.

(c) In our opinion and according to the information and explanations given to us, except for the past loans and other borrowings covered under clause (a) above and repaid, the term loan availed during the year was applied for the purpose for which the loan was obtained.

(d) In our opinion and according to the information and explanations given to us, except for the past loans and other borrowings covered under clause (a) above, the funds raised on short term basis were not utilized for long term purposes.

(e) In our opinion and according to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, paragraph 3 (ix) (e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any joint ventures or associate companies. Accordingly, paragraph 3 (ix) (f) of the Order is not applicable to the Company.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (ix) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has made preferential allotment of shares and private placement of shares and optionally convertible debentures during the year. In our opinion and according to the information and explanations given to us, the requirements of section 42 and section 62 have been complied with by the Company and the funds have been used for the purposes for which the funds were raised.

(xi) (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year. Accordingly, paragraph 3 (xi) (b) of the Order relating to the filing of any report with the Central Government under sub-section (12) of section 143 of the Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government is not applicable.

(c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all the transactions with related parties are in compliance with section 188 of the Act and the details, as required by the applicable accounting standards, have been disclosed in the financial statements. The provisions of Section 177 are not applicable to the Company.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have reviewed the reports of the internal auditors for the period under audit, however we have not placed reliance on the work done by the internal auditor.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of section 192 of the act are not applicable to the Company.

(xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to register itself under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) (a)(b) and (c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, the Company does not have a CIC as a part of the Group.

(xvii) In our opinion and according to the information and explanations given to us, the Company has incurred cash losses of Rs. 45.69 million and Rs. 160.49 million during the financial year and immediately preceding financial year respectively.

(xviii) During the year, the previous statutory auditors have resigned during the year. The previous auditors have not raised any issues, concerns or objections in their communications with us.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and the management plans presented before us, we are of the opinion that no material uncertainty exists as on the date of the audit report that the Company is capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date.

(xx) In our opinion and according to the information and explanations given to us, the provisions of section 135 relating to Corporate Social Responsibility are not applicable to the Company.

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

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

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 22107739AIWRMZ1985

Place: Pune
Date: 27 April 2022

(Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors’ Report to the members of BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging & Engineering Limited) on the standalone Ind AS financial statements for the year ended 31 March 2022)

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of BF Industrial Technology & Solutions Limited (“the Company”) (formerly known as Sanghvi Forging & Engineering Limited) as of 31 March 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Rahul Khasnis
Partner
Membership Number: 107739
UDIN: 22107739AIWRMZ1985

Place: Pune
Date: 27 April 2022

Standalone Balance Sheet as at 31 March 2022

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

	Notes	31 March 2022	31 March 2021
Assets			
Non-current assets			
Property, plant and equipment	**3**	**466.83**	1,162.82
Intangible assets	**4**	**1.00**	1.05
Right of use assets	**5**	**23.67**	0.10
Financial assets			
(i) Investments in subsidiaries	**6**	-	-
(ii) Other non-current financial assets	**7**	**23.93**	22.18
Other non current assets	**8**	**-**	5.19
Income tax assets	**33**	**5.16**	12.87
		520.59	1,204.21
Current assets			
Inventories	**9**	**165.25**	91.00
Financial assets			
(i) Trade receivables	**10**	**182.80**	91.23
(ii) Current investment	**11**	**10.76**	-
(iii) Cash and bank balances	**12**	**29.04**	50.87
(iv) Other current financial assets	**13**	**0.46**	1.02
Other current assets	**14**	**9.97**	19.86
		398.28	253.98
		918.87	1,458.19
Equity and liabilities			
Equity			
Share capital	**15**	**900.50**	148.92
Other equity	**16**	**(271.00)**	(664.50)
		629.50	(515.58)
Non-current liabilities			
Financial liabilities			
(i) Long-term borrowings	**17**	**-**	119.38
Long term provisions	**18**	**7.31**	7.89
		7.31	127.27
Current liabilities			
Financial liabilities			
(i) Short-term borrowings	**19**	**-**	1,239.58
(ii) Trade payables	**20**		
- due to micro enterprises and small enterprises		**6.87**	0.69
- due to others		**215.20**	223.50
(iii) Other financial liabilities	**21**	**0.69**	335.73
Other current liabilities	**22**	**38.66**	44.30
Short term provisions	**23**	**20.64**	2.70
		282.06	1,846.50
		918.87	1,458.19
Significant accounting policies	**1-2**		
Notes to the standalone financial statements	**3-51**		

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

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

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 27 April 2022

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 27 April 2022

Sanjeevkumar Jain
Chief Financial Officer

Place: Pune
Date : 27 April 2022

Deepika Agarwal
Company Secretary

Place: Pune
Date : 27 April 2022

Standalone Statement of Profit and Loss for the year ended 31 March 2022

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

	Notes	31 March 2022	31 March 2021
Income			
Revenue from operations	**24**	**627.94**	554.29
Other income	**25**	**3.47**	13.14
Total income		**631.41**	567.43
Expenses			
Cost of material consumed	**26**	**319.19**	314.53
(Increase)/decrease in inventories of finished goods and work-in-progress	**27**	**(31.56)**	100.50
Employee benefits	**28**	**65.25**	61.22
Finance costs	**29**	**-**	1.97
Depreciation and amortization	**30**	**46.42**	84.21
Other expenses	**31**	**358.39**	251.46
Total expenses		**757.69**	813.89
(Loss) before exceptional items and tax		**(126.28)**	(246.46)
Exceptional items	**32**	**376.67**	-
Profit/(Loss) before tax		**250.39**	(246.46)
Tax expenses	**33**		
Current tax		**-**	-
Earlier year taxes		**8.67**	-
Deferred tax		**-**	-
Profit /(Loss) for the year		**241.72**	(246.46)
Other comprehensive income			
Items that will not be reclassified to profit and loss in subsequent periods			
- Re-measurement gains / (losses) on defined benefit plans		**2.86**	1.91
- Income tax effect on above		**-**	-
Items that will be reclassified to profit and loss in subsequent periods		**-**	-
Other comprehensive income for the year		**2.86**	1.91
Total comprehensive income/(loss) for the year		**244.58**	(244.55)
Basic and diluted earnings/(loss) per equity share of face value Rupees 10/- each	**32**	**33.43**	(16.55)
Significant accounting policies	**1-2**		
Notes to the standalone financial statements	**3-51**		

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

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

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850
Place: Pune
Date : 27 April 2022

Kedar Dixit
Director
DIN: 07055747
Place: Pune
Date : 27 April 2022

Sanjeevkumar Jain
Chief Financial Officer
Place: Pune
Date : 27 April 2022

Deepika Agarwal
Company Secretary
Place: Pune
Date : 27 April 2022

Standalone Statement of Changes in Equity for the year ended 31 March 2022

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

(A) Equity share capital

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

Notes	Amount
As at 01 April 2020	148.92
Change in equity share capital	-
As at 31 March 2021	148.92
Issue of fully paid equity shares of Rs. 10 each	**900.50**
Reduction of share capital (refer note 48A)	**(148.92)**
As at 31 March 2022	**900.50**

(B) Other equity

	Securities premium	General reserve	Capital reduction reserve	Retained earnings	Total
As at 01 April 2020	404.97	3.99	-	(828.91)	(419.95)
Loss for the year	-	-	-	(246.46)	(246.46)
Remeasurement of post employment benefit obligations	-	-	-	1.91	1.91
As at 31 March 2021	404.97	3.99	-	(1,073.46)	(664.50)
Profit for the year	**-**	**-**	**-**	**241.72**	**241.72**
Remeasurement of post employment benefit obligations	**-**	**-**	**-**	**2.86**	**2.86**
Reduction of equity share capital (refer note 48A)	**-**	**-**	**148.92**	**-**	**148.92**
As at 31 March 2022	**404.97**	**3.99**	**148.92**	**(828.88)**	**(271.00)**

Significant accounting policies	**1-2**
Notes to the standalone financial statements	**3-51**

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

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

Rahul Khasnis
Partner
Membership Number: 107739

Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850

Place: Pune
Date : 27 April 2022

Kedar Dixit
Director
DIN: 07055747

Place: Pune
Date : 27 April 2022

Sanjeevkumar Jain
Chief Financial Officer

Place: Pune
Date : 27 April 2022

Deepika Agarwal
Company Secretary

Place: Pune
Date : 27 April 2022

Standalone Cash Flow Statement for the year ended 31 March 2022

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

	31 March 2022	31 March 2021
A) Cash flows from operating activities		
Net profit before tax	**250.39**	(246.46)
Adjustment to reconcile profit before tax to net cash flows:		
Re-measurement gains / (losses) on defined benefit plans	**2.86**	-
Depreciation and amortization	**46.42**	84.21
Impairment of property, plant and equipments	**629.05**	-
Provision for doubtful debts	**5.12**	-
Provision for onerous contract	**20.63**	-
Debit balances no longer recoverable	**8.79**	-
Liabilities no longer payable	**(1,005.72)**	-
Finance costs	**-**	1.97
Unrealised foreign exchange gain	**(3.23)**	-
Government grant received	**-**	(0.21)
Operating profit before working capital changes	**(45.69)**	(160.49)
Movements in working capital:		
Decrease / (increase) in inventories	**(74.25)**	100.57
Decrease / (increase) in trade receivables	**(93.46)**	56.15
Decrease in loans and advances	**-**	75.14
Decrease in other current financial assets	**0.56**	-
Decrease in other bank balances	**28.41**	-
Decrease / (increase) in other current assets	**1.10**	(3.78)
Decrease / (increase) in other non-current financial assets	**(1.75)**	0.25
Decrease in other non-current assets	**5.19**	-
Increase in trade payables	**112.79**	29.26
(Decrease) /increase in provisions	**(3.27)**	6.15
(Decrease) in other financial liabilities	**(20.05)**	(6.81)
Increase /(decrease) in other current liabilities	**0.93**	(11.14)
	(43.81)	245.79
Cash generated from operations	**(89.51)**	85.30
Direct taxes paid	**(0.96)**	(1.43)
Net cash flows from operating activities	**(90.47)**	83.87

		31 March 2022	31 March 2021
B) Cash flows from investing activities			
Purchase of fixed assets		**(3.00)**	(1.89)
Investment in fixed deposits		**-**	1.19
Investment in mutual funds		**(10.76)**	-
Net cash flows used in investing activities		**(13.76)**	(0.70)
C) Cash flows from financing activities			
Proceeds from borrowings (net of repayments)		**(789.70)**	(88.10)
Proceeds from issue of equity shares		**900.50**	-
Finance costs		**-**	(1.97)
Net cash flows from financing activities		**110.80**	(90.07)
Net increase/(decrease) in cash and cash equivalents		**6.58**	(6.90)
Cash and cash equivalents at beginning of the year		**11.15**	18.05
Cash and cash equivalents at end of the year (also refer note 12)		**17.73**	11.15
Components of cash and cash equivalents			
Cash in hand		**-**	0.00
Balances with banks:			
In current accounts		**17.73**	6.14
Margin money deposits with original maturity less than three months		**-**	5.01
Total cash and cash equivalents (also refer note 12)		**17.73**	11.15
Significant accounting policies	**1-2**		
Notes to the standalone financial statements	**3-51**		

The notes referred to above form an integral part of standalone financial statements
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Notes to the standalone financial statements for the year ended 31 March 2022

1. Corporate Information

BF Industrial Technology & Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited) ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Bharat Forge Limited is the ultimate holding Company and BF Industrial Solutions Limited is the holding Company of the Company. The Company is engaged in the manufacturing and selling of open and close forged products. The Company caters to both domestic and international markets. The registered office of the Company is located at GIDC Industrial Estate, Waghodia, District Vadodara. The Company's CIN is U28910GJ1989PLC012015. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 27 April 2022.

2. Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Summary of significant accounting policies

a) Current and non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currencies

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

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

c) Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries at cost less accumulated impairment [Refer note 2.2(m)].

d) Fair value measurement

The Company measures financial instruments at fair value at each Balance Sheet date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

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

- Disclosures for valuation methods, significant estimates and assumptions (note 45)
- Quantitative disclosures of fair value measurement hierarchy (note 45)
- Investment in unquoted equity shares (note 6)
- Financial instruments (including those carried at amortised cost) (note 45)

e) Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 15 to 180 days upon delivery.

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

Export incentives

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days for completion and accordingly, revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected Cash Flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "Other income" in the Statement of Profit and Loss.

Dividends

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2 (p) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs the obligation as per the contract.

f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income/netted off with expenses on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to Statement of Profit and Loss over the periods and in the proportions in which depreciation on those assets is charged.

g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

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

Deferred tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income ("OCI") or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Indirect taxes paid on acquisition of assets or on incurring expense

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

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

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

h) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured property, plant and equipment are capitalised at cost, including GST for which credit is not available, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on :

- useful lives determined based on internal technical evaluation,
- residual value of respective assets, which are not more than 5% of the original cost of the asset.

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building – factories	30	30
Buildings – others (including roads)	5 to 60	5 to 60
Plant and machineries (including electrical installations)	15	1 to 24
Plant and machineries – windmill	25	9
Plant and machineries – computers	3	3
Office equipment	5	5
Furniture and fixtures	10	10
Vehicles – Four wheelers	8	8
Vehicles – Two wheelers	10	10

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

Freehold land is carried at cost.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Intangible assets

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

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

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

Acquired intangible assets which comprise expenditure incurred on acquisition of user licenses for computer software's are amortised over the estimated useful life (say 3 years) on a straight-line basis. The useful life of intangible assets is reviewed by management at each Balance Sheet date.

j) Borrowing costs

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

k) Leases

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (say 99 years).

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (m) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate, are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

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

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

l) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realizable value.

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

m) Impairment of non-financial assets

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

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

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

Intangible assets under development are tested for impairment annually.

Impairment losses of continuing operations including impairment on inventories, are recognised in the Statement of Profit and Loss.

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

n) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

o) Post-employment and other employee benefits

Provident fund

The Company contributes regularly towards the provident fund of its employees to the Government administered pension fund which is a defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

Gratuity

The Company operates a defined benefits plan for its employee's viz. gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out for the plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet as asset / liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income

Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

<u>Initial recognition and measurement</u>

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 timeframe established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

<u>Subsequent measurement</u>

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

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through Profit or Loss ('FVTPL')
- Equity instruments measured at fair value through other comprehensive income ('FVTOCI')

Debt instruments at amortized cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual Cash Flows, and

b) Contractual terms of the asset give rise on specified dates to Cash Flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity investments not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity investment included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

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

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

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

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

Impairment of financial assets

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

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

b) Financial assets that are measured at FVTOCI

c) Lease receivables under Ind AS 116

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

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

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

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

The Balance Sheet presentation for various financial instruments is described below:

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

  ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings. For more information refer Note 17.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

q) Cash and cash equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

r) Dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

t) Earnings per share

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

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

2.3 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Title	Key requirements
Ind AS 16, Property, Plant and Equipment	Proceeds before intended use of property, plant and equipment The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).
Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts – Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
Ind AS 103, Business combinations	References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.
Ind AS 109, Financial Instruments	Fees included in the 10% test for derecognition of financial liabilities The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

2.4 Significant accounting judgements, estimates and assumptions

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

Judgements

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

1) Revenue from contracts with customers

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

a) Identifying contracts with customers

The management of the Company has exercised judgement to determine contract with customers for the purpose of Ind AS 115 and for identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Company enters into contract with customers for goods and services. The Company determined that both the goods and services are capable of being distinct. The Company also determined that the promises to transfer these goods and services are distinct within the context of the contract.

c) Determination of timing of satisfaction of performance obligation

The Company concluded that revenue from sale of goods to be recognised at a point in time and revenue from sale of services to be recognised over a period of time. The Company has applied judgement in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices.

Estimates and assumptions

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

1) Impairment of non-financial assets (tangible and intangible)

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

2) Defined benefit plans

The cost of the defined benefit gratuity plan, other defined benefit plan and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected returns on plan assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 35.

3) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

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

3 Property, plant and equipment

Particulars	Freehold Land	Building	Plant and equipment	Electrical installations	Furniture & fixtures	Computers	Office equipments	Vehicles	Total
Gross block									
Balance as at 1 April 2020	25.64	248.96	1,242.53	64.62	3.10	1.97	1.77	2.90	1,591.49
Additions	-	-	1.93	-	-	-	-	-	1.93
Disposals	-	-	-	-	-	(0.04)	-	-	(0.04)
Balance as at 31 March 2021	25.64	248.96	1,244.46	64.62	3.10	1.93	1.77	2.90	1,593.38
Balance as at 1 April 2021	**25.64**	**248.96**	**1,244.46**	**64.62**	**3.10**	**1.93**	**1.77**	**2.90**	**1,593.38**
Additions	**-**	**-**	**0.74**	**-**	**0.06**	**1.09**	**0.80**	**-**	**2.69**
Reclassifications (refer note 'a' below)	**(23.87)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(23.87)**
Balance as at 31 March 2022	**1.77**	**248.96**	**1,245.20**	**64.62**	**3.16**	**3.02**	**2.57**	**2.90**	**1,572.20**
Accumulated depreciation and impairment									
Balance as at 1 April 2020	-	42.80	262.59	34.86	1.23	1.46	1.24	2.53	346.71
Depreciation for the year	-	10.33	64.33	8.74	0.23	0.09	0.11	0.02	83.85
Balance as at 31 March 2021	-	53.13	326.92	43.60	1.46	1.55	1.35	2.55	430.56
Balance as at 1 April 2021	**-**	**53.13**	**326.92**	**43.60**	**1.46**	**1.55**	**1.35**	**2.55**	**430.56**
Depreciation for the year	**-**	**10.31**	**32.65**	**2.17**	**0.23**	**0.25**	**0.14**	**0.01**	**45.76**
Impairment for the year (refer note 'b' below)	**-**	**-**	**610.20**	**18.85**	**-**	**-**	**-**	**-**	**629.05**
Balance as at 31 March 2022	**-**	**63.44**	**969.77**	**64.62**	**1.69**	**1.80**	**1.49**	**2.56**	**1,105.37**
Balance as at 31 March 2022	**1.77**	**185.52**	**275.43**	**-**	**1.47**	**1.22**	**1.08**	**0.34**	**466.83**
Balance as at 31 March 2021	25.64	195.83	917.54	21.02	1.64	0.38	0.42	0.35	1,162.82

Note:

(a) The Company has re-classified Leasehold land amounting to Rs. 23.87 millions to Right of Use assets (refer note 5).

(b) The management of the Company made an assessment off and accounted for an impairment loss to the extent of Rs. 629.05 millions against the carrying amount of its Plant and Equipments and Electrical Installations, since the recoverable amount of these Cash Generating Units ('CGU') was assessed to be lower than the carrying amount of the assets (refer note 32).

(c) The recoverable amount has been determined based on fair value less cost of disposal of the assets. The Company is considered as single CGU. The fair value of the PPE has been determined using level 3 basis of fair value measurement using the cost approach. Cost approach is a valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

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

4 Intangible assets

Particulars	Softwares	Total
Gross block		
Balance as at 1 April 2020	3.75	3.75
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	3.75	3.75
Balance as at 1 April 2021	3.75	3.75
Additions	0.31	0.31
Balance as at 31 March 2022	4.06	4.06
Accumulated depreciation		
Balance as at 1 April 2020	2.35	2.35
Depreciation for the year	0.35	0.35
Balance as at 31 March 2021	2.70	2.70
Balance as at 1 April 2021	**2.70**	**2.70**
Depreciation for the year	**0.36**	**0.36**
Balance as at 31 March 2022	**3.06**	**3.06**
Balance as at 31 March 2022	**1.00**	**1.00**
Balance as at 31 March 2021	1.05	1.05

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

5 Right of use assets

Particulars	Leasehold Land	Total
Gross block		
Balance as at 1 April 2020	0.17	0.17
Additions	-	-
Balance as at 31 March 2021	0.17	0.17
Balance as at 1 April 2021	**0.17**	**0.17**
Additions	-	-
Reclassifications (refer note 'a' below)	**23.87**	**23.87**
Balance as at 31 March 2022	**24.04**	**24.04**
Accumulated depreciation		
Balance as at 1 April 2020	0.06	0.06
Depreciation for the year	0.01	0.01
Balance as at 31 March 2021	0.07	0.07
Balance as at 1 April 2021	**0.07**	0.07
Depreciation for the year	**0.30**	**0.30**
Balance as at 31 March 2022	**0.37**	**0.37**
Balance as at 31 March 2022	**23.67**	**23.67**
Balance as at 31 March 2021	0.10	0.10

(a) The Company has re-classified Leasehold land amounting to Rs. 23.87 millions from Property, plant and equipment (refer note 3).

	31 March 2022	31 March 2021
6 Investment in subsidiaries		
(at cost, unless other wise stated)		
Unquoted		
100 (2021 : 100) equity shares of face value of Euro 1 each of Sanghvi Europe B.V.	**0.01**	0.01
Less : Provision for impairment in value of investments	**(0.01)**	(0.01)
	-	-

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

		31 March 2022	31 March 2021
7	**Other non-current financial assets**		
	(at amortised cost)		
	Security deposits	**21.29**	16.72
	Bank deposits with remaining maturity of more than 12 months	**2.64**	5.46
		23.93	22.18
8	**Other non current assets**		
	Balance with revenue authorities	**-**	5.19
		-	5.19
9	**Inventories**		
	(valued at lower of cost or net realisable value)		
	Raw material	**79.25**	41.37
	Finished goods	**31.10**	24.22
	Work in progress	**32.19**	7.23
	Stores and spares	**21.56**	16.21
	Packing material	**0.78**	1.32
	Scrap	**0.37**	0.65
		165.25	91.00
10	**Trade receivables**		
	Secured		
	Considered good	**-**	-
	Significant increase in credit risk	**-**	-
	Credit impaired	**-**	-
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)	**-**	-
	(A)		
	Unsecured		
	Considered good	**188.81**	88.64
	Doubtful	**6.40**	7.00
	Credit impaired	**63.97**	66.85
	Less : Impairment allowance (including allowance for bad debts and expected credit loss)	**(76.38)**	(71.26)
	(B)	**182.80**	91.23
	(A)+(B)	**182.80**	91.23

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

As of 31 March 2022

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables and						
- considered good	**167.07**	**11.04**	**2.58**	**1.44**	**0.66**	**182.79**
- which have significant increase in credit risk	**0.09**	**-**	**2.18**	**0.51**	**3.62**	**6.40**
- credit impaired	**0.04**	**0.38**	**12.10**	**2.83**	**14.65**	**30.00**
- loss allowances	**(0.13)**	**(0.38)**	**(14.28)**	**(3.33)**	**(18.27)**	**(36.39)**
	167.07	**11.04**	**2.58**	**1.45**	**0.66**	**182.80**
(ii) Disputed trade receivables						
- credit impaired	**-**	**-**	**-**	-	**33.97**	**33.97**
- loss allowances	**-**	**-**	**-**	-	**(33.97)**	**(33.97)**
	-	**-**	**-**	-	**-**	-
	167.07	**11.04**	**2.58**	**1.45**	**0.66**	**182.80**

As of 31 March 2021

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables and						
- considered good	83.54	0.33	6.09	0.10	1.18	91.24
- which have significant increase in credit risk	0.71	1.93	0.48	2.49	1.39	7.00
- credit impaired	1.03	7.75	0.95	4.70	18.45	32.88
- loss allowances	(1.74)	(9.69)	(1.43)	(7.19)	(19.84)	(39.89)
	83.54	0.32	6.09	0.10	1.18	91.23
(ii) Disputed trade receivables						
- credit impaired	-	-	-	-	33.97	33.97
- loss allowances	-	-	-	-	(33.97)	(33.97)
	-	-	-	-	-	-
	83.54	0.32	6.09	0.10	1.18	91.23

There are no dues from directors, other officers of the Company, either severally or jointly with any other person. Also, there are no dues from firms or private companies in which any director is a partner or a director or a member.

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

		31 March 2022	31 March 2021
11	**Current investments**		
	Unquoted		
	Investments designated at fair value through profit or loss (FVTPL)		
	Investments in mutual funds		
	4,577.593 units of Axis Liquid Fund - Regular Growth (2021 : Nil)	**10.76**	-
		10.76	-
	Aggregate amount of unquoted investments	**10.76**	-

		31 March 2022	31 March 2021
12	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash in hand	**-**	0.00
	Balances with banks		
	- in current accounts	**17.73**	6.14
	- Margin money deposits with original maturity less than three months	**-**	5.01
	Other bank balances		
	Margin money deposits with original maturity more than three months and remaining maturity less than 12 months (refer note 'a')	**11.31**	3.62
	Balance in escrow account (refer note 'b')	**-**	36.10
		29.04	50.87

Note:

(a) Margin money deposits are on lien with banks against bank guarantees issued on behalf of Company.

(b) The erstwhile director of the Company entered into an arrangement, on behalf of the Company, with Gautam Stainless Private Limited for raising an inter-corporate deposits of Rs. 75.00 millions. The proceeds from this inter-corporate deposits were deposited in a no lien/escrow account, which was taken over by the Resolution Professional in accordance with the provisions of Insolvency and Bankruptcy Code, 2016 (refer note 48 for details). The balance in this escrow accounts were utilised to settle the outstanding loans from banks by the Resolution Professional in accordance with the directions of National Company Law Tribunal.

Details of bank balances/deposits

	31 March 2022	31 March 2021
Bank balances available on demand	**17.73**	6.14
Margin money deposits with original maturity less than three months	**-**	5.01
Bank deposits due to mature after 3 months but within 12 months from the reporting date included in 'Other bank balances'	**11.31**	3.62
Bank deposits due to mature after 12 months from the reporting date included in 'Non-current assets'	**2.64**	5.46
Other bank balances	**-**	36.10
	31.68	56.33

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

		31 March 2022	31 March 2021
13	**Other current financial assets**		
	(at amortised cost)		
	Interest accrued on deposits	**0.40**	1.02
	Loan to employees	**0.06**	-
		0.46	1.02

		31 March 2022	31 March 2021
14	**Other current assets**		
	Balance with revenue authorities	**0.02**	0.97
	Advance to suppliers	**6.11**	15.23
	Export incentive receivable	**0.11**	2.52
	Unbilled revenue	**3.07**	-
	Prepaid expenses	**0.66**	1.14
		9.97	19.86

		31 March 2022	31 March 2021
15	**Share capital**		
	Authorised capital:		
	91,000,000 equity shares of Rs.10 each (31 March 2021: 20,000,000)	**910.00**	200.00
		910.00	200.00
	Issued, subscribed & paid up capital:		
	90,050,000 equity shares of Rs.10 each fully paid up (31 March 2021: 14,892,267)	**900.50**	148.92
		900.50	148.92

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

15.1 Rights, preference and restrictions attached to the equity shares

The Company has a single class of equity shares having a par value of Rs. 10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

15.2 Reconciliation of equity shares outstanding at the beginning and at the end of the year:

Particulars	31 March 2022		31 March 2021	
	Number of shares	**Amount (INR)**	Number of shares	Amount (INR)
Equity share capital				
At the beginning of the year	**14,892,267**	**148.92**	14,892,267	148.92
Issued during the year	**90,050,000**	**900.50**	-	-
Reduction in share capital (refer note below)	**(14,892,267)**	**(148.92)**	-	-
Outstanding at the end of the year	**90,050,000**	**900.50**	14,892,267	148.92

Note :

During the year and in accordance with the Resolution plan approved by the National Company Law Tribunal, the issued, subscribed and paid up equity share capital of the Company was reduced by cancelling and extinguishing 1,48,92,267 equity shares of face value of Rs. 10 each of erstwhile shareholders without payment of any consideration to the shareholders. This effect of reduction in paid up capital of the Company was transferred to a specific reserve "Capital Reduction Reserve" (refer note 48).

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

Particulars	31 March 2022		31 March 2021	
	Number of shares	**Holding %**	Number of shares	Holding %
Jayanti Sanghvi	**-**	**-**	1,925,591	12.93
Babulal Sanghvi	**-**	**-**	1,714,283	11.51
Naresh Sanghvi	**-**	**-**	1,835,731	12.33
Vikram Sanghvi	**-**	**-**	1,505,682	10.11
Meena Sheth	**-**	**-**	921,730	6.18
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	-	-
	90,049,994	**100.00%**	7,903,017	53.06

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

15.4 Details of shares held by holding Company

Particulars	31 March 2022		31 March 2021	
	Number of shares	**Holding %**	Number of shares	Holding %
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	-	-

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

15.5 Details of terms of securities convertible into equity shares

During the year, the Company issued 110,000 Zero Coupon Optionally Convertible Debentures ('ZOCD') of face value of Rs. 1,000 each to BF Industrial Solutions Limited on 28 June 2021. On 7 September 2021, additional 7,50,000 Zero Coupon Optionally Convertible Debentures (ZOCD) of face value of Rs. 1,000 each were allotted to BF Industrial Solutions Limited on private placement basis.

The details of terms of securities of the abovementioned debentures are as follows :

(a) ZOCDs are unsecured and ranks pari passu with other unsecured creditors without any preference or priority over other.

(b) The debenture holder shall have a right to conversion or redemption at fair value at any time after the date of allotment.

(c) The debenture holders shall be entitled to transfer these ZOCDs in accordance with the provisions of Articles of Association of the Company and provisions of the Companies Act, 2013.

The debenture holder exercised their rights to conversion during the year. Accordingly, 86,000,000 equity shares of the Company were allotted to the debenture holder in exchange of the ZOCDs.

15.6 Details of shareholdings of promoters

Name of Promoter	Number of Shares held as on 31 March 2022	% of total Shares	% change during the year ended 31 March 2022
BF Industrial Solutions Limited*	**90,049,994**	**100.00%**	**100.00%**

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

Name of Promoter	Number of Shares held as on 31 March 2021	% of total Shares	% change during the year ended 31 March 2021
Jayantilal Babulal Sanghvi	1,925,591	12.93%	100%
Naresh Babulal Sanghvi	1,835,731	12.33%	100%
Babulal Sagarmal Sanghvi	1,714,283	11.51%	100%
Vikram Babulal Sanghvi	1,505,682	10.11%	100%
Sanghvi Kiran Naresh	572,407	3.84%	100%
Sanghvi Sheetal Vikram	280,526	1.88%	100%
Sanghvi Babulal Sagarmal HUF	262,857	1.77%	100%
Mahesh Babulal Sanghvi	253,894	1.70%	100%
Sanghvi Meena Jayantilal	229,300	1.54%	100%
Sanghvi Jayantilal Babulal HUF	112,000	0.75%	100%
Sanghvi Naresh Babulal HUF	112,000	0.75%	100%
Sanghavi Bhamridevi Babulal	86,634	0.58%	100%
Vikram Babulal Sanghvi HUF	83,394	0.56%	100%
Babitadevi Laxmichand Mehta	43,561	0.29%	100%
Jitendra Jugalkishor Munot	24,032	0.16%	100%
Anila Jugalkishor Munot	20,984	0.14%	100%
Piyush Laxmichand Mehta	13,050	0.09%	100%
Vikram Laxmichand Mehta	11,000	0.07%	100%
Lalitkumar Mishrimal Bhansali	4,328	0.03%	100%
Pukhraj Hazarimal Bhansali	823	0.01%	100%
Rajvi Sanghvi	510	0.00%	100%
	9,092,587	**61.06%**	

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

		31 March 2022	31 March 2021
16	**Other equity**		
	Securities premium	**404.97**	404.97
	General reserve	**3.99**	3.99
	Capital reduction reserve (refer note below)		
	As per last balance sheet	**-**	-
	Additions on account of reduction of share capital (refer note below)	**148.92**	-
		148.92	-
	Retained earnings		
	As per last balance sheet	**(1,073.46)**	(828.91)
	Profit/(loss) for the year	**241.72**	(246.46)
	Other Comprehensive Income for the year	**2.86**	1.91
		(828.88)	(1,073.46)
		(271.00)	(664.50)

Note :

During the year and in accordance with the Resolution Plan approved by the National Company Law Tribunal (NCLT), the issued, subscribed and paid up equity share capital of the Company was reduced by cancelling and extinguishing 1,48,92,267 equity shares of face value of Rs. 10 each without payment of any consideration to the shareholders. This effect of reduction in paid up capital of the Company was transferred to "Capital Reduction Reserve" (refer note 48).

17	**Long-term borrowings**		
	Secured		
	Term loan from banks (refer note A)	**-**	846.49
	Less : Current portion reclassified to "short-term borrowings"	**-**	(846.49)
		-	-
	Unsecured		
	Loans from related parties (refer note B)	**-**	85.68
	Inter Corporate Deposits (refer note C)	**-**	33.70
		-	119.38

Note A : Term loans from banks

Term loans availed from Bank of Baroda and State Bank of India carried interest rate ranging from 12.70% p.a to 13.25% p.a and were secured by:

(a) 1st parri passu charge on all fixed assets of the Company, including

- (i) Leasehold rights of land of and factory building situated at plot 244/6 and 7, GIDC Waghodia, Vadodara
- (ii) Leasehold rights of land situated at Village Gandhvi, Mouje Gandhvi Taluka, Kalyanpur, Jamnagar
- (iii) Leasehold rights of plot 1401, 1402 and 1403 GIDC Industrial Estate, Waghodia, Vadodara

(b) 1st parri passu charge over entire machineries, electrical installations, furniture and fixtures, office equipments and other movable assets of the Company situated at the above mentioned factories of the Company.

(c) 1st parri passu charge by way of pledge on equity shares belonging to the promoters.

(d) Personal guarantees of erstwhile directors or relatives of the directors.

The Company had defaulted on its term loans from State bank of India and Bank of Baroda. In accordance with the provisions of the Sanction letters the entire amount of loan became repayable on demand. Hence, the maturity profile of all the term loans was as follows :

Maturity profile of total long term borrowings:

Particulars	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	beyond 4 Years	Total
As at 31 March 2021	846.49	-	-	-	-	846.49

During the year and in accordance with the resolution plan approved by the National Company law Tribunal, the secured term loans availed from banks and interest due thereon were repaid /waived off (refer note 48).

Note B : Loan from related parties

Unsecured loans from related parties did not carry any interest and are repayable after a period of 12 months from the reporting date. During the year in accordance with the resolution plan approved by the National Company law Tribunal, the entire amount of unsecured loans accepted from related parties were waived off and written back without making any repayments (refer note 48).

Note C : Inter-corporate deposits

The erstwhile director of the Company entered into an arrangement, on behalf of the Company, with Gautam Stainless Private Limited for raising an inter-corporate deposits of Rs. 75.00 millions. The proceeds from this inter-corporate deposits were deposited in a no lien/escrow account which was taken over by the Resolution Professional in accordance with the provisions of Insolvency and Bankruptcy Code, 2016 (refer note 48). The amounts in this escrow accounts were utilised to settle the outstanding loans from banks by the Resolution Professional in accordance with the directions of National Company Law Tribunal.

		31 March 2022	31 March 2021
18	**Long term provisions**		
	Provision for gratuity (refer note 43)	**7.07**	7.89
	Provision for compensated absences	**0.24**	-
		7.31	7.89
19	**Short term borrowings**		
	Secured		
	Working capital loans from bank (refer note A)	**-**	393.09
	Current maturities of term loan from banks	**-**	846.49
		-	1,239.58

Details of interest and securities provided in respect of secured borrowings :

Note A : Working capital loans from bank

Working capital loans from bank comprises of cash credit facility, working capital term loan, packing credit facility availed from State Bank of India and Bank of Baroda that carried an interest rate ranging from 12.20% p.a to 12.70 % p.a and was secured by :

(a) Hypothecation of entire current assets of the Company including stocks of raw materials, stock in progress, finished goods, stores, spares, books debts, bills in course of collections, etc.

(b) 2nd parri passu charge by way of charge on existing and proposed fixed assets of the Company.

(c) Personal guarantees of erstwhile directors or relatives of the directors.

During the year and in accordance with the resolution plan approved by the National Company law Tribunal, the secured working capital loans from banks and interest due thereon were repaid /waived off (refer note 48).

Note B : Working capital loans from bank

Working capital loans from bank comprises of overdraft facility, working capital term loan, packing credit facility availed from ICICI Bank Limited carrying an interest rate that shall be sum of I-MCLR-6M and Spread of 1.25%, subject to a minimum of 1-MCLR-6M per annum.

The overdraft facility is secured by first charge by way of hypothecation of the Company's entire stocks of raw materials, semi-finished goods, finished goods, consumable stores and spares and such other moveable including book-debts, bills in course of collections, etc.

The facility from ICICI Bank Limited is sanctioned during the year. However, the Company has not utilised the facility during the year.

		31 March 2022	31 March 2021
20	**Trade payables**		
	Due to micro enterprises and small enterprises ("MSME") (refer note 38)	**6.87**	0.69
	Due to others	**215.20**	223.50
		222.07	224.19

Trade Payable ageing schedule

As on 31 March 2022

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed					
- MSME	6.63	0.21	0.03	-	6.87
- Others	118.83	23.32	1.43	-	143.58
	125.46	23.53	1.46	-	150.45
(ii) Disputed					
- MSME	-	-	-	-	-
- Others	4.70	3.59	3.06	-	11.35
	4.70	3.59	3.06	-	11.35
(iii) Unbilled dues*	-	-	-	-	60.27
	130.16	**27.12**	**4.52**	**-**	**222.07**

As on 31 March 2021

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed					
- MSME	0.69	-	-	-	0.69
- Others	81.93	34.64	10.13	58.57	185.27
	82.62	34.64	10.13	58.57	185.96
(ii) Disputed					
- MSME	-	-	-	-	-
- Others	3.76	0.73	5.78	6.06	16.33
	3.76	0.73	5.78	6.06	16.33
(iii) Unbilled dues*	-	-	-	-	21.90
	86.38	**35.37**	**15.91**	**64.63**	**224.19**

* Unbilled dues represents provisions for expenses accounted for.

		31 March 2022	31 March 2021
21	**Other financial liabilities**		
	(at amortised cost)		
	Interest accrued and due	**-**	314.99
	Payable for purchase of fixed assets	**0.69**	15.74
	Earnest money deposits accepted	**-**	5.00
		0.69	335.73

During the year and in accordance with the resolution plan approved by the National Company law Tribunal, the secured working capital loans, secured term loans from banks and interest due thereon were repaid /waived off (refer note 48).

22	**Other current liabilities**		
	Contract liabilities (advance from customers)*	**29.05**	32.52
	Statutory dues	**3.79**	11.04
	Employee related liabilities	**5.82**	0.74
		38.66	44.30

* The contract liabilities relates to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed. Revenue will be recognized when the control of the goods are passed on to the customers.

23	**Short term provisions**		
	Provision for compensated absences	**0.01**	2.70
	Provisions for onerous contracts (refer note below)	**20.63**	-
		20.64	2.70

Note:

The erstwhile management of the Company had entered into contracts with various customers, which have been classified as Onerous on account of cost overruns and delays in timely execution. In accordance with Ind AS 37 - Provisions, Contingent liabilities and Contingent Assets, a provision for expected losses on such onerous contracts has been recognised to the extent of present obligation under the contract.

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

		31 March 2022	31 March 2021
24	**Revenue from operations**		
	Sale of goods	**359.80**	429.85
	Sale of services	**209.30**	70.15
	Other operating revenue :		
	Sale of scrap	**54.83**	45.69
	Export incentives	**0.44**	2.04
	Others	**3.57**	6.56
		627.94	554.29
	(a) Disaggregation of revenue on the basis of geographical markets		
	Revenue from outside India	**29.70**	64.43
	Revenue from within India	**598.24**	489.86
		627.94	554.29
	(b) Revenue recognised from contract liabilities outstanding at the beginning of the year :	**10.35**	23.47
	(c) Reconciliation of the revenue as per contracted price with revenue recognised in the Statement of Profit and Loss :		
	Revenue from operations	**627.94**	554.29
	Less : Export incentives from government	**(0.44)**	(2.04)
	Revenue from contract with customers	**627.50**	552.25
	Add : Discounts allowed to customers	**0.05**	-
	Add : Sales rejections/returns	**0.89**	1.20
	Revenue as per contracted price	**628.44**	553.45

25	**Other income**		
	Interest income on fixed deposits	**1.03**	1.39
	Net gain on sale of mutual funds	**0.71**	-
	Net gain on fair valuation of financial instruments ("FVTPL")	**0.05**	-
	Liabilities no longer payable	**-**	10.65
	Foreign exchange gain (net)	**1.68**	0.91
	Miscellaneous income	**-**	0.19
		3.47	13.14

		31 March 2022	31 March 2021
26	**Cost of material consumed**		
	Inventory of raw materials at the beginning of the year	**41.37**	42.52
	Add: Purchases	**357.07**	313.38
	Less: Inventory of raw materials at the end of the year	**(79.25)**	(41.37)
		319.19	314.53

27	**(Increase)/decrease in finished goods and work-in-progress**		
	Inventory at the beginning of the year :		
	Finished goods	**24.22**	51.58
	Work in progress	**7.23**	76.47
	Scrap	**0.65**	4.55
		32.10	132.60
	Inventory at the end of the year :		
	Finished goods	**31.10**	24.22
	Work in progress	**32.19**	7.23
	Scrap	**0.37**	0.65
		63.66	32.10
		(31.56)	100.50

28	**Employee benefit expenses**		
	Salaries, wages and bonus	**57.62**	53.99
	Contribution to provident and other funds	**3.50**	6.30
	Gratuity expenses	**2.05**	-
	Staff welfare	**2.08**	0.93
		65.25	61.22

29	**Finance costs**		
	Interest on term loans	**-**	1.97
		-	1.97

30	**Depreciation and amortization**		
	Depreciation - Property, plant and equipment	**45.76**	83.85
	Depreciation of Right-of-use assets	**0.30**	0.01
	Amortisation of Intangible assets	**0.36**	0.35
		46.42	84.21

		31 March 2022	31 March 2021
31	**Other expenses**		
	Power and fuel	**131.48**	70.55
	Consumption of stores and spares	**37.22**	26.92
	Subcontracting charges	**9.69**	12.87
	Repairs and maintenance		
	- building	**1.15**	0.96
	- plant and machinery	**8.81**	3.89
	- other	**3.86**	2.91
	Selling and distribution expenses	**13.06**	17.87
	Legal and professional fees	**14.54**	12.68
	Travelling and conveyance	**4.05**	3.68
	Office and administration expenses	**5.98**	4.15
	Rates and taxes	**53.57**	4.53
	Impairment of investments in subsidiary	**-**	0.01
	Provision for doubtful debts	**5.12**	71.26
	Provision for onerous contract	**20.63**	-
	Debit balances no longer recoverable	**8.79**	-
	Payment to auditors (refer note 34)	**0.97**	0.41
	Miscellaneous expenses	**39.47**	18.77
		358.39	251.46

32	**Exceptional items**		
	Liabilities no longer payable (refer note 'a' below)	**1,005.72**	-
	Impairment of property, plant and equipments (refer note 'b' below)	**(629.05)**	-
		376.67	-

(a) During the year, the Company has written back certain dues payable to secured loans, unsecured loans, employee liabilities other than those settled as per NCLT order and operational creditors, which are no longer payable in accordance with the terms of the approved resolution plan.

(b) The management of the Company made an assessment off and accounted for an impairment loss to the extent of Rs. 629.05 millions against the carrying amount of its Plant and Equipments and Electrical Installations, since the recoverable amount of these Cash Generating Units was assessed to be lower than the carrying amount of the assets (refer note 5).

(c) Refer note 48 for additional details.

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

	31 March 2022	31 March 2021
33 Income tax		
(A) Statement of profit and loss		
(i) Tax expenses recognised in Statement of Profit and Loss		
Current tax	**-**	-
MAT entitlement of earlier years	**-**	-
Earlier year taxes	**8.67**	-
	8.67	-
(ii) Tax expenses recognised in Other Comprehensive income		
Tax on remeasurements of defined benefit liability	**-**	-
	-	-
(B) Balance sheet		
Net non current income tax asset at the beginning	**12.87**	11.44
Current income tax expense	**-**	-
Income tax on other comprehensive income	**-**	-
Changes in estimates related to prior years	**(8.67)**	-
Income tax paid (net of refunds)	**0.96**	1.43
Net non current income tax asset at the end	**5.16**	12.87
(C) Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for respective year		
Accounting profit/(loss) before tax	**250.39**	(246.46)
Income tax rate	**25.17%**	25.17%
Expected income tax expense	**63.02**	(62.03)
Tax effects of amounts which are not deductible/ (taxable) :		
(i) Effects of tax on exempt income	**(222.55)**	-
(ii) Non deductible expenses	**1.48**	41.38
(iii) Tax losses for which no deferred tax was recognised (to the extent of deferred tax liabilities)	**158.05**	20.65
(iv) Other adjustments	**8.67**	-
Income tax expense reported in the Statement of Profit and Loss	**8.67**	-

(D) Deferred tax

Ind AS 12 - Accounting for taxes on income, states that where an enterprise has unused tax losses and unused tax credits, deferred tax assets should be recognised only to the extent it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Accordingly, the Company has not recognised deferred tax asset on unused tax losses and unused tax credits since it is not probable that future taxable profits will be available against which the unused tax losses and credits will be utilised.

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

		31 March 2022	31 March 2021
34	**Auditors' remuneration (on accrual basis, net of taxes)**		
	Statutory audit fees	**0.95**	0.41
	Out of pocket expenses	**0.02**	-
		0.97	0.41

35 Earnings per share (EPS)

Earnings per share has been computed as under :

Particulars			31 March 2022	31 March 2021
A	Profit / (loss) after tax	INR million	**241.72**	(246.46)
B	Weighted average number of equity shares outstanding during the year	Nos.	**7,229,559**	14,892,267
C	Nominal value of each share	in Rs.	**10.00**	10.00
D	Basic and diluted earning / (loss) per share (A/B)	INR	**33.43**	(16.55)

36 Leases

Company as lessee

The Company has certain leases of various assets with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Accordingly, the amounts recognised in Statement of Profit and Loss (included as a part of "Miscellaneous expenses") is as under :

Particulars	31 March 2022	31 March 2021
Expense relating to short-term leases	**0.06**	0.05
	0.06	0.05

37 Segment information

Reportable segments

The Chief Operating Decision-Maker has been identified as the Board of Directors who examines the Group's performance both from a product and geographic perspective. The Chief Operating Decision Maker has identified only one reportable segment of "Forging and Fitting" comprising of forgings and machined components for different sectors/industries. Hence the revenue, expenses, results, assets and liabilities disclosed in the consolidated financial statements of the Group are allocable to one segment.

Geographical information

	31 March 2022	31 March 2021
(i) Segment revenue from customers		
- within India	**598.24**	489.86
- outside India	**29.70**	64.43
	627.94	554.29
(ii) Segment assets		
- within India (trade receivables)	**898.01**	1,428.57
- outside India	**20.86**	29.62
	918.87	1,458.19

38 Disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31 March 2022	31 March 2021
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as below		
- Principal amount due to micro and small enterprises	6.87	0.69
- Interest due on above balance	0.25	0.15
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprises Development Act, 2006, along with the amounts of the payments made to supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	0.33	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.73	0.15
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprises Developments Act, 2006.	-	-

39 Contingent liabilities

Contingent liabilities (to the extent not provided for):		
(i) Income Tax matters*		
Financial year	**-**	7.95
(ii) Service Tax matters*		
Financial year	**-**	11.50
(iii) Excise Duty matters*		
Financial year	**-**	2.98
(iv) Central Sales Tax matters*		
Financial year	**-**	9.36
(v) Bank guarantees	**1.24**	4.70

*Pursuant to the resolution plan approved by National Company Law Tribunal (NCLT), all the pending disputes of statutory dues at various forums against the Company were deemed to be withdrawn and liabilities were extinguished (refer note 48).

(vi) Claims against Company not acknowleged as debts	**23.05**	-

40 Capital and other commitments

The Company did not have any commitments including capital commitments as on 31 March 2022 (31 March 2021 : Nil).

41 Corporate Social Responsibility ("CSR")

As per provisions of section 135 of the Act, the Company is not required to spend any amount towards Corporate Social Responsibility, since the Company has incurred losses over the period of three preceding years. (31 March 2021 : Nil).

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

42 Related party transactions

A. Enterprises exercising control over the Company

Bharat Forge Limited	Ultimate Holding Company
BF Industrial Solutions Limited	Holding Company

B. Individuals exercising control over the Company

Kishore Saltore	Director (from 28 June 2021)
Vikram Munje	Director (from 28 June 2021)
Kedar Dixit	Director (from 28 June 2021)
Sandeep Goel	Director (from 16 July 2021)
Sanjeev Kumar Jain	Chief Financial Officer (from 7 June 2021)
Deepika Agrawal	Company Secretary

C. Enterprises over which the Company or the key managerial personnel ('KMP') of the Ultimate Holding Company exercises control or significant influence :

Sanghvi Europe B V	Subsidiary of the Company
Saarloha Advanced Material Private Limited	Company where KMPs of Ultimate Holding Company exercise control
Kalyani Technoforge Limited	Company where KMPs of Ultimate Holding Company exercise control

D. Transactions with the above related parties and balances as at and for the year :

Sr No.	Name of the related party	31 March 2022		31 March 2021	
		Transactions during the year (Rs.)	**Balance receivable/ (payable) (Rs.)**	Transactions during the year (Rs.)	Balance receivable/ (payable) (Rs.)
1	**BF Industrial Solutions Limited**				
	Issue of equity shares (fresh issue)	**40.50**	**-**	-	-
	Issue of equity shares (on conversion of ZOCD*)	**860.00**	**-**	-	-
	Issue of ZOCD*	**860.00**	**-**	-	-
	Conversion of ZOCD* to equity shares	**(860.00)**	**-**	-	-
	Management fees	**1.50**	**-**	-	-
	Trade payable	**-**	**(1.35)**	-	-
	Unsecured loan accepted	**750.00**	**-**	-	-
	Unsecured loan repaid	**(750.00)**	**-**	-	-
2	**Bharat Forge Limited**				
	Job work income	**101.22**	**-**	-	-
	Purchase of Goods	**42.25**	**-**	-	-
	Reimbursement of expenses	**0.04**	**-**	-	-
	Trade payable	**-**	**(7.91)**	-	-
	Trade receivable	**-**	**25.82**	-	-
3	**Saarloha Advanced Materials Private Limited**				
	Purchase of Goods	**41.07**	**-**	-	-
	Trade payable	**-**	**(25.73)**	-	-
4	**Kalyani Technoforge Limited**				
	Purchase of Goods	**4.10**	**-**	-	-
	Trade payable	**-**	**(4.84)**	-	-
5	**Sanghvi Europe B.V.**				
	Trade receivable	**-**	**6.93**	-	5.54
6	**Sanjeev Kumar Jain**				
	Remuneration paid	**1.89**	**0.04**	-	-
7	**Deepika Agrawal**				
	Remuneration paid	**0.48**	**0.05**	0.44	-

* ZOCD - Zero Coupon Optionally Convertible Debentures

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

43 Details of employee benefits as required by the IND AS 19 Employee benefits :

(A) Defined Contribution Plan

The Company makes provident fund contributions to defined contributions plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 2.92 million (31 March 2021 : Rs. 3.73 million) for Provident Fund contribution in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

(B) Defined Benefit Plan

Defined benefit plans comprises of Post-employment benefits plan mainly gratuity and other long term employee benefits mainly comprising of compensated absences. These are measured at each Balance Sheet date based on actuarial valuation carried out by an independent actuary using projected unit credit method. The breakup is as follows:

Particulars	31 March 2022	31 March 2021
Non-current	**0.24**	-
Current	**0.01**	2.70
Compensated Absences	**0.25**	2.70
Non-current	**7.07**	7.89
Current	**-**	-
Gratuity	**7.07**	7.89

A) The defined benefit plan comprise of gratuity plan under which an employee, who has rendered at least five years of continuous, service, to receive fifteen by twenty-six days salary for each year of completed service at the time of retirement/exit. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan :

	31 March 2022	31 March 2021
a) Statement showing changes in present value of obligation as at the end of the year		
Present value of defined benefit obligation as at the beginning of the year	**8.74**	8.62
Current service cost	**1.50**	1.45
Interest cost	**0.59**	0.58
Benefits paid	**-**	-
Actuarial (gains) / losses	**(2.86)**	(1.91)
Present value of defined benefit obligation as on Balance Sheet date.	**7.97**	8.74

	31 March 2022	31 March 2021
b) Statement showing changes in fair value of net assets as at the end of the year		
Fair value of plan assets at the beginning of the period	**0.85**	0.79
Interest income	**0.06**	0.06
Contributions by employer	**-**	-
Benefits paid	**-**	-
Actuarial (gains) / losses	**-**	-
Return on plan assets, excluding amount recognised in interest income (losses)	**-**	-
Fair value of plan assets at the end of the period	**0.91**	0.85
c) Analysis of defined benefit obligation :		
Present value of defined benefit obligation	**7.97**	8.74
Fair value of plan assets	**(0.91)**	(0.85)
Net liability recognized in the Balance Sheet	**7.06**	7.89
d) The major categories of plan assets of the fair value of the total plan assets are as follows:		
Investments with insurer	**0.91**	0.85
	0.91	0.85
e) Expenses recognized in the Statement of Profit and Loss		
Current service cost	**1.50**	1.45
Interest cost (net of interest income from plan assets)	**0.53**	0.53
Other expense recognized in the Statement of Profit and Loss	**2.03**	1.98
f) Expenses recognized in Other Comprehensive Income		
Actuarial losses / (gains)	**2.86**	1.91
Other expense recognized in the Statement of Profit and Loss	**2.86**	1.91
g) Actuarial assumptions		
i) Discount Rate (%)	**6.80%**	6.80%
ii) Salary Escalation (%)	**8.00%**	8.00%
iii) Withdrawal Rate (%)	**5% to 1%**	5% to 1%
iv) Expected return on plan assets (%)	**6.37%**	6.37%
vii) Retirement age (In years)	**58**	58
viii) Mortality rate	**Indian Assured Lives Mortality (2012-14) Ult.**	Indian Assured Lives Mortality (2012-14) Ult.

h) Sensitivity analysis of present value of defined benefit obligation to 1% change in key assumptions

Particulars	**31 March 2022**		31 March 2021	
	Increase by 1%	**Decrease by 1%**	Increase by 1%	Decrease by 1%
Discount rate	**6.94**	**9.25**	7.63	10.10
Salary Escalation rate	**9.22**	**6.94**	10.07	7.63
Withdrawal rate	**7.92**	**8.05**	8.68	8.81

i) Expected cash flows

Particulars	**31 March 2022**	31 March 2021
Year 1	**0.38**	0.48
Year 2	**0.26**	0.30
Year 3	**0.21**	0.26
Year 4	**0.20**	0.22
Year 5	**0.41**	0.21
Year 6 - 10	**1.65**	1.82

44 Financial Risk Management

The Company's principal financial liabilities comprises of loans, borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and bank balances that is derived directly from its operations.

The Company is exposed to market risks, credit risks and liquidity risks. The Company's management oversees the management of these risks. The management of the Company ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's risk objectives. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

(A) Market risks

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments in mutual funds and trade receivables.

(i) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(ii) Foreign currency risks

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and Company's net investment in foreign subsidiaries. The Company does not hedge its foreign currency exposures.

The Company's management frequently monitors the trade receivables in foreign currency on a regular basis. The credit period extended to the foreign customers is restricted to not more than 180 days, thus ensuring that the exchange rate fluctuations does not materially affect the cash inflows in functional currency (INR).

The Company's exposure to the foreign currency risk is as follows :

Particulars	Currency	**31 March 2022**		31 March 2021	
		Amount in foreign currency	**Amount in INR**	Amount in foreign currency	Amount in INR
Financial assets					
Foreign currency trade receivables	EUR	**0.09**	**7.95**	0.07	6.17
	USD	**0.17**	**12.91**	0.32	23.44
Financial liabilities					
Borrowings	USD	**-**	**-**	1.79	131.39
Trade payables	EUR	**-**	**-**	0.11	9.25
	USD	**-**	**-**	0.03	2.35
Net exposure to foreign currency risks	EUR	**0.09**	**7.95**	(0.04)	(3.07)
	USD	**0.17**	**12.91**	(1.51)	(110.29)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit/loss before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	**Currency**	**March 31, 2022**		**March 31, 2021**	
		Impact on (profit)/loss		**Impact on (profit)/loss**	
		Increase by 5%	**Decrease by 5%**	**Increase by 5%**	**Decrease by 5%**
Net exposure to foreign currency risks	EUR	**(0.40)**	**0.40**	0.15	(0.15)
	USD	**(0.65)**	**0.65**	5.51	(5.51)

Other price risks

The Company has a policy of investing its surplus funds in mutual funds, interest bearing term deposits and other highly marketable debt investments . The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company’s investment policy approved by the Board of Directors.

(B) Credit risks

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company’s established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. At 31 March 2022, receivable from Company's top 5 customers accounted for approximately 48.27 % (31 March 2021 : 33.87 %) of all the receivable outstanding. An impairment analysis is performed at each reporting date on an individual basis for major customers. The calculation is based on historical data and subsequent expectation of receipts. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Other receivables, deposits with banks, mutual funds and loans granted

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

The Company’s maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2022 and 31 March 2021 is the carrying amounts as illustrated in the respective notes.

(C) Liquidity risks

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations as they fall due, due to insufficient availability of cash or cash equivalents. The Company's approach to managing liquidity is to ensure, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to Company's reputation.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2022 and March 31, 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in liquid mutual funds, interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of the Company’s financial liabilities

Particulars	Less than 1 year	1 - 5 Years	More than 5 years	Total
31 March 2022				
Borrowings	-	-	-	-
Trade payables	**222.07**	-	-	**222.07**
Other financial liabilities	**0.69**	-	-	**0.69**
Total	**222.76**	-	-	**222.76**
31 March 2021				
Borrowings	1,358.96		-	1,358.96
Trade payables	224.18	-	-	224.18
Other financial liabilities	335.73		-	335.73
Total	**1,918.87**	-	-	**1,918.87**

45 Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants attached to the interest -bearing loans and borrowings. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company has adopted the objectives, policies or processes of Bharat Forge Limited for managing capital during the years ended 31 March 2022.

46 Fair value measurement

A Financial instruments by category

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

S. no	Particulars	31 March 2022		31 March 2021	
		FVTPL	Amortised cost	FVTPL	Amortised cost
	Financial assets				
(a)	Trade receivables	-	**182.80**	-	91.23
(b)	Current investment	**10.76**	-	-	-
(c)	Cash and bank balances	-	**29.04**	-	50.87
(d)	Other current financial assets	-	**0.46**	-	1.02
(e)	Security deposits	-	**21.29**	-	16.72
(f)	Bank deposits with maturity of more than 12 months	-	**2.64**	-	5.46
	Total financial assets	**10.76**	**236.23**	-	165.30
	Financial liabilities				
(a)	Short-term borrowings	-	-	-	1,239.58
(b)	Trade payables	-	**222.07**	-	224.18
(c)	Other financial liabilities	-	**0.69**	-	335.73
(d)	Long-term borrowings	-	-	-	119.38
	Total financial liabilities	-	**222.76**	-	1,918.87

i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Total Financial assets				
31 March 2022	**-**	**10.76**	**-**	**10.76**
31 March 2021	-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, trade payables, short term borrowings, and all other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

iii) Valuation technique used to determine fair value

Fair value of market linked investments is determined using Net Asset Value ('NAV') report issued by mutual fund house.

47 Additional regulatory information required by Schedule III of the Companies Act, 2013

(a) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(b) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c) Relationship with struck off Companies

The transactions with Companies struck off under Companies Act, 2013 or Companies Act, 1956 are as follows :

S. no	Nature of transactions with struck off Company	Name of struck off Company	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021
A	Trade receivables	Atul Adams Limited	-	8,944
		Ultra Engineers Private Limited	1,463,200	3,387
B	Trade payables	Acme Sales & Marketing Private Limited	-	10,620
		Angel Engineering Works Private Limited	43,530	-
		Ankit Enterprises Private Limited	-	9,700
		Anuj Enterprises Private Limited	-	3,806

S. no	Nature of transactions with struck off Company	Name of struck off Company	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021
		Anusha Enterprises Limited	-	37,202
		Aura Enterprises Private Limited	-	1,947,487
		Green Earth Developers Private Limited	-	275,123
		Kalyan Corporation Private Limited	13,360	-
		Maruti Electrical Appliances Private Limited	-	37,532
		Modern Apparels Private Limited	-	17,248
		Nasa Electronics Private Limited	5,015	-
		Om Enterprises Private Limited	16,514	-
		Pantech Instauments Private Limited	1,416	-
		Parth Travels Private Limited	4,259	1,900
		Patel Traders Private Limited	-	6,830
		Premium Logistic India Private Limited	-	36,900
		Prince Enterprises Private Limited	7,670	-
		Radhe Enterprise (Gujarat) Private Limited	-	51,599
		Royal Engineering Works Private Limited	-	27,258
		S R Electronics Private Limited	-	11,262
		Satyam Enterprises Private Limited	-	681,062
		Shine Industries Private Limited	-	56,066
		Shreeji Plasticizers Private Limited	-	16,992
		Siddhivinayak Enterprises Private Limited	-	663
		Suman Enterprises Private Limited	138	-
		Synergy Associates Private Limited	16,945	5,422,494
		Tara Trading Co Private Limited	-	6,939
		Tirupati Balaji Transport And Minerals Private Limited	284,200	395,450
		Unique Enterprises Private Limited	56,640	28,320
		Unity Packers Private Limited	45,892	-
		Vijay Hydrotech Private Limited	6,999	-
		Yash Hydraulic Equipment Private Limited	6,372	-
		Yogeshwari Roadlines Private Limited	-	48,465
C	Advance to suppliers	Gayatri Electronic Systems Private Limited	-	1,850
		Indotech Engineers Private Limited	-	137
		Max Forge Private Limited	-	90,825
		Nasa Electronics Private Limited	-	4,043

S. no	Nature of transactions with struck off Company	Name of struck off Company	Balance outstanding as at 31 March 2022	Balance outstanding as at 31 March 2021
		Shree Krishna Automobiles Private Limited	-	8,400
		Vallabh Alloys Private Limited	-	211,609
		Vijay Hydrotech Private Limited	-	58,046
		Yash Hydraulic Equipment Private Limited	-	400

The Company does not have any relationship with the above mentioned parties.

(d) Compliance with number of layers of companies

The Company has complied with the number of layers of subsidiary prescribed under the Act.

(e) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current year or previous year.

(f) Utilisation of borrowed funds and share premium

The Company has not advanced or granted any loan or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(g) Undisclosed income

There is no income surrendered or disclosed as income, which is not recorded in books of accounts during the current or previous year in the tax assessments under the Income Tax Act, 1961.

(h) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(i) Valuation of property, plant and equipment, intangible asset and investment property

The Company has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

The Company does not have any investment property.

(j) Registration of charges or satisfaction with Registrar of Companies

The Company has registered all creation and satisfaction of charges with the Registrar of Companies during the current and previous financial year.

(k) Ratios

S. no	Ratio	31 March 2022	31 March 2021	% Change in ratio	Reasons
(a)	Current ratio	**1.41**	0.14	927%	Refer note (i)
(b)	Debt-equity ratio	**-**	(2.64)	-100%	Refer note (ii)
(c)	Debt service coverage ratio	**-**	(0.75)	-100%	Refer note (ii)
(d)	Return on equity ratio	**4.24**	0.63	577%	Refer note (iii)
(e)	Inventory turnover ratio	**2.24**	2.94	-24%	NA*
(f)	Trade receivables turnover ratio	**4.58**	4.65	-1%	NA*
(g)	Trade payables turnover ratio	**1.63**	1.70	-4%	NA*
(h)	Net capital turnover ratio	**(0.92)**	(0.00)	100%	Refer note (iv)
(i)	Net profit ratio	**0.38**	(0.44)	-187%	Refer note (v)
(j)	Return on capital employed ratio	**0.40**	(0.29)	-237%	Refer note (vi)
(k)	Return on investment ratio	**0.40**	(0.29)	-237%	Refer note (vi)

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

Accounting Ratios formulas :

(a) Current Ratio = Current Assets / Current liabilities

(b) Debt-Equity Ratio = Total Debt / Total equity

(c) Debt Service Coverage Ratio = Earnings available for debt service / Debt service

(d) Return on Equity Ratio = Profit for the year / Average equity

(e) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

(f) Trade receivables turnover ratio = Revenue from operations / Average Trade receivables

(g) Trade payables turnover ratio = Purchases / Average Trade payables

(h) Net capital turnover ratio = Revenue from operations / Average Working Capital (Current assets - current liabilities)

(i) Net profit ratio = Profit for the year / Revenue from operations

(j) Return on Capital employed = EBIT / (Tangible networth +Total debt)

(k) Return on investment = Profit for the year / (Debt + Total equity)

Accounting Ratios explanations :

(i) During the current financial year, a significant portion of the Current liabilities including Short term borrowings, Current maturities of long term borrowings, Interest accrued and due were either repaid or written back in accordance with the resolution plan approved by National Company Law Tribunal (NCLT).

(ii) All the debts outstanding as at the beginning of the financial year 2021-2022 were repaid and/or written back in accordance with the resolution plan approved by NCLT, resulting in the Company being debt free.

(iii) Exceptional items on account of write back of borrowings from banks, erstwhile related parties and creditors in accordance with the resolution plan approved by NCLT and impairment of plant and equipments of the Company has resulted in an exceptional gain of Rs. 376.67 millions.

(iv) During the current financial year, a significant portion of the Current liabilities including Short term borrowings, Current maturities of long term borrowings, Interest accrued and due were either repaid or written back in accordance with the resolution plan approved by NCLT. Further, the average working capital is still negative for the current year because of lower base effect of previous year numbers.

(v) Exceptional items on account of write back of borrowings from banks, erstwhile related parties and creditors in accordance with the resolution plan approved by NCLT and impairment of plant and equipments of the Company has resulted in an exceptional gain of Rs. 376.67 millions.

(vi) All the debts outstanding as at the beginning of the financial year 2021-2022 were repaid and/or written back with a corresponding issue of equity shares in accordance with the resolution plan approved by NCLT, resulting in the Company being debt free.

48 Compliance with Order of National Company Law Tribunal (NCLT)

One of the erstwhile financial creditor of the Company, Bank of Baroda had filed an application under the Insolvency and Bankruptcy Code, 2016 **(hereinafter referred as IBC, 2016)** seeking appointment of Resolution Professional and initiation of the Corporate Insolvency Resolution Process **(hereinafter referred as CIRP process)** against the Company, which was admitted by the National Company Law Tribunal **(hereinafter referred as NCLT)** on 30 August 2019.

On 20 September 2019, the honourable National Company Law Appeallate Tribunal (hereinafter referred as NCLAT) ordered a stay the CIRP process on the application of the erstwhile management of the Company. The NCLAT vacated the stay order with effect from 4 January 2020, since the erstwhile management failed to act upon the One Time Settlement proposed in its appeal.

Thereafter, the Resolution Professional through the Monitoring Committee (appointed in accordance with the provisions of IBC, 2016), superseded the erstwhile management of the Company with immediate effect and commenced the first meeting of Committee of Creditors **(hereinafter referred as COC)** in accordance with the provisions of the IBC, 2016. The Resolution Professional gathered the claims made by the financial and operational creditors and invited Expression of Interest for submitting a Resolution plan in accordance with the provisions of IBC, 2016. The Resolution Professional appraised in the 10th meeting of the COC that four resolution plans were received and put them before the COC for its evaluation and examination.

In the 13th meeting of the COC, the resolution plan submitted by Bharat Forge Limited was approved and submitted to the NCLT for its approval. The NCLT pronounced its approval on 26 April 2021 for the resolution.

Accordingly, the resolution plan including the amended plans from time to time submitted by Bharat Forge Limited was implemented through an intermediary investment company 'BF Industrial Solutions Limited'. The impact of the resolution plan on the outstanding liabilities including share capital of the Company is detailed out below.

Note A: Equity share capital

Pursuant to the above mentioned resolution plan, the monitoring committee of the Company resolved on 18 June 2021 to issue 50,000 equity shares of face value of Rs. 10 each to BF Industrial Solutions Limited and its nominees at par.

Subsequently, the issued, subscribed and paid up equity share capital of the Company was reduced by cancelling and extinguishing 1,48,92,267 equity shares (except 50,000 equity shares issued to BF Industrial Solutions Limited) of face value of Rs. 10 each outstanding as on 18 June 2021 without payment of any consideration to the shareholders.

Note B: Long term borrowings, Short term borrowings and interest occurred thereon

(i) Borrowings from banks

The resolution plan approved by the COC and NCLT provided for a One time settlement of all its term loans, working capital facilities and interest accrued thereon (together referred to as Claims) upon payment of Rs. 750.00 million to the banks in full settlement of its claims and balance amount of Rs. 804.57 million claims shall stand to be waived off.

Accordingly, Bharat Forge Limited subscribed to the zero coupon optionally convertible debentures of the intermediary investment Company "BF Industrial Solutions Limited" which simultaneously invested in the zero coupon optionally convertible debentures of the Company and a payment of Rs. 750 millions was made by the BF Industrial Solutions Limited directly to the bankers of the Company. The balance amount of loans were waived off and hence written back in the books of the Company.

(ii) Loans from erstwhile related parties and inter-corporate deposit

The approved resolution plan provided for a complete waiver of the unsecured loans from related parties and inter-corporate deposits of the Company. Accordingly, the balance amount of loans from related parties and inter-corporate deposits outstanding in the books of the Company were written back.

Note C: Other payables

The resolution professional had issued a public notice for consolidating the claims of its creditors (other than banks) , employees and statutory dues in accordance with the provisions of IBC, 2016. The claims consolidated by the resolution professional were settled in the following manner :

(i) Employee related liabilities

The approved resolution plan provided for a full settlement of outstanding dues towards employees of the Company in accordance with the provision of IBC, 2016. These claims were fully settled by the Company during the year.

(ii) Statutory dues (excluding provident fund, professional tax and employee state insurance)

The approved resolution plan provided for a full waiver of statutory dues including disputed statutory dues. Accordingly, the disputes pending at various forums against the Company were deemed to be withdrawn and liabilities extinguished.

(iii) Other payables

The approved resolution plan provided for a proportionate settlement of consolidated claims of its creditors. Accordingly, proportionate amounts were paid to the creditors and the balance outstanding (if any) were deemed to be non payable and written back in the books of the Company.

49 Disclosure on COVID -19 Pandemic

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended 31 March 2022 and has concluded that no there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

50 Prior period comparatives

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

51 The audit of previous year was conducted by a firm other than ANRK & Associates LLP

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

Rahul Khasnis
Partner
Membership Number: 107739
Place: Pune
Date : 27 April 2022

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

Kishore Saletore
Director
DIN: 01705850
Place: Pune
Date : 27 April 2022

Kedar Dixit
Director
DIN: 07055747
Place: Pune
Date : 27 April 2022

Sanjeevkumar Jain
Chief Financial Officer
Place: Pune
Date : 27 April 2022

Deepika Agarwal
Company Secretary
Place: Pune
Date : 27 April 2022

Audit Entries

S. no	GL Account	Particulars	Amount	Narration
1	New GL_1	Earlier year taxes	4,530,802	Being earlier year taxes regrouped
	58241001	Assets written off	-4,530,802	
2	58165060	Audit Fees	500,000	Being audit fees for the year end recognised
	14890000	Other provisions	-500,000	
3	58165060	Audit Fees	105,000	Being audit fees of previous auditor regrouped to Legal and professional fee.
	58112000	Professional Fees	-105,000	
4	14890000	Other provisions	-	Being GST reversal on write back of creditor prior to Aug 2019 and interest reversal included in Other provisions reclassified to correct GL
	24880004	SGST-TDS Receivable	-	
5	14890008	Prov ForAsset(BWRAC)	428,818	Being provision for asset related to VAT reclassifiede for better presentation
	14890007	Prov For Asset(BWRA)	-428,818	
6	14890007	Prov For Asset(BWRA)	271,987	Being provision for asset related to VAT reclassifiede for better presentation
	14890008	Prov ForAsset(BWRAC)	-271,987	
7	14890300	GRATUITY PAYABLE A/C-ST	50,000	Being tentative gratuity provision for FY 2021-2022 reversed.
	14890301	GRATUITY PAYABLE-Long Term	50,000	
	44100001	Remeasurement of Defined Benefit Plan	1,900,000	
	55050100	GRATUITY EXPENSES A/C	-2,000,000	
8	44100001	Remeasurement of Defined Benefit Plan	-2,855,446	Being Gratuity expenses accounted for as per actuarial report of FY 2021-2022
	55050100	GRATUITY EXPENSES A/C	2,035,931	
	14890300	GRATUITY PAYABLE A/C-ST	95,228	
	14890301	GRATUITY PAYABLE-Long Term	724,287	
9	58165000	Other Expenses-Domestic	1,500,000	Being Management fees payable to BFIS Limited accounted for for FY 2021-2022
	13113940	Withholding Tax (TDS) payable	-150,000	
	13121000	Trade Payable -Other Service (Import)	-1,350,000	
10	14700000	Leave Encashment Payable	2,442,510	Being leave encashment payable for FY 2021-2022 accounted for.
	55030000	Salary-Employees	-2,442,510	

BF Infrastructure Limited

Directors

Mr. Sandeep Kapoor

Mr. K. M. Saletore (ceased w.e.f. 15th July, 2021)

Mrs. Deepti R. Puranik

Mr. M.V. Krishna

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

CS 8-10, 6th Floor,

Tower A, The Corenthum A-41,

Sector 62, Noida 201301 UP

Independent Auditor's Report

To the Members of BF Infrastructure Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **BF Infrastructure Limited** ("the Company") which comprises the Standalone Balance Sheet as at 31st March, 2022, the Standalone Statement of Profit and Loss, including the Standalone Statement of Other Comprehensive Income, the Standalone Statement of changes in equity and the Standalone Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and We have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to be reported in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report if we conclude that there is a material misstatement therein, We are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, We are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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.

2. As required by section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.

    c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including other comprehensive income, the standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    e) On the basis of written representations received from the directors as on 31st March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

    g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38 to the standalone financial statements;

        ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

        iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AISAMX7044

Place : Pune
Date : 10th May, 2022

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF BF INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2022.

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

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to us, the Property, Plant and Equipment and relevant details of right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the Property, Plant and Equipment and relevant details of right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising raw material, work in progress and finished goods was physically verified 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.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable

(iii) (a) The Company has not made any investments in, provided any guarantee or security during the year to companies, firms, limited liability partnerships or any other parties. In respect of the loans or advances in the nature of loans, secured or unsecured, granted by the Company during the year to companies, firms, limited liability partnerships or any other parties, we report as under.

(In ₹ Thousands)

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Aggregate amount granted/ provided during the year :				
Fellow Subsidiary	NIL	NIL	103.80	NIL
Other related party	NIL	NIL	2,062.60	NIL
Balance outstanding as at 31st March, 2022 :				
Fellow Subsidiary	NIL	NIL	7,990.91	NIL
Other related party	NIL	NIL	141,201.33	NIL

(b) The terms and conditions of the grant of the above loans were not found prima facie prejudicial to the Company's interest.

(c) In respect of the loans or advances in the nature of loans which are repayable on demand, no schedules of repayment of the principal and payment of interest have been stipulated. For other loans or advances in the nature of loans, schedules of repayment of the principal and payment of interest have been stipulated. The repayment or receipts are regular.

(d) There were no amounts overdue in respect of the principal and payment of interest.

(e) No loan or advance in the nature of loan granted and which has fallen due during the year has been renewed or extended or fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) Details of loans granted which are repayable on demand or without specifying any terms of repayment are as under.

(In ₹ Thousands)

	All parties ₹	**Promoters** ₹	**Related parties** ₹
Aggregate amount of loans/ advances in the nature of loans :			
Repayable on demand	NIL	NIL	NIL
Agreement does not specify any terms or period of repayment	149,192.25	NIL	149,192.25
Total :	**149,192.25**	**NIL**	**149,192.25**
Percentage of loans/ advances in the nature of loans to the total loans		0%	100%

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was generally found to be regular in depositing undisputed statutory dues including goods and services tax, provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 do not apply to the Company. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st March, 2022 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute, save and except the following:

(In ₹ Thousands)

Name of the Statute	Nature of the Dues	Amount ₹	Period	Forum where dispute is pending
The West Bengal Value Added Tax Act, 2003	Penalty	554.45	F.Y.2011-12	The West Bengal Taxation Tribunal
The West Bengal Value Added Tax Act, 2003	Value Added Tax	46.62	F.Y.2012-13	The West Bengal Taxation Tribunal
Income Tax Act, 1961	Penalty	135,405.17	F.Y.2018-19	Commissioner of Income Tax (Appeals)

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 177 and 188 of the Companies Act, 2013. The details of the related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

(xiv) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company within the Group.

(xvii) The Company has not incurred the following amounts of cash losses during the financial year covered by this report and incurred cash losses in the preceding financial year.

(In ₹ Thousands)

	Current Financial Year ₹	**Preceding Financial Year** ₹
Cash losses incurred	NIL	36,362.69

(xviii) The previous auditor resigned during the year as a consequence of conversion of the practice into a limited liability partnership. There were no issues, objections or concerns raised by the outgoing auditor.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AISAMX7044

Place : Pune
Date : 10th May, 2022

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF BF INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2022.

We have audited the internal financial controls over financial reporting of **BF Infrastructure Limited** ("the Company") as of 31st March, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AISAMX7044

Place : Pune
Date : 10th May, 2022

Standalone Balance Sheet as at 31st March, 2022

(In ₹ Thousands)

		Note No.	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
I	**ASSETS**			
1	**Non-current Assets**			
	(a) Property, plant and equipment	3	**271.91**	140.51
	(b) Right-of-use asset	4	**-**	-
	(c) Goodwill	5	**51,897.03**	51,897.03
	(d) Other intangible assets	5	**910.74**	4,194.96
	(e) Financial assets			
	(i) Investments	6	**49.00**	49.00
	(ii) Other non-current financial assets	7	**2,341.22**	41,780.88
	(f) Income tax assets (net)	8	**4,578.22**	5,103.48
	(g) Other non-current assets	9	**9,225.43**	10,873.95
	(h) Deferred tax asset (net)	10	**-**	-
			69,273.55	114,039.81
2	**Current Assets**			
	(a) Inventories	11	**39,304.49**	33,108.99
	(b) Financial assets			
	(i) Trade receivables	12	**11,304.27**	28,652.49
	(ii) Cash and cash equivalents	13	**66,082.76**	43,974.55
	(iii) Other bank balances	13	**75,291.23**	18,818.28
	(iv) Loans	14	**127,771.07**	188,836.62
	(v) Other current financial assets	15	**715.50**	723.00
	(c) Other current assets	16	**750.53**	2,302.79
			321,219.85	316,416.72
	Total :		**390,493.40**	430,456.53
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	17	**2,239,668.00**	2,239,668.00
	(b) Other equity	18	**(1,924,473.68)**	(1,947,683.07)
			315,194.32	291,984.93
2	**Non-current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	19	**-**	40,000.00
	(b) Non-current provisions	20	**489.35**	623.27
	(c) Other non-current liabilities	21	**-**	90.50
			489.35	40,713.77
3	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	22	**40,000.00**	-
	(ii) Trade payables			
	Dues to micro enterprises and small enterprises	23	**-**	129.80
	Dues to other than micro enterprises and small enterprises	23	**20,025.09**	56,577.17
	(iii) Other current financial liabilities	24	**378.03**	651.73
	(b) Current provisions	25	**3,343.95**	4,940.08
	(c) Other current liabilities	26	**11,062.66**	35,459.05
			74,809.73	97,757.83
	Total :		**390,493.40**	430,456.53
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-50**		

As per our attached report of even date,

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AISAMX7044

Place : Pune
Date : 10th May, 2022

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 10th May, 2022

Standalone Statement of Profit and Loss for the year ended 31st March, 2022

(In ₹ Thousands)

		Note No.	For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
I	**Income**			
	Revenue from Operations	27	**92,049.43**	39,256.86
	Other income	28	**40,039.52**	2,596.55
	Total income		**132,088.95**	41,853.41
II	**Expenses**			
	Cost of raw materials and components consumed	29	**46,065.87**	33,238.16
	Changes in inventories of work in progress and finished goods	30	**7,061.01**	(25,335.36)
	Employee benefit expenses	31	**28,115.74**	25,502.34
	Finance costs	32	**3,861.48**	1,240.28
	Depreciation & amortisation expense	33	**3,322.23**	8,452.44
	Other expenses	34	**20,366.00**	43,570.68
	Total expenses		**108,792.33**	86,668.54
III	**Profit/ (Loss) before tax**		**23,296.62**	(44,815.13)
IV	**Tax Expense**			
	Current tax		**-**	-
	Deferred tax		**-**	-
			-	-
V	**Profit/ (Loss) for the year**		**23,296.62**	(44,815.13)
VI	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		**(87.23)**	550.78
	Total other comprehensive income, net of tax		**(87.23)**	550.78
VII	**Total Comprehensive Income for the year**		**23,209.39**	(44,264.35)
VIII	**Earnings per share (of ₹ 10/- each):**			
	Basic		**0.10**	(0.20)
	Diluted		**0.10**	(0.20)
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-50**		

As per our attached report of even date,

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

Sunit S. Shaha
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Membership No. 142953
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On behalf of the Board of Directors,

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Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 10th May, 2022

Statement for changes in equity for the year ended 31st March, 2022

a. Equity share capital (In ₹ Thousands)

	As at 31st March, 2022		As at 31st March, 2021	
	Nos	₹	Nos	₹
Equity shares of ₹ 10/- each issued, subscribed and fully paid up				
As at the beginning of the year	**223,966,800**	**2,239,668.00**	219,523,790	2,195,237.90
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period	**223,966,800**	**2,239,668.00**	219,523,790	2,195,237.90
Changes in equity share capital during the year	**-**	**-**	4,443,010	44,430.10
As at the end of the year	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00

b. Other equity (In ₹ Thousands)

		Retained earnings	Other Comprehensive Income	Total Other Equity
			Other Items	
		₹	₹	₹
Balance as at 1st April, 2020		(1,903,648.77)	230.05	(1,903,418.72)
Changes in accounting policies or prior period errors		-	-	-
Restated balance at the beginning of the previous reporting period		(1,903,648.77)	230.05	(1,903,418.72)
Loss for the year		(44,815.13)	-	(44,815.13)
Other Comprehensive Income		-	550.78	550.78
Balance as at 31st March 2021		(1,948,463.90)	780.83	(1,947,683.07)
Changes in accounting policies or prior period errors		**-**	**-**	**-**
Restated balance at the beginning of the current reporting period		**(1,948,463.90)**	**780.83**	**(1,947,683.07)**
Profit for the year		**23,296.62**	**-**	**23,296.62**
Other Comprehensive Income		**-**	**(87.23)**	**(87.23)**
Balance as at 31st March 2022		**(1,925,167.28)**	**693.60**	**(1,924,473.68)**
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-50**			

As per our attached report of even date,

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AISAMX7044

Place : Pune
Date : 10th May, 2022

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
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Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 10th May, 2022

Standalone Cash Flow Statement for the year ended 31st March, 2022

(In ₹ Thousands)

		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
A.	Cash flow from operating activities :		
	Profit/(Loss) for the year	**23,296.62**	(44,815.13)
	Adjusted for :		
	Tax expense	**-**	-
	Depreciation	**3,322.23**	8,452.44
	Interest Paid	**3,861.48**	1,240.28
	Interest Received	**(3,309.24)**	(2,565.76)
	Other Comprehensive Income		
	Remeasurement of the net defined benefit liability/asset	**(87.23)**	550.78
		3,787.24	7,677.74
	Operating Profit before working capital changes :	**27,083.86**	(37,137.39)
	Changes in :		
	Trade and other receivables	**75,426.55**	(57,181.78)
	Liabilities and provisions	**(63,172.52)**	64,102.15
		12,254.03	6,920.37
	Cash generation from operations :	**39,337.89**	(30,217.02)
	Direct taxes (paid)/refund received (net)	**648.60**	7,426.66
	Net Cash (used in)/from operating activities :	**39,986.49**	(22,790.36)
B.	Cash flow from investing activities :		
	Purchase of Property, Plant and Equipment	**(169.41)**	(249.20)
	Sale of Property, Plant and Equipment (Net of Advances)	**-**	-
	Investment in fixed deposits	**(40,000.00)**	(66,086.24)
	Withdrawal from fixed deposits	**22,966.71**	43,925.58
	Interest received	**3,185.90**	1,186.37
	Net cash (used in)/from investing activities :	**(14,016.80)**	(21,223.49)
C.	Cash flow from financing activities :		
	Issue of Equity Share capital	**-**	44,430.10
	Proceeds from / (Repayment of) long term borrowings	**-**	40,000.00
	Lease liability Principal Payment	**-**	(54.45)
	Lease liability Interest Payment	**-**	(7.00)
	Interest paid	**(3,861.48)**	(1,233.28)
	Net cash (used in)/from financing activities :	**(3,861.48)**	83,135.37
	Net changes in cash and cash equivalents (A+B+C) :	**22,108.21**	39,121.52

(In ₹ Thousands)

		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Cash and Cash Equivalents, at the beginning :		**43,974.55**	4,853.03
Add : Net changes in cash and cash equivalents, as above		**22,108.21**	39,121.52
Cash and Cash Equivalents, at the close :		**66,082.76**	43,974.55
Cash and Cash Equivalents :			
Cash and Bank Balances:		**66,082.76**	43,974.55
		66,082.76	43,974.55
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-50**		

As per our attached report of even date,

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AISAMX7044

Place : Pune
Date : 10th May, 2022

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 10th May, 2022

Notes forming part of the standalone financial statements for the year ended 31st March, 2022

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).

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, 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.

2.4 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 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. 49.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and control of the services are transferred to the customer and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.17.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

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 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 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 derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various Property, Plant and Equipment which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		**Estimated useful life**
i)	Plant and Machinery	15 years
ii)	Computer and Data Processing Equipment	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
iii)	Furnitures and Fixtures	10 years
iv)	Office Equipment	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets :

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

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

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

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset		**Estimated useful life**
i)	Software	3 years
ii)	Customer Contracts	18 months approx.
ii)	Technical Knowhow	34 months approx.

2.9 Leases :

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

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease

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

Type of Asset	**Estimated useful life**
Building	amortised over the period of lease deed executed

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

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Work-in-progress 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.

2.11 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.

2.12 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.

2.13 Impairment of Non-financial assets :

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

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

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

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

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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

2.15 Retirement and other employee benefits :

a) Gratuity :

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method.

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

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.16 Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

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

i Debt instruments at amortised cost

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

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

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

e) Debt instrument at FVTPL

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

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

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

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

g) Derecognition

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

i The rights to receive cash flows from the asset have expired, or

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

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

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

h) Impairment of financial assets

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

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

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 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 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 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 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that 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 standalone financial statements.

3 Property, plant and equipment :

(In ₹ Thousands)

	Plant & Machinery	Office Equipment	Computers	Total
	₹	₹	₹	₹
GROSS BLOCK, AT COST :				
As at 1st April, 2020.	-	104.46	99.10	203.56
Additions	85.20	14.00	40.00	139.20
Disposals	-	-	-	-
As at 31st March, 2021.	85.20	118.46	139.10	342.76
Additions	**47.22**	**43.19**	**79.00**	**169.41**
Disposals	**-**	**-**	**-**	**-**
As at 31st March, 2022.	**132.42**	**161.65**	**218.10**	**512.17**
DEPRECIATION AND AMORTIZATION :				
Upto 1st April, 2020.	-	99.24	94.20	193.44
Disposals	-	-	-	-
For the year	2.88	0.83	5.10	8.81
Upto 31st March, 2021.	2.88	100.07	99.30	202.25
Disposals	**-**	**-**	**-**	**-**
For the year	**7.80**	**8.25**	**21.96**	**38.01**
Upto 31st March, 2022.	**10.68**	**108.32**	**121.26**	**240.26**
NET BLOCK :				
As at 31st March, 2021.	82.32	18.39	39.80	140.51
As at 31st March, 2022.	**121.74**	**53.33**	**96.84**	**271.91**

4 Right of use Assets :

(In ₹ Thousands)

	For Building ₹	Total ₹
GROSS BLOCK, AT COST :		
As at 1st April, 2020.	185.41	185.41
Additions	-	-
Disposals	(185.41)	(185.41)
Adjustments	-	-
As at 31st March, 2021.	-	-
Additions	**-**	**-**
Disposals	**-**	**-**
Adjustments		**-**
As at 31st March, 2022.	**-**	**-**
DEPRECIATION AND AMORTIZATION :		
Upto 1st April, 2020.	82.40	82.40
Disposals	(130.47)	(130.47)
For the year	48.07	48.07
Upto 31st March, 2021.	-	-
Disposals	-	**-**
For the year	**-**	**-**
Upto 31st March, 2022.	**-**	**-**
NET BLOCK :		
As at 31st March, 2021.	-	-
As at 31st March, 2022.	**-**	**-**

5 Intangible Assets and Goodwill :

(In ₹ Thousands)

	Goodwill	Software	Customer Contracts	Technical Know-How	Total
	₹	₹	₹	₹	₹
GROSS BLOCK, AT COST :					
As at 1st April, 2020.	51,897.03	2,481.74	7,835.00	8,646.00	70,859.77
Additions	-	110.00	-	-	110.00
Disposals	-	-	-	-	-
As at 31st March, 2021.	51,897.03	2,591.74	7,835.00	8,646.00	70,969.77
Additions	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2022.	**51,897.03**	**2,591.74**	**7,835.00**	**8,646.00**	**70,969.77**
DEPRECIATION AND AMORTIZATION :					
Upto 1st April, 2020.	-	2,168.65	2,687.09	1,626.48	6,482.22
Disposals	-	-	-	-	-
For the year	-	123.10	5,147.91	3,124.55	8,395.56
Upto 31st March, 2021.	-	2,291.75	7,835.00	4,751.03	14,877.78
Disposals	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**159.67**	**-**	**3,124.55**	**3,284.22**
Upto 31st March, 2022.	**-**	**2,451.42**	**7,835.00**	**7,875.58**	**18,162.00**
NET BLOCK :					
As at 31st March, 2021.	51,897.03	299.99	-	3,894.97	56,091.99
As at 31st March, 2022.	**51,897.03**	**140.32**	**-**	**770.42**	**52,807.77**

Goodwill and CGU's impairment testing :

The Company has identified its Defense Business as the Cash Generating Unit (CGU), to which goodwill has been allocated. The goodwill generated through business combination has been entirely allocated to CGU 'Defense Business'. The carrying amount of goodwill as at March 31, 2022 is Approx ₹ 51,897.03 Thousand (March 31, 2021 : Approx ₹ 51,897.03 Thousand) net of impairment, if any.

The Company tests whether goodwill has suffered any impairment on an annual basis as at 31st March. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The Company considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumption used are mentioned below.

	31st March, 2022	31st March, 2021
Weighted Average Cost of Capital % (WACC) before tax (discount rate)	21.55%	24.52%
Terminal growth rate	5%	5%

The management has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

Based on the above assessment, there has been no impairment of goodwill.

(In ₹ Thousands)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
6	**Investments :**			
	Non-Current			
	Equity Instruments, Unquoted :			
	(At Cost)			
	Investments in Associates :			
	4,900 (4,900)	Equity shares having Face value of ₹ 10/- each, fully paid up, of Ferrovia Transrail Solutions Private Limited	**49.00**	49.00
		Total :	**49.00**	49.00

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
7	**Other non-current financial assets (Unsecured, considered good):**			
	Deposits with banks with more than twelve months maturity[(a)b)]		**2,341.22**	41,780.88
		Total :	**2,341.22**	41,780.88
	(a) Includes deposits held as security for various government authorities		**1,172.63**	-
	(b) Includes deposits held as margin against bank guarantees		**1,168.59**	35,618.14

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
8	**Income tax assets (net) :**			
	Tax paid in advance (net)		**4,578.22**	5,103.48
		Total :	**4,578.22**	5,103.48

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
9	**Other non-current assets (Unsecured) :**			
	Prepaid Expenses		**28.36**	613.20
	Balances with government authorities			
	Good		**9,197.07**	10,260.75
	Doubtful		**5,974.50**	-
	Less : Allowances for credit losses		**(5,974.50)**	-
			-	-
		Total :	**9,225.43**	10,873.95

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
10	**Deferred Tax Asset (net) :**		
	Deferred Tax Assets		
	Timing differences for		
	Disallowances	**14,709.00**	17,337.00
	Depreciation	**2,170.00**	2,113.00
		16,879.00	19,450.00
	Less: Deferred tax asset in excess of the liability derecognised	**(16,879.00)**	(19,450.00)
		-	-
	Less : Deferred Tax Liabilities	**-**	-
	Total :	**-**	-
11	**Inventories**		
	(As taken, valued and certified by the Directors)		
	Raw materials and components[(a)]	**18,116.14**	4,859.63
	Work-in-progress	**21,188.35**	27,649.36
	Finished goods	**-**	600.00
	Total :	**39,304.49**	33,108.99
	(a) During the year Approx ₹ 1,225 Thousand (31st March, 2021: NIL) was recognised as expense in material consumption on account of provision for slow and non moving inventories.		
12	**Trade Receivables :**		
	Considered Good - Unsecured	**11,304.27**	28,652.49
	Credit Impaired	**-**	-
	Less : Allowances for credit losses	**-**	-
		-	-
	Total :	**11,304.27**	28,652.49
	Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.		

Trade receivables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(In ₹ Thousands)

	Outstanding for following periods from due date of payment					
	Not due	**Less than 6 Months**	**6 months – 1 year**	**1-2 years**	**More than 2 years**	**Total**
	₹	₹	₹	₹	₹	₹
31st March, 2022						
i) Undisputed – considered good	**-**	**-**	**11,304.27**	**-**	**-**	**11,304.27**
ii) Undisputed – credit impaired	**-**	**-**	**-**	**-**	**-**	-
iii) Disputed - considered good	**-**	**-**	**-**	**-**	**-**	-
iv) Disputed – credit impaired	**-**	**-**	**-**	**-**	**-**	-
Total :	**-**	**-**	**11,304.27**	**-**	**-**	**11,304.27**
31st March, 2021						
i) Undisputed – considered good	27,150.87	1,501.62	-	-	-	28,652.49
ii) Undisputed – credit impaired	**-**	**-**	**-**	**-**	**-**	-
iii) Disputed - considered good	**-**	**-**	**-**	**-**	**-**	-
iv) Disputed – credit impaired	**-**	**-**	**-**	**-**	**-**	-
Total :	27,150.87	1,501.62	-	-	-	28,652.49

(In ₹ Thousands)

		As at 31st March, 2022	As at 31st March, 2021
		₹	₹
13	**Cash and bank balances**		
	Cash and cash equivalents		
	Balances with banks		
	In current accounts	**66,057.00**	42,427.80
	Deposits with original maturity of less than three months	**-**	1,529.80
	Cash on hand	**25.76**	16.95
	Sub Total :	**66,082.76**	43,974.55
	Other bank balances		
	Deposits with original maturity of more than three months[(a)(b)]	**75,291.23**	18,818.28
	Sub Total :	**75,291.23**	18,818.28
	Total :	**141,373.99**	62,792.83
	(a) Includes deposits held as security for various government authorities	**54.00**	1,155.88
	(b) Includes deposits held as margin against bank guarantees	**-**	4,162.40

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
14	**Loans (Current):**		
	Unsecured		
	Loans to related parties		
	Good	**127,771.07**	188,836.62
	Doubtful	**21,421.18**	24,679.82
	Less : Allowances for credit losses	**(21,421.18)**	(24,679.82)
		-	-
	Total :	**127,771.07**	188,836.62

For terms and conditions relating to related party receivable refer Note No. 37

15	**Other current financial assets (Unsecured, considered good):**		
	Security deposits	**715.50**	723.00
	Total :	**715.50**	723.00

16	**Other current assets :**		
	Advances to suppliers		
	Unsecured, considered good	**146.48**	1,287.07
	Doubtful	**821.74**	-
		968.22	1,287.07
	Less: Provision for doubtful advances	**(821.74)**	-
		146.48	1,287.07
	Prepaid Expenses	**569.41**	939.00
	Other advances recoverable in cash or in kind or for value to be received	**34.64**	76.72
	Total :	**750.53**	2,302.79

17 Equity Share Capital :

(In ₹ Thousands)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Authorised :				
237,600,000	(237,600,000)	Equity Shares of ₹ 10/-, each	**2,376,000.00**	2,376,000.00
			2,376,000.00	2,376,000.00
Issued, Subscribed and Paid up :				
223,966,800	(223,966,800)	Equity Shares of ₹ 10/-, each, fully paid up	**2,239,668.00**	2,239,668.00
			2,239,668.00	2,239,668.00

(a) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees.

(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, 2022 is set out below.

Equity Shares :

	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	**Amount in thousand**	No. of Shares	Amount in thousand
Balance at the beginning of the year	**223,966,800**	**2,239,668.00**	219,523,790	2,195,237.90
Add: Shares issued during the year	**-**	**-**	4,443,010	44,430.10
Balance at the close of the year	**223,966,800**	**2,239,668.00**	223,966,800	2,239,668.00

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Equity Shares :

	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	**%**	No. of Shares	%
Bharat Forge Ltd.$	**223,966,800**	**100.00**	223,966,800	100.00

$ The Holding Company. (Including shares held through nominees)

(e) Shares held by Promoters at the end of the year :

	As at 31st March, 2022		As at 31st March, 2021		**% Changes during the year**
	No. of Shares	**%**	No. of Shares	%	
Bharat Forge Ltd.$	**223,966,800**	**100.00**	223,966,800	100.00	-

$ The Holding Company. (Including shares held through nominees)

18 Other Equity :

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Other comprehensive income		
As per last account	**780.83**	230.05
Add :		
Other comprehensive income for the year	**(87.23)**	550.78
	693.60	780.83
Surplus/(deficit) in the Statement of Profit and Loss		
As per last account	**(1,948,463.90)**	(1,903,648.77)
Add :		
Profit/ (Loss) for the year	**23,296.62**	(44,815.13)
	(1,925,167.28)	(1,948,463.90)
Closing balance	**(1,924,473.68)**	(1,947,683.07)

19 Borrowings (Non-current) :

Unsecured		
Intercorporate loan from the Holding Company[(a)]	**40,000.00**	40,000.00
Less : Current maturities of Long Term borrowings disclosed under Borrowings under current liabilities	**(40,000.00)**	-
Total :	**-**	40,000.00

(a) Intercorporate loan from the Holding Company :

Intercorporate loan from the Holding Company carries interest @ 9% p.a. Interest shall accrue and be payable on quarterly basis. The said loan is repayable after 2 years from the date of disbursement of loan.

20 Non-current provisions :

Provision for employee benefits :		
Gratuity	**-**	-
Compensated absences	**489.35**	623.27
	489.35	623.27

21 Other non-current liabilities :

Contract Liabilities		
Deferred Revenue[(a)]	**-**	90.50
Total :	**-**	90.50

(a) Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
22	**Borrowings (Current):**		
	Unsecured		
	Current maturities of Intercorporate loan from the Holding Company	**40,000.00**	-
	Total :	**40,000.00**	-
23	**Trade payables :**		
	Dues to micro enterprises and small enterprises	**-**	129.80
	Dues to other than micro enterprises and small enterprises	**20,025.09**	56,577.17
	Total :	**20,025.09**	56,706.97

Trade payables are non-Interest bearing and are generally settled on 30 to 45 days terms.

Trade payables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(In ₹ Thousands)

	Outstanding for following periods from due date of payment				
	Not Due ₹	**Less than 1 year** ₹	**1-2 years** ₹	**More than 2 years** ₹	**Total** ₹
31st March, 2022					
i) MSME	**-**	**-**	**-**	**-**	-
ii) Other than MSME	**10,066.59**	**7,694.51**	**2,263.99**	**-**	**20,025.09**
iii) Disputed dues to MSME	**-**	**-**	**-**	**-**	-
iv) Disputed dues to Other than MSME	**-**	**-**	**-**	**-**	-
Total :	**10,066.59**	**7,694.51**	**2,263.99**	**-**	**20,025.09**
31st March, 2021					
i) MSME	-	129.80	-	-	129.80
ii) Other than MSME	29,449.96	27,127.21	-	-	56,577.17
iii) Disputed dues to MSME	-	-	-	-	-
iv) Disputed dues to Other than MSME	-	-	-	-	-
Total :	29,449.96	27,257.01	-	-	56,706.97

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
24	**Other current financial liabilities :**		
	Amount payable for purchase of business	**378.03**	378.03
	Interest accrued and due on borrowings	**-**	273.70
	Total :	**378.03**	651.73
25	**Current provisions :**		
	Provision for employee benefits :		
	Gratuity	**342.06**	730.75
	Compensated absences	**165.04**	61.28
	Other provisions :		
	Liquidated damages[(a)(b)]	**2,836.85**	4,148.05
	Total :	**3,343.95**	4,940.08

(a) In pursuance of Ind AS-37 'Provisions, contingent liabilities and contingent assets', the details of the provisions are as under:

Provision for liquidated damages represents the expected claims not in the nature of variable consideration which the Company may need to pay for non-fulfilment of certain commitments as per the terms of the respective sales contracts. These are determined on a case to case basis considering the dynamics of each contract and the factors relevant to that sale.

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Opening Balance	**4,148.05**	3,825.76
Arising during the year	**198.00**	679.14
Utilised during the year	**(1,509.20)**	(331.51)
Provision Written Back	**-**	(25.34)
Closing balance	**2,836.85**	4,148.05

(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.

(In ₹ Thousands)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
26	**Other current liabilities :**		
	Contract liabilities		
	Advances from customers [(a)(b)]	**5,921.95**	31,717.04
	Deferred revenue [(c)]	**90.50**	774.50
	Statutory liabilities	**5,050.21**	2,967.51
	Total :	**11,062.66**	35,459.05

(a) Includes of advance from related parties (Refer note 37).

(b) The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

(c) Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
27	**Revenue from operations :**		
	Sale of products	**90,269.93**	36,439.59
	Sale of services	**1,779.50**	2,817.27
	Total :	**92,049.43**	39,256.86
	Disaggregate revenue information :		
	The table below presents disaggregated revenues from contracts with customers by geographical segments and contract type.		
	Revenue by geographical segments :		
	Within India	**92,049.43**	39,256.86
	Outside India	**-**	-
	Total :	**92,049.43**	39,256.86
	Revenue by contract type :		
	Fixed price contracts	**92,049.43**	39,256.86
	Time and material contracts	**-**	-
	Total :	**92,049.43**	39,256.86

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
28	**Other income :**		
	Interest Income		
	On bank deposits	**3,185.90**	1,186.37
	On income tax refund	**123.34**	1,379.39
	Other	**1,709.49**	-
	Liabilities / provisions no longer required written back	**15,196.96**	25.34
	Miscellaneous Income	**19,823.83**	5.45
	Total :	**40,039.52**	2,596.55
29	**Cost of raw material and components consumed :**		
	Inventory at the beginning of the year	**4,859.63**	132.27
	Add: Purchases	**59,322.38**	37,965.52
		64,182.01	38,097.79
	Less: Inventory at the end of the year	**(18,116.14)**	(4,859.63)
	Cost of raw material and components consumed	**46,065.87**	33,238.16
30	**Changes in Inventories of Work in Progress and Finished Goods**		
	Inventories at the beginning of the year		
	Work-in-progress	**27,649.36**	2,314.00
	Finished Goods	**600.00**	600.00
		28,249.36	2,914.00
	Inventories at the close of the year		
	Work-in-progress	**21,188.35**	27,649.36
	Finished Goods	**-**	600.00
		21,188.35	28,249.36
	Total :	**7,061.01**	(25,335.36)
31	**Employee benefit expenses :**		
	Salaries and Wages	**26,738.41**	24,179.22
	Contributions to		
	- Provident fund	**1,062.50**	929.10
	- Gratuity	**284.31**	365.30
	Staff welfare expenses	**30.52**	28.72
	Total :	**28,115.74**	25,502.34

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
32	**Finance costs :**		
	Interest on Intercorporate Loan	**3,818.08**	295.89
	Other Interest*	**43.40**	944.39
	Total :	**3,861.48**	1,240.28

* Other Interest includes interest on statutory liabilities, unwinding of discount on financial liabilities, etc.

33	**Depreciation and Amortisation :**		
	Property, plant and equipment	**38.01**	8.81
	Right of use Assets	**-**	48.07
	Intangible Assets	**3,284.22**	8,395.56
	Total :	**3,322.23**	8,452.44

34	**Other expenses :**		
	Labour and Processing Charges	**171.58**	831.67
	Repairs and Maintenance - Others	**113.38**	81.79
	Insurance	**624.33**	540.03
	Rates and Taxes	**249.06**	200.76
	Liquidated damages (Refer note no. 25)	**198.00**	679.14
	Rent Expenses	**1,431.00**	715.50
	Travelling and Conveyance	**1,539.00**	817.08
	Legal and Professional Fees	**2,478.68**	4,091.96
	Technical Consultancy	**353.23**	484.91
	Payment to Auditors (Refer note no. 41)	**300.00**	295.05
	Share Issue Expenses	**-**	52.80
	Foreign Exchange Fluctuation (Loss)	**123.99**	18.06
	Amounts Written Off	**3,805.90**	3.91
	Provision for oil block activity	**-**	18,451.51
	Allowances for credit losses	**7,337.60**	13,730.16
	Miscellaneous Expenses#	**1,640.25**	2,576.35
	Total :	**20,366.00**	43,570.68

Miscellaneous expenses includes Telephone & Internet Expenses,BG Commission,Bank charges,etc.

35 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized Approx ₹ 1,062.50 Thousand (Previous Year:Approx ₹ 929.10 Thousand)) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 day's salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a) Asset-Liability Mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2022	Year ended 31st March, 2021
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.30%**	7.00%
Expected rate of return on plan assets	**7.00%**	6.80%
Salary Growth Rate	**6.00%**	6.00%
Expected average remaining working lives (in years)	**18.68**	20.94
Withdrawal rate	**1.00%**	1.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Present value of obligation as at the beginning of the year	**2,434.33**	2,461.29
Interest expense	**152.16**	160.46
Current service cost	**305.27**	328.66
Benefits (paid)	**(521.35)**	(203.21)
Remeasurements on obligation [Actuarial (Gain) / Loss]	**57.15**	(312.87)
Present value of obligation as at the end of the year	**2,427.56**	2,434.33

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Fair value of plan assets at the beginning of the year	**1,703.58**	1,884.17
Adjustment to fund	**-**	(100.00)
Interest Income	**129.18**	139.06
Contributions	**805.03**	0.56
Mortality Charges and Taxes	**(0.86)**	(0.78)
Benefits paid	**(521.35)**	(203.21)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**(30.08)**	(16.22)
Fair value of plan assets at the end of the year	**2,085.50**	1,703.58
Actual return on plan assets	**99.10**	122.84

Net Interest (Income/Expense) (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Interest (Income) / Expense – Obligation	**152.16**	160.46
Interest (Income) / Expense – Plan assets	**(129.18)**	(139.06)
Net Interest (Income) / Expense for the period	**22.98**	21.40

Remeasurement for the period [Actuarial (Gain)/loss] (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Experience (Gain) / Loss on plan liabilities	**97.90**	(273.20)
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**(40.75)**	(39.56)
Experience (Gain) / Loss on plan assets	**33.77**	16.22
Financial (Gain) / Loss on plan assets	**(3.69)**	-

Amount recognised in Statement of Other comprehensive Income (OCI)

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Opening amount recognised in OCI outside profit and loss account	**(569.76)**	(273.11)
Remeasurement for the period-Obligation (Gain)/Loss	**57.15**	(312.87)
Remeasurement for the period-Plan assets (Gain)/Loss	**30.08**	16.22
Total Remeasurement cost/(credit) for the period recognised in OCI	**87.23**	(296.65)
Closing amount recognised in OCI outside profit and loss account	**(482.53)**	(569.76)

The amounts to be recognised in the Balance Sheet (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Present value of obligation as at the end of the period	**2,427.56**	2,434.33
Fair value of plan assets as at the end of the period	**2,085.50**	1,703.58
Net Asset / (liability) to be recognised in balance sheet	**(342.06)**	(730.75)

Expense recognised in the statement of profit and loss (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Current service cost	**305.27**	328.66
Net Interest (Income) / Expense	**22.98**	21.40
Net periodic benefit cost recognised in the statement of profit and loss	**328.25**	350.06

Reconciliation of Net Asset/(Liability) recognised: (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Net asset / (liability) recognised at the beginning of the period	**(730.75)**	(577.12)
Company contributions	**805.03**	0.56
Expense recognised at the end of period	**(328.25)**	(350.06)
Amount recognised outside profit & loss for the period	**(87.23)**	296.65
Mortality Charges and Taxes	**(0.86)**	(0.78)
Adjustment to Fund	**-**	(100.00)
Net asset / (liability) recognised at the end of the period	**(342.06)**	(730.75)

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

	Year ended 31st March, 2022	Year ended 31st March, 2021
Funds managed by insurer	**100%**	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Discount rate	Present value of obligation	
	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Increase in discount rate by 100 basis points	**2,302.45**	2,215.61
Decrease in discount rate by 100 basis points	**2,569.91**	2,756.19

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Salary growth rate	**Present value of obligation**	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in salary growth rate by 100 basis points	**2,547.66**	2,729.83
Decrease in salary growth rate by 100 basis points	**2,320.41**	2,232.83

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Withdrawal rate	**Present value of obligation**	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in withdrawal rate by 100 basis points	**2,438.21**	2,480.11
Decrease in withdrawal rate by 100 basis points	**2,415.57**	2,439.59

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

(In ₹ Thousands)

Year Ending	**31st March, 2022**	31st March, 2021
	₹	₹
Within the next 12 months (next annual reporting period)	**1,000.00**	-

(c) Other Long Term Employee Benefits :

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

(In ₹ Thousands)

Sr. No.		**As at 31st March, 2022**	As at 31st March, 2021
		₹	₹
1	Present Value of Obligation	**654.39**	684.55
2	Fair Value of Plan Assets	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**654.39**	684.55

36 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.

37 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

d) Entrerprises owned or significantly influenced by Holding Company : i) BF NTPC Energy Systems Limited

e) Key Managerial Personnel : i) Mr. Kishore Mukund Saletore (Director till 15th July, 2021)

ii) Mr. Sandeep Kapoor (Director)

iii) Mr. Rohit Gogia (Manager)

iv) Ms. Sneha Modi (Company Secretary)

v) Mr. Vineet (Chief Financial Officer Appointed w.e.f 19th Sep, 2020)

vi) Mr. Mohit Kapoor (Chief Financial Officer till 18th Sep, 2020)

B. Related party transaction : (In ₹ Thousands)

Sr. No.	Nature of Transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2022	Year ended 31st March, 2021
				₹	₹
1	**Managerial remuneration**	(a)	**Key Managerial Personnel**		
			Mr. Rohit Gogia	**2,151.66**	2,462.40
			Ms. Sneha Modi	**759.61**	698.35
			Mr. Vineet	**728.75**	290.40
			Mr.Mohit Kapoor	**-**	347.49
2	**Reimbursement of expenses Received**	(b)	**Holding Company**		
			Bharat Forge Limited	-	92.73
			Associate Companies		
			Ferrovia Transrail Solutions Private Limited	**134.25**	-
3	**Reimbursement of expenses Paid**	(c)	**Holding Company**		
			Bharat Forge Limited	**2,141.28**	3,388.28
4	**Loans Given**	(d)	**Associate Company**		
			Ferrovia Transrail Solution Pvt. Ltd	**1,522.60**	39,218.39
			Subsidiary Company		
			BFIL-CEC JV	**103.80**	142.10
			Entrerprises owned or significantly influenced by Holding Company		
			BF NTPC Energy Systems Limited	**540.00**	

(In ₹ Thousands)

Sr. No.	Nature of Transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2022	Year ended 31st March, 2021
				₹	₹
5	**Receipt of Loan given**	(e)	**Associate Company**		
			Ferrovia Transrail Solution Pvt. Ltd	**63,856.39**	3,339.79
			Subsidiary Company		
			BFIL-CEC JV	**-**	7.55
6	**Advance received**	(f)	**Holding Company**		
			Bharat Forge Limited	**2,200.00**	2,270.09
7	**Loan written off**	(g)	**Subsidiary Company**		
			BFIL-CEC JV	**3,800.00**	-
8	**Sale of goods**	(h)	**Holding Company**		
			Bharat Forge Limited	**4,519.93**	-
9	**Services Rendered**	(i)	**Associate Company**		
			Ferrovia Transrail Solution Pvt. Ltd	**1,005.00**	2,458.27
10	**Intercorporate Loan taken**	(j)	**Holding Company**		
			Bharat Forge Limited	**40,000.00**	40,000.00
11	**Intercorporate Loan repaid**	(j)	**Holding Company**		
			Bharat Forge Limited	**40,000.00**	-
12	**Interest on intercorporate loan**	(k)	**Holding Company**		
			Bharat Forge Limited	**3,818.08**	273.70
13	**Issue of Share Capital**	(l)	**Holding Company**		
			Bharat Forge Limited	**-**	44,430.10
14	**Miscellaneous Income**	(m)	**Associate Company**		
			Ferrovia Transrail Solution Pvt. Ltd	**18,500.00**	-

Terms and Conditions :

(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) Expenses incurred by the related parties on behalf of the Company are reimbursable at cost on demand.

(d) The Company has given loans in the ordinary course of business.

(e) Receipt of loans given in the ordinary course of business.

(f) The Company has received advance for supply of product as per terms of the contract.

(g) The Company has written off loans given to related parties which were found to be irrecoverable.

(h) Supply of goods to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(i) 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.

(j) Intercorporate loan carries interest @ 8% p.a. Interest shall accrue and be payable on quarterly basis.

(k) Intercorporate loans carries interest @ 9% p.a. & 8%p.a. Interest shall accrue and be payable on quarterly basis.

(l) Equity shares have been allotted at par by the Company.

(m) The company has received other miscellaneous income during the year.

C. Balance outstanding as at the year end : (In ₹ Thousands)

Sr. No.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2022	As at 31st March, 2021
			₹	₹
1	**Intercorporate loan**	**Holding Company**		
		Bharat Forge Limited	**40,000.00**	40,000.00
2	**Interest on intercorporate loan payable**	**Holding Company**		
		Bharat Forge Limited	**-**	273.70
3	**Advance Payable**	**Holding Company**		
		Bharat Forge Limited	**2,200.00**	2,270.09
4	**Other payable**	**Holding Company**		
		Bharat Forge Limited	**416.77**	-
5	**Advance Receivable**	**Associate Company**		
		Ferrovia Transrail Solution Pvt. Ltd	**140,661.33**	201,829.33
		Subsidiary Company		
		BFIL-CEC JV	**7,990.91**	11,687.11
		Entrerprises owned or significantly influenced by Holding Company		
		BF NTPC Energy Systems Limited	**540.00**	-
6	**Non-current Investment**	**Associate Company**		
		Ferrovia Transrail Solution Pvt. Ltd	**49.00**	49.00

38 Contingent Liabilities not provided for in respect of : (In ₹ Thousands)

		As at 31st March, 2022	As at 31st March, 2021
		₹	₹
a)	Claims against the Company not acknowledged as debts		
	Sales Tax Demand - matter under dispute[(i)]	**601.07**	601.07
	Income Tax Demand - matter under dispute[(ii)]	**135,405.17**	-
	Claims Under Legal Cases[(iii)]	**770,000.00**	770,000.00
b)	Contingent consideration payable for acquisition of business[(iv)]	**60,000.00**	60,000.00
	TOTAL :	**966,006.24**	830,601.07

(i) The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised.

(ii) The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

(iii) The amount of claim is the Arbitral award passed by the Arbitrator against the Company on 10th May, 2019 in the matter of arbitration proceedings concerning termination of Share Purchase Agreement dated 18th December, 2010 by the Company, directing the Company to pay Rs 77 crores to the Claimant. In the opinion of the directors, the said award is biased and perverse. The Company has filed an appeal against the said Award before the Delhi High Court. Based on the legal advice obtained by the Company, the directors are of the view that the Company stands a good chance to win the appeal and hence no provision has been considered in this financial statements.

(iv) Management has assessed the conditions associated with the payment of contingent consideration. Since the conditions w.r.t. the revenue and profit milestones has not been met the the Company is not obliged to pay any additional sum on account of this business combination. Management believes that the likelihood of any outflow in the future is remote accordingly the same has not been accounted in the books.

39 Leases :

Company as lessee :

The Company has lease contracts for building used in its operations. Lease of building have lease term of three 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 :

(In ₹ Thousands)

	Buildings **Year ended 31st March, 2022** ₹	Buildings Year ended 31st March, 2021 ₹
As at 1st April, 2021	-	103.00
Additions	-	-
Disposal	-	(54.94)
Depreciation	-	(48.06)
As at 31st March, 2022	-	-

Below are the carrying amounts of lease liabilities and the movements during the year :

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
As at 1st April, 2021	-	109.39
Additions	-	-
Cancellation of lease	-	(60.39)
Accretion of interest	-	7.00
Payments	-	(56.00)
As at 31st March, 2022	-	-
Current	-	-
Non - Current	-	-

The following are the amounts recognised in the statement of profit and loss: (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Depreciation expense of right-of-use assets	**-**	48.06
Interest expense on lease liabilities	**-**	7.00
Expenses relating to short-term leases (included in other expenses)	**1,431.00**	715.50
Total amount recognised in profit or loss	**1,431.00**	770.56

The Company had total cash outflows for leases of NIL /- (31st March, 2021: ₹ 56 thousand).

40 Unhedged foreign currency exposure :

(In ₹ Thousands)

	As at 31st March, 2022	**As at 31st March, 2022**	As at 31st March, 2021	As at 31st March, 2021
	Foreign Currency	₹	Foreign Currency	₹
1 Assets :				
Advance to Trade Creditors	**USD 1,644**	**124.63**	USD 15,900	1,168.65
Advance to Trade Creditors	**EUR 9,050**	**821.74**	EUR -	-
Cash in hand	**BDT 3,400**	**3.00**	BDT 3,400	2.94
		949.37		1,171.59

41 Payments to Auditors (Exclusive of GST, wherever applicable) :

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
a) As auditor	**300.00**	275.00
b) Reimbursement of expenses	**-**	20.05
TOTAL :	**300.00**	295.05

42 Earning per Share (Face Value of ₹ 10 Each) :

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Profit/(Loss) for the year after taxation	**23,296.62**	(44,815.13)
Weighted Average Number of Equity Shares, outstanding during the period (In Nos.)	**223,966,800**	221,137,365
Basic Earning per Share (In rupees)	**0.10**	(0.20)
Diluted Earning per Share (In rupees)	**0.10**	(0.20)

43 Income and deferred taxes :

a) The major components of income tax expense for the years ended 31st March, 2022 and 31st March, 2021 are

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Current income tax		
Current income tax charge	**-**	-
Taxes for earlier years	**-**	-
TOTAL :	**-**	-

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2022 and 31st March 2021:

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Accounting profit before tax	**23,296.62**	(44,815.13)
Applicable income tax rate of 25.17% (March 31, 2020: 26%)	**5,863.80**	-
Tax effects on non-deductible expenses	**1,006.40**	-
Deferred tax assets on brought forward business losses and unabsorbed depreciation not recognised on the basis of prudence	**(5,455.10)**	-
Deferred tax assets on tax disallowances not recognised on the basis of prudence	**(1,415.10)**	-
Derecognition of deferred tax asset	**-**	-
At the effective income tax rate	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

c) Reconciliation of deferred tax asset (net) (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Opening balance	-	-
Tax income/(expense) during the period recognised in profit or loss	-	-
Closing balance	-	-

d) The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to Approx ₹ 334,261 Thousand (Previous Year: Approx ₹ 348,077 Thousand) and on account of other disallowances including unabsorbed depreciation aggregating to Approx ₹ 16,879 Thousand (Previous Year: Approx ₹ 19,450 Thousand) under the Income Tax Act, 1961 on the considerations of prudence.

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

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Principal amount remaining unpaid to any supplier as at the end of the accounting year	**-**	129.80
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**-**	-
(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	**-**	-
The amount of interest due and payable for the year	**-**	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
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	**-**	-

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 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.

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 ₹ Thousands)

	Carrying value		Fair value	
	Year ended 31st March, 2022	Year ended 31st March, 2021	**Year ended 31st March, 2022**	Year ended 31st March, 2021
	₹	₹	₹	₹
I) Financial assets				
Current				
Loans	**127,771.07**	188,836.62	**127,771.07**	188,836.62
Other receivables	**715.50**	723.00	**715.50**	723.00
	128,486.57	189,559.62	**128,486.57**	189,559.62
II) Financial liabilities				
Borrowings: Non current				
Intercorporate loan from the Holding Company	**-**	40,000.00	**-**	40,000.00
Current Liabilities				
Borrowings	**40,000.00**	-	**40,000.00**	-
Other				
Amount payable for purchase of business	**378.03**	378.03	**378.03**	378.03
Interest accrued and due on borrowings	**-**	273.70	**-**	273.70
	40,378.03	40,651.73	**40,378.03**	40,651.73

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 :

(In ₹ Thousands)

	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					
Loans	3/31/2022	-	-	127,771.07	127,771.07
Other receivables	3/31/2022	-	-	715.50	715.50
Liabilities for which fair value has been disclosed					
Intercorporate loan from the Holding Company - Non Current	3/31/2022			-	-
Intercorporate loan from the Holding Company - Current	3/31/2022	-	-	40,000.00	40,000.00
Amount payable for purchase of business	3/31/2022	-	-	378.03	378.03
Interest accrued and due on borrowings	3/31/2022	-	-	-	-
Assets for which fair value has been disclosed					
Loans	3/31/2021	-	-	188,836.62	188,836.62
Other receivables	3/31/2021	-	-	723.00	723.00
Liabilities for which fair value has been disclosed					
Intercorporate loan from the Holding Company - Non Current	3/31/2021	-	-	40,000.00	40,000.00
Intercorporate loan from the Holding Company - Current	3/31/2021			-	-
Amount payable for purchase of business	3/31/2021	-	-	378.03	378.03
Interest accrued and due on borrowings	3/31/2021	-	-	273.70	273.70

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, 2022 and 31st March, 2021.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2022 and 31st March, 2021 including the effect of hedge accounting(if any)

i) 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 ₹ 49 Thousand (for previous year ended 31st March, 2021 ₹ 49 Thousand)

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.

(In ₹ Thousands)

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
		₹	₹
31st March, 2022	**5.00%**	**6.27**	**6.27**
	-5.00%	**(6.27)**	**(6.27)**
31st March, 2021	5.00%	58.43	58.43
	-5.00%	(58.43)	(58.43)

(In ₹ Thousands)

	Change in Bangladesh Taka Rate	Effect on profit before tax	Effect on equity pre-tax
		₹	₹
31st March, 2022	**5.00%**	**0.15**	**0.15**
	-5.00%	**(0.15)**	**(0.15)**
31st March, 2021	5.00%	0.15	0.15
	-5.00%	(0.15)	(0.15)

B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

C) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

(In ₹ Thousands)

	Less than 1 year	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹
As at 31st March, 2022				
Intercorporate loan from the Holding Company	**40,000.00**	**-**	**-**	**40,000.00**
Lease Liability	**-**	**-**	**-**	**-**
Trade and other payables	**20,025.09**	**-**	**-**	**20,025.09**
Other financial liabilities	**378.03**	**-**	**-**	**378.03**
As at 31st March, 2021				
Intercorporate loan from the Holding Company	-	40,000.00	-	40,000.00
Trade and other payables	56,706.97	-	-	56,706.97
Other financial liabilities	651.73	-	-	651.73

49 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2022 ₹ NIL (Previous Year : ₹ NIL) of unbilled revenue pertaining to fixed price development contracts has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets are as under :

(In ₹ Thousands)

	As at 31st March 2022 ₹	As at 31st March 2021 ₹
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 :

(In ₹ Thousands)

	As at 31st March 2022 ₹	As at 31st March 2021 ₹
Balance at the beginning of the year	**32,491.54**	-
Revenue recognised from unearned revenue and advance from customers at the beginning of the year	**(28,679.09)**	-
Increased due to invoicing during the year excluding the amounts recognised as revenue during the year and advance from customers	**2,200.00**	32,491.54
Decreased due to adjustment against revenue out of advance received during the year		-
Balance at the end of the year	**6,012.45**	32,491.54

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, 2022, other than those meeting the exclusion criteria mentioned above, is Approx ₹ 91 Thousand (Previous year Approx ₹ 865 Thousand). Out of this, the Company expects to recognize revenue of Approx ₹ 91 Thousand (Previous year Approx ₹ 774 Thousand) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(In ₹ Thousands)

	As at 31st March 2022 ₹	Year ended 31st March, 2021 ₹
Revenue recognised as per Statement of Profit & loss		
Sale of products	**90,269.93**	36,439.59
Sale of services	**1,779.50**	2,817.27
	92,049.43	39,256.86
Add : Adjustments		
Deferred revenue	**-**	865.00
Contract Price	**92,049.43**	40,121.86

50 Ratio Analysis :

SrNo	Particulars	Notes	Numerator	Denominator	31st March 2022	31st March 2021	Variance %
(a)	Current ratio	i	Current Assets	Current Liabilities	**4.29**	3.24	32.66%
(b)	Return on equity ratio	ii	Profit for the year	Average shareholders' equity	**0.08**	(0.00)	-25109.18%
(c)	Inventory turnover ratio	iii	Cost of goods sold	Average Inventory	**1.27**	0.02	5793.66%
(d)	Trade receivables turnover ratio	iv	Revenue	Average trade receivable	**4.61**	2.74	68.14%
(e)	Trade payables turnover ratio		Purchases + Other expenses	Average trade payables	**2.08**	0.01	20659.57%
(f)	Net capital turnover ratio	v	Revenue	Working capital	**0.37**	0.18	108.07%
(g)	Net profit ratio	vi	Profit for the year	Revenue	**0.25**	(1.14)	-122.17%
(h)	Return on capital employeed	vii	Earning before interest and taxes	Capital Employed	**0.08**	(0.13)	-158.81%

Notes :

i Decrease in the current liabilities has resulted in improvement of the ratio.
ii Increase in the Profit for the year has resulted in improvement of the ratio.
iii Increse in average inventory has resulted in deterioration of the ratio.
iv Due to efficient collection and low credit preiod of trade receivable ratio has improved
v Due to increse in revenue ratio has improved
vi Increase in the profit for the year has resulted in improvement of the ratio.
vii Increase in the Earning before interest and taxes has resulted in improvement of the ratio.

As per our attached report of even date,

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

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AISAMX7044

Place : Pune
Date : 10th May, 2022

On behalf of the Board of Directors,

Mogalapalli Venkata Krishna
Director
DIN : 06822431

Sandeep Kapoor
Director
DIN : 01235153

Sneha Modi
Company Secretary
Membership No.A34158

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Place : Pune
Date : 10th May, 2022

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Eternus Performance Materials Private Limited

Directors

Mr. Rahul S. Pangre

Mr. Vyankoji A. Shinde

Auditors

Yatiraj Marda

Chartered Accountant

G-2, 2104/8, Triveni Vihar Appt,

Behind LIC Colony,

Ruikar Colony Road,

Kolhapur 416 005

Registered Office

D-71, FIVE STAR M.I.D.C,

Kagal Hatkanangale,

Tal. Kagal, Dist. Kolhapur,

Kagal 416 216

Independent Auditors' Report

To
The Members of,
M/s. Eternus Performance Materials Private Limited.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Eternus Performance Materials Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2022, 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, 2022, its profit (or Loss)* and Statement of Change in Equity and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The board of directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **'Annexure A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:-

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement and statement of change in equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **'Annexure B'.**

   g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **V. T. & ASSOCIATES**
Chartered Accountants
F.R.N. No. 110017S

Yatiraj Marda
Partner
Mem. No. 108945

Place : Kolhapur
Date : 30th April, 2022

Annexure "A" to the Independent Auditor's Report*

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the members of **M/s. Eternus Performance Materials Private Limited** of even date) **We report that:**

(i) In respect of the Company's Property, Plant & Equipment:

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

(b) The Company has maintained proper records proper records showing full particulars of intangible assets;

(c) The Company has a program of verification to cover all the items of Property, Plant & Equipment in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Property, Plant & Equipment.

Pursuant to the program, certain Property, Plant & Equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(d) In our opinion and according to the information and explanations given to us, the company has title deeds pertaining to the immovable properties in the name of the company and no property has been held in the name of promoter, director or their relative or employee *(other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee)*

Description of property	**Gross carrying value**	**Held in name of**	**Whether promoter, director or their relative or employee**	**Period held – indicate range, where appropriate**	**Reason for not being held in name of company***
					*also indicate if in dispute
			Not Applicable		

(e) The company has not revalue its Property, Plant and Equipment or intangible assets or both during the year and,

(f) No proceedings have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) In respect of Inventory:

(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.

(b) According to information and explanation given to us, the company has not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions and no quarterly returns or statements are being filed by the company with such banks or financial institutions.

(iii) In respect of Investment:

According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.;

(iv) In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits and accordingly paragraph 3 (v) of the order is not applicable.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities of the company and accordingly paragraph 3 (vi) of the order is not applicable.

(vii) In respect of statutory dues:

(a) According to the records., the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There were no outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they become payable.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us no any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), if so, whether the previously unrecorded income has been properly recorded in the books of account during the year;

(ix) In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.

Nature of borrowing, including debt securities	Name of lender*	Amount not paid on due date	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
	*lender wise details to be provided in case of defaults to banks, financial institutions and Government.				
		NOT APPLICABLE			

(x) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not taken any term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xii) The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company

(xiii) Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards;

(xiv) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable

(xvi) According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

According to the information and explanations given to us and based on our examination of the records of the company, the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

According to the information and explanations given to us and based on our examination of the records of the company, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfill the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfill such criteria;

According to the information and explanations given to us and based on our examination of the records of the company, the Group has not more than one CIC as part of the Group,

(xvii) According to the information and explanations given to us and based on our examination of the records of the company, the company has not incurred any cash losses in the financial year and in the immediately preceding financial year,

(xviii) According to the information and explanations given to us and based on our examination of the records of the company, there has not been any resignation of the statutory auditors during the year.

(xix) According to the information and explanations given to us and based on our examination of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and the records of the company no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

(xx) According to the information and explanations given to us and based on our examination of the records of the company, the company has not any on-going project and any unspent amount to transfer to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;

(xxi) Based on our examination of the records of the company, there have not been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

For **V. T. & ASSOCIATES**
Chartered Accountants
F.R.N. No. 110017S

Yatiraj Marda
Partner
Mem. No. 108945

Place : Kolhapur
Date : 30th April, 2022

Annexure "B" to the Independent Auditor's Report*

Report on the Internal Financial Controls under Clause (i) of sub section 3 of section 143 of the Act.

We have audited the internal financial controls over financial reporting of **M/s. Eternus Performance Materials Private Limited.** (the Company) as of March 31,2022, in conjunction with our audit of the financial statements of the company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria by the company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets the prevention and detection of frauds and errors the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the act.

Auditors Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

According to the information and explanations given to us, the company have documented framework of internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Controls over Financial Reporting issued by the institute of Chartered Accountants of India. On an overall examination of accounting procedure and financial reporting it is observed that the information system used by the company have sufficient checks and controls with regard to internal financial control over financial reporting. Because of this reason, we have obtained sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2022.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not opinion on the financial statements of the Company.

For **V. T. & ASSOCIATES**
Chartered Accountants
F.R.N. No. 110017S

Yatiraj Marda
Partner
Mem. No. 108945

Place : Kolhapur
Date : 30th April, 2022

Balance Sheet as at 31st March, 2022

		Note	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
I	**ASSETS**			
1	**Non-current Assets**			
	(a) Property, plant and equipment	3	**7,523,972**	**7,147,706**
	(b) Right of use asset	4	**726,006**	**733,626**
	(c) Intangible assets	5	**333,067**	**696,879**
	(d) Capital work-in-progress		**5,497,867**	**5,391,816**
	(e) Financial assets			
	(i) Other financial assets	6	**124,000**	**124,000**
	(f) Other non-current assets	7	**100,000**	**100,000**
	(g) Income tax assets (net)	8	**43,033**	**41,305**
			14,347,945	**14,235,332**
2	**Current Assets**			
	(a) Inventories	9	**8,161,316**	**2,692,283**
	(b) Financial Assets			
	(i) Trade receivables	10	**5,270,565**	**5,986,915**
	(ii) Cash and cash equivalents	11	**334,453**	**67,748**
	(iii) Other financial assets	12	**10,782,554**	**11,140,373**
	(c) Other Current Assets	13	**836,242**	**1,077,657**
			25,385,129	**20,964,976**
	TOTAL		**39,733,074**	**35,200,308**
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	14	**1,632,260**	**1,632,260**
	(b) Other Equity		**(3,545,348)**	**(2,467,362)**
			(1,913,088)	**(835,102)**
2	**Non-current Liabilities**			
	(a) Financial liabilities			
	(i) Long term Borrowings	15	**2,812,254**	**3,222,183**
	(b) Other non-current liabilities	16	**2,800,000**	**2,800,000**
	(c) Deferred tax liabilities (Net)	17	**(168,800)**	**-**
			5,443,454	**6,022,183**
3	**Current Liabilities**			
	(a) Financial liabilities			
	(i) Short term borrowings	18	**16,397,924**	**15,327,206**
	(ii) Trade payables			
	Dues of micro enterprises and small enterprises	19		**-**
	Dues of creditors other than micro enterprises and small enterprises	19	**10,613,073**	**10,498,147**
	(iii) Other financial liabilities	20	**535,755**	**671,429**
	(b) Other current liabilities	21	**8,655,956**	**3,516,445**
			36,202,708	**30,013,227**
	TOTAL		**39,733,074**	**35,200,308**
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 41		

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945

Place : Kolhapur
Date : 30th April, 2022

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 30th April, 2022

Statement of Profit and Loss for the year ended 31st March, 2022

		Note No.	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
I	Revenue from Operations	22	**6,721,452**	**4,903,479**
II	Other Income	23	**207**	**436,005**
III	**TOTAL INCOME**		**6,721,659**	**5,339,484**
IV	**EXPENSES**			
	Cost of Material Consumed	24	**322,033**	**866,153**
	Changes in inventories of Finished Goods	25	**(2,691,822)**	**234,144**
	Employee Benefit Expenses	26	**6,396,094**	**5,454,479**
	Finance Costs	27	**640,817**	**211,297**
	Depreciation & Amortisation Expense	28	**785,268**	**821,776**
	Other Expenses	29	**2,516,054**	**2,722,095**
	TOTAL EXPENSES		**7,968,444**	**10,309,944**
V	**Loss before tax**		**(1,246,786)**	**(4,970,460)**
VI	**Tax (Expense)/Savings**			
	Current tax			**-**
	Deferred tax		**168,800**	**160,200**
			168,800	**160,200**
VII	**Loss for the Year**		**(1,077,986)**	**(4,810,260)**
VII	**OTHER COMPREHENSIVE INCOME**			**-**
	Total other comprehensive income, net of tax		**-**	**-**
VIII	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**(1,077,986)**	**(4,810,260)**
IX	**Earnings per share (of ₹ 10/- each):**			
	Basic	34	(6.60)	(29.47)
	Diluted	34	(6.60)	(29.47)
	Significant accounting policies and notes forming an integral part of the financial statements	1 to 41		

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945

Place : Kolhapur
Date : 30th April, 2022

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 30th April, 2022

Statement of changes in equity for the year ended 31st March, 2022

a. Equity share capital

	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	₹	Nos.	₹
Equity shares of ₹ 10/- each issued, subscribed and fully paid up				
As at the beginning of the year	**163,226**	**1,632,260**	**163,226**	**1,632,260**
Equity shares issued during the year	**-**	**-**	**-**	**-**
As at the end of the year	**163,226**	**1,632,260**	**163,226**	**1,632,260**

b. Other equity

	Reserves and surplus		
	Securities premium	Retained earnings	Total
	₹	₹	₹
Balance as at 1st April, 2019	-	60,843	60,843
Changes in other equity for the year ended 31st March, 2020			
Received for shares issued during the period	2,912,910	-	2,912,910
Loss for the year	-	-	(592,905)
Balance as at 31st March, 2020	2,912,910	60,843	2,380,848
Changes in other equity for the year ended 31st March, 2021			
Prior period errors - Bonus paid	**-**	**(37,950)**	**(37,950)**
Loss for the period		**(4,810,260)**	**(4,810,260)**
Balance as at 31st March, 2021	**2,912,910**	**(4,787,367)**	**(2,467,362)**
Changes in other equity for the year ended 31st March, 2022			
Prior period errors - Bonus paid		**(1,077,986)**	**(1,077,986)**
Loss for the period			**-**
Balance as at 31st March, 2022	**2,912,910**	**(5,865,353)**	**(3,545,348)**
Significant accounting policies and notes forming an integral part of the financial statements	1 to 41		

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945

Place : Kolhapur
Date : 30th April, 2022

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 30th April, 2022

Cashflow Statement for the year ended 31st March, 2022

		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
I.	**Cashflow from operating activities**		
	Loss before tax	**(1,246,786)**	**(4,970,460)**
	Add :		
	Depreciation	**785,268**	**821,776**
	Interest on bank borrowings	**399,354**	**88,711**
	Income tax expenses	**189,543**	**122,586**
	Prior period errors - Bonus paid	**-**	**(37,950)**
		127,379	**(3,975,337)**
	Less :		
	Interest on income tax	**(207)**	-
	Operating loss before working capital changes	**127,172**	**(3,975,337)**
	Movements in working capital :		
	Increase / (decrease) in trade payables	**(114,926)**	**(1,385,185)**
	Increase / (decrease) in other current liabilities	**(5,139,511)**	**2,834,850**
	Increase / (decrease) in other non current liabilities	**-**	**2,800,000**
	(Increase) / decrease in trade receivable	**(716,350)**	**3,290,268**
	(Increase) / decrease in other current assets	**(241,415)**	**(997,274)**
	(Increase) / decrease in other current financial assets	**(357,819)**	**(3,925,496)**
	(Increase) / decrease in inventories	**5,469,033**	**69,051**
		(1,100,989)	**2,686,214**
	Cash generated from operations	**(973,817)**	**(1,289,123)**
	Direct taxes paid (net of refunds)	**(184,876)**	**(126,059)**
	Net cashflow used in operating activities	**(1,158,693)**	**(1,415,182)**
II.	**Cashflow from investing activities**		
	Purchase of property, plant and equipment (including capital work in progress)	**(376,266)**	**(5,739,316)**
	Purchase of intangible assets	**462,243**	**(99,400)**
	Net cashflow used in investing activities	**85,977**	**(5,838,716)**
III.	**Cashflow from financing activities**		
	Proceeds from issue of equity shares	**1,077,986**	**-**
	Proceeds from /(Repayment of) short term borrowings	**1,070,718**	**3,484,516**
	Proceeds from /(Repayment of) long term borrowings	**(409,929)**	**3,793,612**
	Interest on bank borrowings	**(399,354)**	**(88,711)**
	Net cashflow from financing activities	**1,339,420**	**7,189,417**
IV.	**Net increase / (Decrease) in cash and cash equivalents (I+II+III)**	**266,705**	**(64,481)**
V.	**Cash and cash equivalents at the beginning of the year**	**67,748**	**132,229**
VI.	**Cash and cash equivalents at the end of the year**	**334,453**	**67,748**

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Components of cash and cash equivalents :		
Balances with banks		
In current accounts	**315,948**	**50,484**
Cash on hand	**18,505**	**17,264**
	334,453	**67,748**
Significant accounting policies and notes forming an integral part of the financial statements	1 to 41	

As per my attached report of even date,
For V. T. & Associates
Chartered Accountants
FRN : 110017S

Yatiraj Marda
Partner
Membership No. 108945

Place : Kolhapur
Date : 30th April, 2022

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 30th April, 2022

Notes forming part of the financial statements for the year ended 31st March, 2022

1 Corporate information :

Eternus Performance Materials Private Limited is a private limited company incorporated on 18th July, 2012. The Company is engaged in the business of manufacturing composite materials. The Company is deemed to be a public limited company within the meaning of section 2(71) of the Companies, Act, 2013.

2 Significant accounting policies :

2.1 Basis of accounting and preparation of financial statements :

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013.

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

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

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

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

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

i In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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

2.5 Revenue recognition :

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 37.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract Assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note no. 2.15.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments :

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.6 Government Grants :

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

2.7 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

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

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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

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

i When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii When receivables and payables are stated with the amount of tax included.

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

2.8 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment proerty are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset			Estimated useful life
i)	Factory buildings		30 years
ii)	Computer and data processing equipments		
	(a)	Servers and networks	6 years
	(b)	Other end user devices	3 years
iii)	Furnitures and fixtures		10 years
iv)	Office equipment		5 years
v)	Plant and machinery		15 years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Intangible assets :

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

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

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

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset	Estimated useful life
i) Software	3 years

2.10 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the weighted average method.

b) Finished goods :

Finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the weighted average method.

2.11 Leases :

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease

(i.e., the date the Underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	
i) Leasehold land	95 Years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.12 Impairment of Non-financial assets :

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.13 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.14 Retirement and other employee benefits :

a) Short-term Employee Benefits :

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognised during the year when the employees render the service.

b) Post Employment Benefits :

No separate provisions of retirement benefits or privilege leave benefits of such employees are recognized in the books of the Company.

2.15 Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

h) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B Financial liabilities :

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

ii Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.17 Dividend to equity holders :

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.18 Segment reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.19 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.20 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.22 Estimation of uncertainties relating to the global health pandemic from COVID-19

The spread of COVID-19 has severely impacted business and there have been severe disruption to regular business operations due to lockdown and other emergency measures. This may impact the Company's operations. As at the date of approval of these financial statements the Company has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its assets and liabilities including possible obligations arising from any ongoing negotiations with customers, vendors and has concluded that there are no material adjustments required in the financial statements. The management believes that it has assessed and taken all the possible impacts known from these events wherever possible outcome is known. However, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial statements.

3 Property, plant and equipment :

	Leasehold land ₹	Factory building ₹	Computers and printers ₹	Plant and equipment ₹	Furniture and fixtures ₹	Electrical installation ₹	Total ₹
GROSS BLOCK, AT COST :							
As at 1st April, 2019.	724,461	7,375,318	59,459	513,971	226,494	403,848	9,303,551
Additions	-	-	111,525	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
Adjustment	**-**	**-**	**-**	**(3,157)**	**3,157**	**-**	**-**
Additions	**-**	**-**	**-**	**347,500**	**-**	**-**	**347,500**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2021.	**-**	**7,375,318**	**170,984**	**924,776**	**409,101**	**403,848**	**9,284,027**
Adjustment							
Additions		-	-	726,552	63,550	-	
Disposals							
As at 31st March, 2022.	**-**	**7,375,318**	**170,984**	**1,651,328**	**472,651**	**403,848**	**10,074,129**
DEPRECIATION AND AMORTIZATION :							
As at 1st April, 2019.	74,295	995,497	56,486	72,335	79,838	163,402	1,441,853
Disposals	-	-	-	-	-		-
Reclassification on account of adoption of IND AS 116	(74,295)	-	-	-	-	-	(74,295)
For the year	-	236,680	31,810	34,799	35,228	38,837	377,354
Upto 31st March, 2020.	-	1,232,177	88,296	107,134	115,066	202,239	1,744,912
Disposals	**-**	**-**	**-**	**-**	**-**		**-**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**236,033**	**35,709**	**41,447**	**39,490**	**38,730**	**391,409**
As at 31st March, 2021.	**-**	**1,468,210**	**124,005**	**148,581**	**154,556**	**240,969**	**2,136,321**
Disposals							
Adjustments							
For the year		233,440	35,316	66,055	40,721	38,304	
As at 31st March, 2022.	**-**	**1,701,650**	**159,321**	**214,636**	**195,277**	**279,273**	**2,550,157**
NET BLOCK :							
As at 31st March, 2020.	-	6,143,141	82,688	473,299	290,878	201,609	7,191,615
As at 31st March, 2021.	**-**	**5,907,108**	**46,979**	**776,195**	**254,545**	**162,879**	**7,147,706**
As at 31st March, 2022.	**-**	**5,673,668**	**11,663**	**1,436,692**	**277,374**	**124,575**	**7,523,972**

4 Right of used assets

	Right of use asset	Total
	₹	₹
GROSS BLOCK, AT COST :		
As at 1st April, 2019.	-	-
Additions	-	-
Disposals	-	-
Reclassification on account of adoption of Ind AS 116	724,461	
As at 31st March, 2020.	724,461	724,461
Additions	**99,400**	**99,400**
Disposals	**-**	**-**
As at 31st March, 2021.	**823,861**	**823,861**
Additions		
Disposals		
As at 31st March, 2022.	**823,861**	**823,861**
DEPRECIATION AND AMORTIZATION :		
Upto 1st April, 2019.	-	-
Disposals	-	-
Reclassification on account of adoption of Ind AS 116	74,295	74,295
For the year	7,620	7,620
Upto 31st March, 2020.	81,915	81,915
Disposals	**-**	**-**
For the year	**8,320**	**8,320**
Up to 31st March, 2021.	**90,235**	**90,235**
Disposals		
For the year	**7,620**	**7,620**
Up to 31st March, 2022.	**97,855**	**97,855**
NET BLOCK :		
As at 31st March, 2020.	642,546	642,546
As at 31st March, 2021.	**733,626**	**733,626**
As at 31st March, 2022.	**726,006**	**726,006**

5 Intangible assets :

	Softwares	Total intangible assets
	₹	₹
GROSS BLOCK, AT COST :		
As at 1st April, 2019.	417,000	417,000
Additions	918,136	918,136
Disposals	-	-
Reclassification on account of adoption of Ind AS 116		
As at 31st March, 2020.	1,335,136	1,335,136
Additions	**-**	**-**
Disposals	**-**	**-**
As at 31st March, 2021.	**1,335,136**	**1,335,136**
Additions		
Disposals		
As at 31st March, 2022.	**1,335,136**	**1,335,136**
DEPRECIATION AND AMORTIZATION :		
Upto 1st April, 2019.	17,206	17,206
Disposals	-	-
Reclassification on account of adoption of Ind AS 116	-	-
For the year	199,004	199,004
Upto 31st March, 2020.	216,210	216,210
Disposals	**-**	**-**
For the year	**422,047**	**422,047**
Up to 31st March, 2021.	**638,257**	**638,257**
Disposals		
For the year	**363,812**	**422,047**
Up to 31st March, 2022.	**1,002,069**	**1,002,069**
NET BLOCK :		
As at 31st March, 2020.	1,118,926	1,118,926
As at 31st March, 2021.	**696,879**	**696,879**
As at 31st March, 2022.	**333,067**	**333,067**

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
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		43,033	41,305
		TOTAL :	43,033	41,305
9	**Inventories :**			
	(As taken, valued and certified by the Directors)			
	Finished Goods		4,906,000	2,214,178
	Raw Material		3,255,316	478,105
		TOTAL :	8,161,316	2,692,283
10	**Trade receivables :**			
	(Unsecured)			
	Credit impaired			-
	Others		5,270,565	5,986,915
	(including related party receivables)			
		TOTAL :	5,270,565	5,986,915
	For terms and conditions relating to related party receivables, refer note no. 33			
11	**Cash and cash equivalents :**			
	Balances with banks			
	In current accounts		315,948	50,484
	Cash on hand		18,505	17,264
		TOTAL :	334,453	67,748

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
12	**Other financial assets (Current), good :**		
	Government grant receivable	**10,782,554**	**11,140,373**
	TOTAL :	**10,782,554**	**11,140,373**
13	**Other current assets, good :**		
	Balances with government authorities		
	Customs duty	**62,871**	**62,871**
	Goods and services tax	**567,706**	**941,220**
	Advances to suppliers	**65,664**	**5,266**
	Advances to employees	**140,000**	**68,300**
	TOTAL :	**836,242**	**1,077,657**

14 Equity share capital :

Authorised :

200,000	200,000	Equity shares of ₹ 10/-, each	**2,000,000**	**2,000,000**
200,000	200,000		**2,000,000**	**2,000,000**

Issued, Subscribed and Paid up :

163,226	163,226	Equity Shares of ₹ 10/-, each, fully paid up	**1,632,260**	**1,632,260**
163,226	163,226		**1,632,260**	**1,632,260**

(a) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

(b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) The reconciliation of the number of shares outstanding and the amount of paid-up share capital as at 31st March, 2022 and 31st March, 2021 is set out below.

	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	**Amount in ₹**	**No. of Shares**	**Amount in ₹**
Balance at the beginning of the year	**163,226**	**1,632,260**	**163,226**	**1,632,260**
Add: Shares issued during the year	**-**	**-**	**-**	**-**
Balance at the close of the year	**163,226**	**1,632,260**	**163,226**	**1,632,260**

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	**% age**	**No. of Shares**	**% age**
Bharat Forge Ltd.$	**83,226**	**51.00**	**83,226**	**51.00**
Vyankoji Shinde	**40,000**	**24.50**	**40,000**	**24.50**
Rahul Pangre	**40,000**	**24.50**	**40,000**	**24.50**

$ The Holding Company

	As at 31st March, 2022		As at 31st March, 2021	
	Current ₹	**Non-Current** ₹	**Current** ₹	**Non-Current** ₹
15 Long-term borrowings :				
Secured :				
Term Loans[(a)] :	**3,204,584**	**(3,204,584)**	**3,793,612**	**(3,793,612)**
Less : Shown under "Other Financial Liabilities" (Refer Note No. 20)	**(392,330)**	**392,330**	**(571,429)**	**571,429**
TOTAL :	2,812,254	**(2,812,254)**	3,222,183	**(3,222,183)**

(a) Term loan from IDBI Bank Limited :

The Term Loan taken from IDBI Bank Limited is secured by exclusive charge by way of equitable mortgage on leasehold land and by the personal guarantees given by the Directors. Rate of Interest applicable is 3.45% over Base Rate (i.e RLLR(Y)), p.a. The loan is repayable in 84 monthly installments.

	As at 31st March, 2022 ₹	**As at 31st March, 2021** ₹
16 Non-current liabilities :		
Deferred government grant	**2,800,000**	**2,800,000**
TOTAL :	**2,800,000**	**2,800,000**
17 Deferred tax liabilities (net) :		
Deferred tax liabilities :		
Timing differences for		
Depreciation	**737,900**	**623,000**
Less : Deferred tax assets :		
Timing differences for		
Disallowances and unabsorbed depreciation	**737,900**	**623,000**
TOTAL :	**-**	-

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
18	**Short term borrowings :**		
	Secured		
	Cash credit[(a)]	-	-
	Overdraft[(b)]	984,500	978,782
	Unsecured		
	Loan from directors and their relatives[(c)]	15,413,424	14,348,424
	TOTAL :	**16,397,924**	**15,327,206**

For terms and conditions relating to related party receivables, refer note no. 33

(a) Cash credit from IDBI Bank Limited :

The cash credit facility taken from IDBI Bank Limited under the Pradhan Mantri Mudra Yojana, is secured by first and exclusive charge by way of hypothecation of stocks of raw materials, finished goods and book debts. Rate of Interest applicable is 1.10% over Base Rate (i.e RBMLR), p.a. The loan is covered under Credit Guarantee Fund for Micro Units.

(b) Overdraft from IDBI Bank Limited :

The overdraft taken from IDBI Bank Limited is secured by exclusive charge by way of equitable mortgage on leasehold land and by the personal guarantees given by the Directors. Rate of Interest applicable is 3.45% over Base Rate (i.e RLLR(Y)), p.a.

(c) Loans from directors and their relatives are interest free and repayable on demand.

19	**Trade payables :**		
	Total outstanding dues of micro enterprises and small enterprises	-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	10,613,073	10,498,147
	TOTAL :	**10,613,073**	**10,498,147**

20	**Other financial liabilities :**		
	Current maturities of long term loan (Refer note no. 15)	392,330	571,429
	Creditors for capital expenditure	143,425	100,000
	TOTAL :	**535,755**	**671,429**

21	**Other current liabilities :**		
	Statutory liabililties	986,216	1,176,454
	Contract liabilities - Advances from customers	7,669,740	2,339,991
	TOTAL :	**8,655,956**	**3,516,445**

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
22	**Revenue from operations :**		
	Sale of products	**6,721,452**	**4,781,441**
	Other operating revenues	**-**	**122,038**
	TOTAL :	**6,721,452**	**4,903,479**

Disaggregate revenue information :
The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2021 and 31st March, 2020 by offerings and contract type.

Revenue by offerings :		
Sale of products	**6,721,452**	**4,781,441**
TOTAL :	**6,721,452**	**4,781,441**
Revenue by geographical segments :		
Within India	**6,721,452**	**4,089,520**
Outside India	0	**691,921**
TOTAL :	**6,721,452**	**4,781,441**
Revenue by contract type :		
Fixed price contracts	**6,721,452**	**4,781,441**
TOTAL :	**6,721,452**	**4,781,441**

23	**Other Income :**		
	Interest on income tax refund	**-**	-
	Sundry balances written back	**207**	**436,005**
	TOTAL :	**207**	**436,005**
24	**Cost of raw material and components consumed :**		
	Inventory at the beginning of the year	**478,105**	**313,012**
	Add: Purchases	**3,099,244**	**1,031,246**
		3,577,349	**1,344,258**
	Less: Inventory at the end of the year (Refer note 9)	**(3,255,316)**	**(478,105)**
	Cost of raw material and components consumed : TOTAL :	**322,033**	**866,153**

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
25	**Changes in inventories :**		
	Inventories at the beginning of the year		
	Finished Goods	**2,214,178**	**2,448,322**
		2,214,178	**2,448,322**
	Inventories at the close of the year		
	Finished Goods	**(4,906,000)**	**(2,214,178)**
		(4,906,000)	**(2,214,178)**
	TOTAL :	**(2,691,822)**	**234,144**

26	**Employee benefit expenses :**		
	(Including Directors' remuneration)		
	Salaries and Wages	**6,317,001**	**5,430,703**
	Staff welfare expenses	**79,093**	**23,776**
	TOTAL :	**6,396,094**	**5,454,479**

For terms and conditions relating to related party receivables, refer note no. 33

27	**Finance costs :**		
	Interest on bank borrowings	**399,354**	**88,711**
	Other interest paid	**189,543**	**122,586**
	Loan Processing Fees	**51,920**	-
	TOTAL :	**640,817**	**211,297**

28	**Depreciation and Amortization :**		
	On property, plant and equipment		**391,409**
	On intangible assets		**422,047**
	On right of use asset		**8,320**
	TOTAL :	**785,268**	**821,776**

		For the year ended 31st March, 2022 ₹	For the year ended 31st March, 2021 ₹
29	**Other expenses :**		
	Factory expenses	**138,995**	**66,650**
	Labour charges	**996,680**	**1,053,704**
	Electricity charges	**303,901**	**269,544**
	Communication	**4,241**	**23,546**
	Travelling and conveyance	**253,966**	**217,539**
	Transport and freight	**88,434**	**148,064**
	Rates and taxes	**12,004**	**85,100**
	Repairs and maintenance - others	**103,254**	**76,500**
	Bank charges	**14,142**	**35,116**
	Printing and stationery	**87,574**	**6,297**
	Payment to auditors	**100,000**	**100,000**
	Testing and certification charges	**45,000**	**81,130**
	Legal and professional fees	**59,000**	**25,000**
	Share issue expenses	**-**	**-**
	Bad debts	**-**	**190,108**
	Sales promotion expenses	**281,224**	**46,894**
	Foreign exchange loss	**-**	**276,281**
	Miscellaneous expenses	**27,639**	**20,622**
	TOTAL :	**2,516,054**	**2,722,095**

30 Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The company's activities involve predominantly in manufacturing of composite items, which is considered to be a single business segment since these are subject to similar risks and returns. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

31 Capital commitments :

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
For Property, plant and equipment	**-**	**140,000**

32 Leases :

Company as a lessee :

The Company has entered into a lease agreement for Plot No. D71, Kagal Hatkanangale Five Star MIDC, Tal. Hatkanangale, Kolhapur, commencing from 17th July, 2009 upto 16th July, 2104. The Company is constructing factory building on the plot. The Company is restricted from assigning and subleasing the leased assets.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year :

	Land	
	31st Match, 2022	**31st Match, 2021**
	₹	₹
Opening balance	**733,626**	**642,546**
Reclassification on account of adoption of Ind AS 116	**-**	-
Additions	**-**	**99,400**
Depreciation	**(7,620)**	**(8,320)**
As at 31st March, 2021	**726,006**	**733,626**

The following are the amounts recognised in profit or loss:

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹	₹
Depreciation expense of right-of-use assets	**7,620**	8,320
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**	8,320

33 Related Party Disclosure :

A. Related Parties and their relationships :

a)	Holding company :	Bharat Forge Limited
b)	Key managerial personnel :	Mr. Vyankoji Shinde, Whole Time Director Mr. Rahul Pangre, Whole Time Director
c)	Relatives of key managerial personnel :	Mr. Ajitshingh Shinde Mrs. Roma Vyankoji Shinde Mrs. Tina Rahul Pangre
d)	Enterprises controlled or significantly influenced by key managerial personnel :	Aeternus

B. Transactions with Related Parties :

Particulars	Terms and Conditions (Refer foot note no.)	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises controlled or significantly influenced by Key Managerial Personnel	Total
		₹	₹	₹	₹
Remuneration	(a)	**3,400,000**	**-**	**-**	**3,400,000**
		(3,000,000)	-	-	(3,000,000)
Procceds of loan taken	(b)	**300,000**	**-**	**-**	**300,000**
		(2,150,000)	-	-	(2,150,000)
Repayment of loan taken	(b)	**1,365,000**	**-**	**-**	**1,365,000**
		-	-	-	-
Reimbusement of expneses received	(c)	**-**	**-**	**40,000**	**40,000**
		-	-	(66,800)	(66,800)
Reimbusement of expneses paid	(d)	**523,289**	**-**	**-**	**523,289**
		(118,025)	-	-	(118,025)
Sale of products	(e)	**-**	**-**	**5,303,751**	**5,303,751**
		-	-	(3,600,201)	(3,600,201)

(Figures in bracket indicate previous year)

(a) Remuneration paid to the key managerial personnel as per terms of appointment

(b) The loans taken from key managerial personnel and their relatives are repayable on demand and carries no interest.

(c) Expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

(d) Expenses incurred by the related parties on behalf of the Company are reimbursable at cost on demand.

(e) The Company has sold products to its related party at arms' length price and on normal credit terms.

C. Balances with related parties:

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises controlled or significantly influenced by Key Managerial Personnel	Total
	₹	₹	₹	₹
Trade receivables	**-**	**-**	**-**	**-**
	-	-	2,302,159	2,302,159
Loans taken	**13,103,423**	**2,310,000**	**-**	**15,413,423**
	(12,034,424)	(2,310,000)	-	(14,344,424)
Amounts payable	**6,869,408**	**-**	**-**	**6,869,408**
	(6,821,908)	-	-	(6,821,908)

(Figures in bracket indicate previous year)

34 Earning per Share (Face Value of ₹ 10 Each) :

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Loss for the year after taxation	**(1,077,986)**	**(4,810,260)**
Weighted average number of equity shares, outstanding during the year	**163,226**	**163,226**
Basic Earning per Share in ₹	**(6.60)**	**(29.47)**
Diluted Earning per Share in ₹	**(6.60)**	**(29.47)**

35 Income tax :

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2022 and 31st March, 2021:

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Accounting loss before tax	**(1,246,786)**	**(4,970,460)**
At India's enacted tax rate of 25.168% (31 March 2022 : 22.88%)	**-**	-
Deferred tax savings on unabsorbed depreciation	**168,800**	**160,200**
Income tax expense reported in the statement of profit and loss	**168,800**	**160,200**

36 Dues to micro and small enterprises:

As per the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the company has sent confirmations to all its suppliers. Based upon the confirmations received as of 30th April 2022 and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

37 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Revenue recognition

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

38 Fair values :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	As at 31st March, 2022	As at 31st March, 2021	**As at 31st March, 2022**	As at 31st March, 2021
	₹	₹	₹	₹
I) Financial assets				
Others non current financial assets				
Security Deposits	**124,000**	124,000	**124,000**	124,000
Other financial assets (Current)				
Government grant receivable	**10,782,554**	11,140,373	**10,782,554**	11,140,373
	10,906,554	11,264,373	**10,906,554**	11,264,373
II) Financial liabilities				
Long term borrowings				
Term loan	**3,204,584**	3,793,612	**3,204,584**	3,793,612
Short term borrowings				
Cash Credit	**-**	-	**-**	-
Overdraft	**984,499**	978,782	**984,499**	978,782
Demand loans from related parties	**16,199,212**	14,348,424	**16,199,212**	14,348,424
Other financial liabilties				
Creditors for capital expenditure	**847,468**	535,755	**847,468**	535,755
	21,235,763	19,656,573	**21,235,763**	19,656,573

The management assessed that cash and cash equivalents, trade receivables, trade payables, cash credit and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

39 Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed					
Other financial assets (Non-current)					
Security Deposits	**31-Mar-22**	**-**	**-**	**124,000**	**124,000**
Other financial assets (Current)					
Government grant receivable	**31-Mar-22**	**-**	**-**	**10,782,554**	**10,782,554**
Liabilities for which fair value has been disclosed					
Long term borrowings					
Term loan	**31-Mar-22**	**-**	**-**	**3,204,584**	**3,204,584**
Short term borrowings					
Overdraft	**31-Mar-22**	**-**	**-**	**984,499**	**984,499**
Demand loans from related parties	**31-Mar-22**	**-**	**-**	**16,199,212**	**16,199,212**
Other financial liabilties					
Creditors for capital expenditure	**31-Mar-22**	**-**	**-**	**847,468**	**847,468**
Assets for which fair value has been disclosed					
Other financial assets (Non-current)					
Security Deposits	31-Mar-21	-	-	124,000	124,000
Other financial assets (Current)					
Government grant receivable	31-Mar-21	-	-	11,140,373	11,140,373
Liabilities for which fair value has been disclosed					
Short term borrowings					
Cash Credit	31-Mar-21	-	-	-	-
Demand loans from related parties	31-Mar-21	-	-	14,348,424	14,348,424
Other financial liabilties					
Creditors for capital expenditure	31-Mar-21	-	-	535,755	535,755

40 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2022 and 31st March, 2021 .

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2022 and 31st March, 2021 including the effect of hedge accounting(if any)

i) Intererst rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company’s Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty’s potential failure to make payments.

C) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
As at 31st March, 2022						
Term loan	**-**	**142,857**	**428,571**	**2,857,143**	**(223,987)**	**3,204,584**
Overdraft	**984,499**	**-**	**-**	**-**	**-**	**984,499**
Demand loans from related parties	**16,199,212**	**-**	**-**	**-**	**-**	**16,199,212**
Creditors for capital expenditure	**847,468**	**-**	**-**	**-**	**-**	**847,468**
	18,031,179	**142,857**	**428,571**	**2,857,143**	**-223,987**	**21,235,763**
As at 31st March, 2021						
Cash Credit	-	-	-	-	-	-
Demand loans from related parties	14,348,424	-	-	-	-	14,348,424
Creditors for capital expenditure	535,755	-	-	-	-	535,755
	14,884,179	**-**	**-**	**-**	**-**	**14,884,179**

41 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

		As at 31st March 2022 ₹	As at 31st March 2021 ₹
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	**2,339,991**	37,832
	Revenue recognised from unearned advance from customers at the beginning of the year	**-**	-
	Increased due to advance received during the year	**-**	2,302,159
	Balance at the end of the year	**2,339,991**	2,339,991

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The Company does not have any performance obligations that are completely or partially unsatisfied as at 31st March, 2022 and 31st March, 2021, other than those meeting the exclusion criteria mentioned above.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Revenue recognised as per Statement of Profit & loss			
Sale of products		**6,721,452**	**4,781,441**
Add : Adjustments		**-**	-
Contract Price	**TOTAL :**	**6,721,452**	**4,781,441**

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 : 30th April, 2022

On behalf of the Board of Directors,

Rahul S. Pangre
Director
DIN : 05324896

Vyankoji A. Shinde
Director
DIN : 05325712

Place : Kolhapur
Date : 30th April, 2022

Kalyani Centre for Precision Technology Limited

Directors
Mr. K. P. Dixit
Mr. Nitin Mahajan
Mr. Sadashiv Patil

Auditors
P V Deo & Associates LLP
Chartered Accountants
604, Jeevan Heights,
Thorat Colony, Erandwana,
Pune 411 004

Registered Office
C/o Bharat Forge Ltd.
Pune Cantonment,
Mundhwa,
Pune 411 036

Independent Auditor's Report

To the Members of Kalyani Centre For Precision Technology Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kalyani Centre For Precision Technology Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2022, 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 our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its profit including other comprehensive income, the changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and We have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters to be reported in our 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 our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and We will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility

also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If We conclude that a material uncertainty exists, We are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, We give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, We report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

   g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in

writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN: 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI CENTRE FOR PRECISION TECHNOLOGY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2022.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising stock of Stores, spares, loose tools, scrap and work in progress was physically verified at reasonable intervals during the year by the management. No material discrepancies were noticed on such physical verification.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(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 not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was found to be regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues were outstanding as at 31st March, 2022 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanation given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, 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) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company within the Group.

(xvii) The Company has not incurred any cash losses during the financial year covered by this report and also in the preceding financial year.

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN: 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

"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, 2022.

We have audited the internal financial controls over financial reporting of **Kalyani Centre For Precision Technology Limited** ("the Company") as of 31st March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN: 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

Balance sheet as at 31st March, 2022

(Amounts in Thousand ₹)

		Notes	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
I	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and Equipment	3	**462,783.94**	261,407.61
	(b) Right-of-use assets	4	**130,875.65**	147,762.83
	(c) Capital Work in progress		**44,881.04**	186,873.55
	(d) Financial assets			
	(i) Other non-current financial assets	5	**105.13**	14,090.20
	(e) Other non-current assets	6	**59,137.14**	5,920.60
	(f) Income tax assets (net)	7	**11,365.64**	1,661.62
	(g) Deferred tax Asset (net)	8	**-**	4,382.00
			709,148.54	622,098.41
2	**Current assets**			
	(a) Inventories	9	**46,057.82**	30,809.15
	(b) Financial assets			
	(i) Trade receivables	10	**78,215.41**	49,826.44
	(ii) Cash and cash equivalents	11	**3,682.62**	33,017.40
	(iii) Bank Balances Other than (ii) above	12	**2,691.20**	-
	(iv) Other current financial assets	13	**79.80**	768.43
	(c) Other current assets	14	**44,754.10**	85,123.69
			175,480.95	199,545.11
	Total :		**884,629.49**	821,643.52
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	15	**690,883.30**	690,883.30
	(b) Other equity	16	**(13,712.27)**	(20,339.81)
			677,171.03	670,543.49
2	**Non Current liabilities**			
	(a) Financial liabilities			
	(i) Lease liabilities	17	**89,297.07**	98,505.29
	(b) Provision	18	**107.98**	**-**
	(c) Deferred tax liabilities (net)	8	**1,282.00**	**-**
			90,687.05	98,505.29
3	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	19	**50,000.00**	**-**
	(ii) Lease liabilities	20	**9,208.21**	8,418.50
	(iii) Trade payables	21		
	Dues to micro enterprises and small enterprises		**1,643.06**	190.55
	Dues to other than micro enterprises and small enterprises		**54,826.38**	33,234.11
	(iv) Other current financial liabilities	22	**110.73**	10,188.27
	(b) Other current liabilities	23	**978.63**	563.31
	(c) Provisions	24	**4.40**	-
			116,771.41	52,594.74
	Total :		**884,629.49**	821,643.52
	Significant accounting policies and notes forming an integral part of the financial statements	**1 to 47**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Nikita Naik
Company Secretary
Membership No. A61125

Place : Pune
Date : 5th May, 2022

Statement of profit and loss for the year ended 31st March, 2022

(Amounts in Thousand ₹)

		Notes	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
I	**Income**			
	Revenue from Operations	25	**265,172.10**	68,636.79
	Other income	26	**2,054.45**	1,325.95
	Total income		**267,226.55**	69,962.74
II	**Expenses**			
	Changes in inventories of work in progress and scrap	27	**(1,330.53)**	(2,627.24)
	Employee benefit expenses	28	**15,594.15**	552.39
	Finance costs	29	**9,296.06**	10,026.16
	Depreciation & amortisation expense	30	**49,066.95**	20,692.23
	Other expenses	31	**181,638.80**	53,053.21
	Total expenses		**254,265.43**	81,696.75
III	**Profit /(Loss) before tax**		**12,961.12**	(11,734.01)
IV	**Tax expenses/(income)**			
	Current tax		**645.20**	301.00
	Deferred tax		**5,664.00**	(4,382.00)
			6,309.20	(4,081.00)
V	**Profit /(Loss) for the year**		**6,651.92**	(7,653.01)
VI	**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		**(32.58)**	-
	- Tax saving on above		**8.20**	
	Total other comprehensive income, net of tax		**(24.38)**	-
VII	**Total Comprehensive Income/(Loss) for the year**		**6,627.54**	(7,653.01)
VIII	**Earnings per share (of ₹ 10/- each):**			
	(a) Basic (In ₹)	38	**0.10**	(0.18)
	(b) Diluted (In ₹)	38	**0.10**	(0.18)
	Significant accounting policies and notes forming an integral part of the financial statements	**1 to 47**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

On behalf of the Board of Directors,

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DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Nikita Naik
Company Secretary
Membership No. A61125

Place : Pune
Date : 5th May, 2022

a **Equity share capital** (Amounts in Thousand ₹)

	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	**₹**	Nos.	₹
As at beginning of the year	**69,088,330**	**690,883.30**	20,010,000	200,100.00
Changes in equity share capital due to prior period errors.	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period.	**69,088,330**	**690,883.30**	20,010,000	200,100.00
Equity share capital issued during the year	**-**	**-**	49,078,330	490,783.30
As at end of the year	**69,088,330**	**690,883.30**	69,088,330	690,883.30

b **Other equity** (Amounts in Thousand ₹)

	Retained Earnings ₹	**Total Other Equity** ₹
As at beginning of the year	(12,686.80)	(12,686.80)
Changes in equity share capital due to prior period errors.	-	-
Restated balance at the beginning of the current reporting period.	(12,686.80)	(12,686.80)
Total comprehensive income for the year	(7,653.01)	(7,653.01)
Balance as at 31st March, 2021	(20,339.81)	(20,339.80)
Changes in equity share capital due to prior period errors.	-	-
Restated balance at the beginning of the current reporting period.	(20,339.81)	(20,339.80)
Total comprehensive income for the year	6,627.54	6,627.54
Balance as at 31st March, 2022	(13,712.27)	(13,712.27)

Significant accounting policies and notes forming an integral part of the financial statements **1 to 47**

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
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DIN: 08649472

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Chief Financial Officer

Nikita Naik
Company Secretary
Membership No. A61125

Place : Pune
Date : 5th May, 2022

Cash Flow Statement for the year ended 31st March, 2022

(Amounts in Thousand ₹)

			Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
(A)	**Cash flow from operating activities**			
	Profit /(Loss) before tax		**12,961.12**	(11,734.01)
	Adjusted for :			
	Depreciation and amortization expenses		**49,066.95**	20,692.23
	Interest paid on lease liabilties		**9,281.50**	10,003.49
	Remeasurement of (losses)/ Gains of defined benefit plans		**(32.58)**	-
	Operating profit(loss) before working capital changes :		**71,276.99**	18,961.71
	Movements in working capital :			
	(Increase) / decrease in other non-current assets		**(53,216.54)**	45,204.88
	(Increase) / decrease in inventory		**(15,248.67)**	(30,809.15)
	(Increase) / decrease in trade receivables		**(28,388.97)**	(49,826.44)
	(Increase) / decrease in other financial assets		**688.63**	(768.43)
	(Increase) / decrease in other current assets		**40,369.59**	(77,744.67)
	Increase / (decrease) in trade payables		**23,044.77**	25,030.96
	Increase / (decrease) in other current financial liabilities		**(10,077.54)**	(28,919.44)
	Increase / (decrease) in other current liabilities		**415.31**	(108.80)
	Increase / (decrease) in other provisions		**112.37**	-
			(42,301.05)	(117,941.09)
	Cash generation from operations :		**28,975.94**	(98,979.38)
	Direct taxes paid (net of refunds)		**(10,341.01)**	(1,962.62)
	Net Cash (used in)/from operating activities :	**(A)**	**18,634.93**	(100,942.00)
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		**(91,563.58)**	(376,637.88)
	(Investment in) / maturity proceeds of fixed deposits		**11,293.87**	(14,090.20)
	Net cash (used in)/from investing activities :	**(B)**	**(80,269.71)**	(390,728.08)
(C)	**Cash flows from financing activities**			
	Preceeds from issue of equity shares		-	490,783.30
	Preceeds from borrowing through ICD		**50,000.00**	-
	Payment of principal lease liabilities		**(8,418.50)**	(7,696.52)
	Interest Paid		**(9,281.50)**	(10,003.49)
	Cash (used in)/from financing activities :	**(C)**	**32,300.00**	473,083.29
(D)	**Net changes in cash and cash equivalents (A+B+C) :**		**(29,334.78)**	(18,586.79)
(E)	**Cash and cash equivalents at the beginning of the year**		**33,017.40**	51,604.19
(F)	**Cash and cash equivalents at the end of the year (D+E) :**		**3,682.62**	33,017.40

Components of cash and cash equivalents as at		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Balances with banks in current accounts		**3,682.62**	33,017.40
	Total :	**3,682.62**	33,017.40
Significant accounting policies and notes forming an integral part of the financial statements	**1 to 47**		

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Nikita Naik
Company Secretary
Membership No. A61125

Place : Pune
Date : 5th May, 2022

Notes forming part of the financial statements for the year ended 31st March, 2022

1 Corporate information:

Kalyani Centre For Precision Technology Limited ("the Company") is a public limited company incorporated on 25th December, 2019 under the provisions of Companies Act, 2013. The Company is engaged in the business of manufacturing of machined components.

The Company is a wholly owned subsidiary of Bharat Forge Limited.

Operating Cycle of the Company is considered to be of 12 months.

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 thousand

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i In the principal market for the asset or liability, or

ii In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

2.5 Revenue recognition :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

b) Sale of Services :

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days for completion and accordingly revenue is recognised when products are sent to customer on which job work is completed. The normal credit period is 60 days.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.14.

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.

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.

Depreciation for Property, plant and equipment is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows :

Type of Asset	Useful lives estimated by the management
i) Plant and Machinery (including spares of capital nature)	7 to 10 years
ii) Plant and Machinery - Computer	3 years
iii) Furniture and Fixtures	10 years
iv) Office Equipments	5 years
v) Power line	7 years

The Company, based on technical assessment made by a technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

2.10 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 :

Work-in-progress are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the weighted average method.

2.12 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 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.

2.15 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 :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that 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 :

(Amounts in Thousand ₹)

	Plant and Machinery	Furniture and Fixtures	Office Equipment	Power line	Total	Capital Work in progress[(a)]
	₹	₹	₹	₹	₹	₹
Gross block, at cost :						
At the beginning of the year	**-**	**-**	**-**	**-**	-	75,448.33
Additions	253,195.57	1,204.30	812.79	10,000.00	265,212.66	422,016.34
Disposals	-	-	-	-	-	(310,591.12)
As at 31st March, 2021.	253,195.57	1,204.30	812.79	10,000.00	265,212.66	186,873.55
Additions	**233,556.10**	**-**	**-**	**-**	**233,556.10**	**109,668.91**
Disposals	**-**	**-**	**-**	**-**	**-**	**(251,661.42)**
As at 31st March, 2022.	**486,751.67**	**1,204.30**	**812.79**	**10,000.00**	**498,768.76**	**44,881.04**
Depreciation :						
At the beginning of the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
For the period	3,321.90	4.07	5.50	473.58	3,805.05	-
Upto 31st March, 2021.	3,321.90	4.07	5.50	473.58	3,805.05	-
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
For the period	**30,482.36**	**114.41**	**154.43**	**1,428.57**	**32,179.77**	**-**
Upto 31st March, 2022.	**33,804.26**	**118.48**	**159.93**	**1,902.15**	**35,984.82**	**-**
Net Block :						
As at 31st March, 2021.	249,873.67	1,200.23	807.29	9,526.42	261,407.61	186,873.55
As at 31st March, 2022.	**452,947.41**	**1,085.82**	**652.86**	**8,097.85**	**462,783.94**	**44,881.04**

(a) Refer Note No 34 for Capital Work in Progress Ageing

4 Right-of-use assets :

(Amounts in Thousand ₹)

	Land and Building	Total
	₹	₹
Gross block, at cost :		
At the beginning of the year	168,871.80	168,871.80
Additions	-	-
Disposals	-	-
As at 31st March, 2021.	168,871.80	168,871.80
Additions	**-**	**-**
Disposals	**-**	**-**
As at 31st March, 2022.	**168,871.80**	**168,871.80**
Depreciation and amortization :		
At the beginning of the year	4,221.79	4,221.79
Disposals	-	-
For the period	16,887.18	16,887.18
Upto 31st March, 2021.	21,108.97	21,108.97
Disposals		**-**
For the period	**16,887.18**	**16,887.18**
Upto 31st March, 2022.	**37,996.15**	**37,996.15**
Net Block :		
As at 31st March, 2021.	147,762.83	147,762.83
As at 31st March, 2022.	**130,875.65**	**130,875.65**

(Amounts in Thousand ₹)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
5	**Other non-current financial assets (Good):**			
	Deposits with banks with original maturity of more than twelve months[(a)]		**105.13**	14,090.20
		Total :	**105.13**	14,090.20
	(a) Includes deposits held as margin against bank guarantees		**105.13**	14,090.20
6	**Other non-current assets :**			
	Capital advances		**1,200.00**	5,896.08
	Prepaid expenses		**202.15**	24.52
	Balances with government authorities		**57,734.99**	-
		Total :	**59,137.14**	5,920.60
7	**Income tax assets (net) :**			
	Tax paid in advance (net)		**11,365.64**	1,661.62
		Total :	**11,365.64**	1,661.62
8	**Deferred Tax Asset (net) :**			
	Deferred Tax Assets			
	Timing differences for			
	Disallowances		**1,202.00**	4,506.00
	Less : Deferred Tax Liabilities			
	Timing differences for			
	Depreciation		**2,484.00**	124.00
		Total :	**(1,282.00)**	4,382.00
9	**Inventories :**			
	Work-in-progress		**3,957.77**	2,511.49
	Stores, spares and loose tools		**42,100.05**	28,181.91
	Scrap		**-**	115.75
		Total :	**46,057.82**	**30,809.15**

(Amounts in Thousand ₹)

		As at 31st March, 2022	As at 31st March, 2021
		₹	₹
10	**Trade Receivables :**		
	Considered Good - Unsecured	**78,215.41**	49,826.44
	Credit Impaired	**-**	-
	Less : Allowances for credit losses	**-**	-
		-	-
	Total :	**78,215.41**	49,826.44

Includes receivables from related parties (Refer note 35)

Trade receivable are non interest bearing and are generally on terms of 30 to 60 days

Trade Receivables ageing schedule

	Outsanding for following periods from due date of payment					
	Not due	Less than 6 months	6 months - 1 years	1-2 years	More than 2 years	Total
	₹	₹	₹	₹	₹	₹
31st March, 2022						
i) Undisputed - considered good	**78,215.41**	**-**	**-**	**-**	**-**	**78,215.41**
ii) Undisputed - credit impaired	**-**	**-**	**-**	**-**	**-**	**-**
ii) Disputed - considered good	**-**	**-**	**-**	**-**	**-**	**-**
iv) Disputed - credit impaired	**-**	**-**	**-**	**-**	**-**	**-**
Total :	**78,215.41**	**-**	**-**	**-**	**-**	**78,215.41**
31st March, 2021						
i) Undisputed - considered good	48,369.70	1,456.74	-	-	-	49,826.44
ii) Undisputed - credit impaired	-	-	-	-	-	-
ii) Disputed - considered good	-	-	-	-	-	-
iv) Disputed - credit impaired	-	-	-	-	-	-
Total :	48,369.70	1,456.74	-	-	-	49,826.44

(Amounts in Thousand ₹)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
11	**Cash and Bank Balances :**			
	Cash and cash equivalent			
	Balances with banks			
	In current account		**3,682.62**	1,017.40
	Deposits with original maturity of less than three months		**-**	32,000.00
		Total :	**3,682.62**	33,017.40
12	**Bank Balances other than cash and cash equivalents :**			
	Balances with banks :			
	- On Deposit Accounts with maturity of more than 3 Months but less than 12months[(a)]		**2,691.20**	-
		Total :	**2,691.20**	-
	(a) Includes deposits held as margin against bank guarantees		**2,691.20**	-
13	**Other current financial assets (Good):**			
	Security Deposit		**75.00**	75.00
	Interest accrued on fixed deposits		**4.80**	404.67
	Recoverable from the Holding Company		**-**	288.76
		Total :	**79.80**	768.43
14	**Other current assets :**			
	Balances with government authorities		**43,659.47**	84,237.94
	Prepaid expenses		**1,018.47**	742.72
	Advances to suppliers		**76.16**	143.03
		Total :	**44,754.10**	85,123.69

15 Equity share capital :

(Amounts in Thousand ₹)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Authorised				
75,000,000	(75,000,000)	Equity shares of ₹ 10/- each	**750,000.00**	750,000.00
Issued				
69,088,330	(69,088,330)	Equity shares of ₹ 10/- each	**690,883.30**	690,883.30
Subscribed and fully paid-up				
69,088,330	(69,088,330)	Equity shares of ₹ 10/- each	**690,883.30**	690,883.30
Total issued, subscribed and fully paid-up share capital :			**690,883.30**	690,883.30

(a) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Amounts in Thousand ₹)

Equity shares	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	₹	Nos.	₹
Balance at the beginning of the year	**69,088,330**	**690,883.30**	20,010,000	200,100.00
Add :Shares Issued during the year	-	-	49,078,330	490,783.30
Outstanding at the end of the year	**69,088,330**	**690,883.30**	69,088,330	690,883.30

(c) Details of shares held by the Holding Company

(Amounts in Thousand ₹)

Name of Shareholder	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	₹	Nos.	₹
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited#	**69,088,330**	**690,883.30**	69,088,330	690,883.30
Total:	**69,088,330**	**690,883.30**	69,088,330	690,883.30

including the shares held through nominees

(d) Details of shareholders holding more than 5% shares in the Company

(Amounts in Thousand ₹)

Name of Shareholder	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**69,088,330**	**100**	69,088,330	100
Total:	**69,088,330**	**100**	69,088,330	100

\# including the shares held through nominees

(e) Shares held by Promoters at the end of the year

(Amounts in Thousand ₹)

Promoter Name	As at 31st March, 2022		Changes during the year	
	No. of Shares	**% of Total Shares**	**No. of Shares**	**% of Total Shares**
Bharat Forge Limited#	**69,088,330**	**100**	-	**-**
Total:	**69,088,330**	**100**	-	**-**

\# Including shares held through Nominees

Promoter Name	As at 31st March, 2021		Changes during the year	
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
Bharat Forge Limited#	69,088,330	100	-	-
Total:	69,088,330	100	**-**	**-**

\# Including shares held through Nominees

(Amounts in Thousand ₹)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
16	**Other equity :**		
	Other comprehensive income		
	Balance as per the last financial statements	**-**	-
	Other comprehensive income for the year	**(24.38)**	-
	Closing balance	**(24.38)**	-
	Deficit in the Statement of Profit and Loss		
	Balance as per the last financial statements	**(20,339.81)**	(12,686.80)
	Profit/(Loss) for the year	**6,651.92**	(7,653.01)
		(13,687.89)	(20,339.81)
	Less : Appropriations	**-**	-
	Closing balance	**(13,687.89)**	(20,339.81)
	Total :	**(13,712.27)**	(20,339.81)

(Amounts in Thousand ₹)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
17	**Lease liabilities (Non-current) :**			
	Lease liabilities		**89,297.07**	98,505.29
	(Refer note no. 36)			
		Total :	**89,297.07**	98,505.29
18	**Long Term Provisions :**			
	Provision for Employee Benefits:			
	Provision for Gratuity		**63.72**	-
	Provision for Compensated Absences		**44.26**	-
	(Refer note no. 32)			
		Total :	**107.98**	-
19	**Borrwings**			
	Loans repayable on demand			
	Loan from a Related Party (unsecured)[a]		**50,000.00**	-
	(Refer note 35)			
		Total :	**50,000.00**	**-**

(a) Loan from related party represents an Inter Corporate Loan from the Holding Company which is repayable on demand. The Loan carries interest at the rate of 7.50% p.a.

20	**Lease liabilities (Current) :**			
	Lease liabilities		**9,208.21**	8,418.50
	(Refer note no. 36)			
		Total :	**9,208.21**	8,418.50
21	**Trade payables :**			
	Dues to micro enterprises and small enterprises		**1,643.06**	190.55
	Dues to other than micro enterprises and small enterprises		**54,826.38**	33,234.11
		Total :	**56,469.44**	33,424.66

for MSME related information (Refer note 40)

Includes payable to related parties (Refer note 35)

Trade payables ageing schedule (Amounts in Thousand ₹)

	Outsanding for following periods from due date of payment				
	Not Due	**Less than 1 year**	**1-2 years**	**More than 2 years**	**Total**
	₹	₹	₹	₹	₹
31st March, 2022					
i) MSME	**608.80**	**1,030.51**	**3.75**	**-**	**1,643.06**
ii) Other than MSME	**11,331.32**	**43,018.38**	**476.68**		**54,826.38**
iii) Disputed dues to MSME	**-**	**-**	**-**	**-**	**-**
iv) Disputed dues to Other than MSME	**-**	**-**	**-**	**-**	**-**
	11,940.12	**44,048.90**	**480.43**	**-**	**56,469.44**
31st March, 2021					
i) MSME	-	190.55	-	-	190.55
ii) Other than MSME	12,782.24	19,191.87	1,260.00		33,234.11
iii) Disputed dues to MSME	-	-	-	-	-
iv) Disputed dues to Other than MSME	-	-	-	-	-
	12,782.24	19,382.42	1,260.00	-	33,424.66

(Amounts in Thousand ₹)

			As at 31st March, 2022	As at 31st March, 2021
			₹	₹
22	**Other current financial liabilities :**			
	Payable for capital goods		**-**	10,145.31
	Includes payable to related parties (Refer note 35)			
	Security deposit		**88.50**	31.10
	Other		**22.23**	11.86
		Total :	**110.73**	10,188.27
23	**Other current liabilities :**			
	Statutory liabilities		**978.63**	563.31
		Total :	**978.63**	563.31
24	**Short Term Provisions :**			
	Provision for Employee Benefits:			
	Provision for Compensated Absences		**4.40**	-
	(Refer note no. 32)			
		Total :	**4.40**	-

(Amounts in Thousand ₹)

		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
25	**Revenue from operations :**		
	Sale of services		
	Jobwork	**257,225.79**	66,907.66
	Other operationg revenue		
	Sale of manufacturing scrap	**7,946.31**	1,729.13
	Total :	**265,172.10**	68,636.79
	Disaggregate revenue information :		
	The table below presents disaggregated revenues from contracts with customers by geographical segments and contract type.		
	Revenue by geographical segments :		
	Within India	**265,172.10**	68,636.79
	Oustide India	**-**	**-**
	Total :	**265,172.10**	68,636.79
	Revenue by contract type :		
	Fixed price contracts	**265,172.10**	68,636.79
	Time and material contracts	**-**	-
	Total :	**265,172.10**	68,636.79
26	**Other Income :**		
	Interest income On Bank deposit	**119.39**	501.86
	Exchange difference (net)	-	493.64
	Miscellaneous income	**1,935.06**	330.45
	Total :	**2,054.45**	1,325.95

		(Amounts in Thousand ₹)	
		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
27	**Changes in inventories of work in progress and scrap :**		
	Inventories at the beginning of the year		
	Work-in-progress	**2,511.49**	-
	Scrap	**115.75**	-
		2,627.24	-
	Inventories at the close of the year		
	Work-in-progress	**3,957.77**	2,511.49
	Scrap	**-**	115.75
		3,957.77	2,627.24
	Total :	**(1,330.53)**	(2,627.24)
28	**Employee benefit expenses :**		
	Salaries and Wages	**13,993.66**	485.23
	Contributions to		-
	- Provident fund	**523.23**	21.14
	- Other fund / scheme	**165.00**	46.02
	- Gratuity	**213.57**	-
	Staff Welfare Expenses	**698.69**	-
	Total :	**15,594.15**	552.39
29	**Finance costs :**		
	Interest on short term borrowing	**10.27**	-
	Interest on lease liabilities(Refer note no. 36)	**9,281.50**	10,003.49
	Other interest	**4.29**	22.67
	Total :	**9,296.06**	10,026.16
30	**Depreciation & amortisation expense :**		
	Depreciation on property, plant and equipment	**32,179.77**	3,805.05
	Depreciation on right-of-use assets	**16,887.18**	16,887.18
	Total :	**49,066.95**	20,692.23

(Amounts in Thousand ₹)

		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
31	**Other expenses :**		
	Consumption of stores, spares and tools	**58,088.77**	13,413.43
	Labour and processing charges	**33,282.80**	10,194.56
	Power and fuel	**38,493.22**	9,221.62
	Repairs and maintenance		
	- Building	**93.34**	53.81
	- Plant and machinery	**15,833.28**	1,234.58
	- Other	**431.11**	290.50
	Rent	**24.00**	24.00
	Rates and taxes	**851.59**	70.77
	Insurance	**810.00**	181.48
	Legal and professional fees	**605.35**	303.54
	Packing material	**15,127.00**	3,683.24
	Freight and forwarding charges	**144.66**	2,314.73
	Security expenses	**4,843.41**	4,453.17
	Share issue expenses	**-**	3,110.18
	Travelling and conveyance	**1,807.59**	1,071.37
	Payment to Auditors (Refer note no.37)	**500.00**	415.00
	Miscellaneous expenses#	**10,702.68**	3,017.23
	Total :	**181,638.80**	53,053.21

Miscellaneous expenses includes, travelling expenses, printing, stationery, postage, telephone, etc.

32 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized 523.23 ₹ Thousand (Previous Year:₹ 21.14 ₹ Thousand) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a) Asset-Liability Mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

Unfunded Plan Risk

This represents unmanaged risk and a growing liability. The reisaninherent risk herethat the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in Company's financials and also benefit risk through return on the funds made available for the plan.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2022	Year ended 31st March, 2021
Mortality table	**IALM 2012-14 Ult**	-
Discount rate	**7.30%**	-
Expected rate of return on plan assets	**0.00%**	-
Salary Growth Rate	**7.00%**	-
Expected average remaining working lives (in years)	**14.26%**	-
Withdrawal rate	**5.00%**	-

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(Amounts in Thousand ₹)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Present value of obligation as at the beginning of the year	**30.24**	-
Interest expense	**2.09**	-
Current service cost	**63.97**	-
Benefits (paid)	**-**	-
Remeasurements on obligation [Actuarial (Gain) / Loss]	**(32.58)**	-
Present value of obligation as at the end of the year	**63.72**	-

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(Amounts in Thousand ₹)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Fair value of plan assets at the beginning of the year	**-**	-
Interest Income	**-**	-
Contributions	**-**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**-**	-
Fair value of plan assets at the end of the year	**-**	-
Actual return on plan assets	**-**	-

Net Interest (Income/Expense)

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Interest (Income) / Expense – Obligation	**2.09**	-
Interest (Income) / Expense – Plan assets	**-**	-
Net Interest (Income) / Expense for the period	**2.09**	-

Remeasurement for the period [Actuarial (Gain)/loss]

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Experience (Gain) / Loss on plan liabilities	**(29.24)**	-
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**(3.34)**	-
Experience (Gain) / Loss on plan assets	**-**	-
Financial (Gain) / Loss on plan assets	**-**	-

Amount recognised in Statement of Other Comprehensive Income (OCI)

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Opening amount recognised in OCI outside profit and loss account	**-**	
Remeasurement for the period-Obligation (Gain)/Loss	**(32.58)**	-
Remeasurement for the period-Plan assets (Gain)/Loss	**-**	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**(32.58)**	-
Closing amount recognised in OCI outside profit and loss account	**(32.58)**	-

The amounts to be recognised in the Balance Sheet

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Present value of obligation as at the end of the period	**63.72**	-
Fair value of plan assets as at the end of the period	**-**	-
Net Asset / (liability) to be recognised in balance sheet	**(63.72)**	-

Expense recognised in the statement of profit and loss

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Current service cost	**63.97**	-
Net Interest (Income) / Expense	**2.09**	-
Net periodic benefit cost recognised in the statement of profit and loss	**66.06**	-

Reconciliation of Net Asset/(Liability) recognised:

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Net asset / (liability) recognised at the beginning of the period	**(30.24)**	-
Company contributions	**-**	-
Expense recognised at the end of period	**(66.06)**	-
Amount recognised outside profit & loss for the period	**32.58**	-
Net asset / (liability) recognised at the end of the period	**(63.72)**	-

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Year ended 31st March, 2022	Year ended 31st March, 2021
Funds managed by insurer	**-**	-

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis points

(Amounts in Thousand ₹)

Discount rate	**Present value of obligation**	
	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Increase in discount rate by 100 basis points	**56.43**	-
Decrease in discount rate by 100 basis points	**72.61**	-

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis points

(Amounts in Thousand ₹)

Salary growth rate	Present value of obligation	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in salary growth rate by 100 basis points	**71.88**	-
Decrease in salary growth rate by 100 basis points	**56.88**	-

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis points

(Amounts in Thousand ₹)

Withdrawal rate	Present value of obligation	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in withdrawal rate by 100 basis points	**63.95**	-
Decrease in withdrawal rate by 100 basis points	**63.45**	-

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

(Amounts in Thousand ₹)

Year Ending	31st March, 2022	31st March, 2021
	₹	₹
Within the next 12 months (next annual reporting period)	**-**	-

Amount for the current and previous three years are as follows:

(Amounts in Thousand ₹)

	31st March, 2022	31st March, 2021	31st March, 2020
	₹	₹	₹
Present Value of Defined Benefit Obligation	**63.72**	-	-
Fair Value of Plan Asset	**-**	-	-
Funded Status [Surplus/ (Deficit)]	**(63.72)**	-	-
Experience gain / (loss) adjustments on plan liabilities	**(29.24)**	-	-
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.

(Amounts in Thousand ₹)

	As at 31st March, 2022	As at 31st March, 2021
	₹	₹
Present Value of Obligation	**48.66**	-
Fair Value of Plan Assets	**-**	-
Net asset/(liability) recognized in the Balance Sheet	**(48.66)**	-

33 Segment reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of manufacturing of machined components; which in the context of Indian Accounting Standard 108 'Segment Information' represent single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

34 Capital Work in Progress Ageing :

(Amounts in Thousand ₹)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Projects in Progress			
Less than 1 year		**14,060.38**	186,873.55
1-2 years		**30,820.67**	-
2-3 years		**-**	-
More than 3 years		**-**	-
	Total :	**44,881.05**	186,873.55

35 Related party disclosures

(i) Names of the related parties and related party relationship

a. Holding Company :	Bharat Forge Limited
b. Key Managerial Personnel :	i) Mr. Kedar Prakash Dixit (Director) ii) Mr. Sadashiv Bapusaheb Patil (Director) iii) Mr. Nitin Achyut Mahajan (Director & Chief Executive Officer)@ iv) Mr. Sameer Paranjape (Chief Financial Officer)@ v) Ms. Nikita Laxman Naik (Company Secretary)@ @ On deputation from Bharat Forge Limited, the Holding Company
c. Other related parties :	Saarloha Advanced Materials Pvt Ltd
(Enterprises owned or significantly influenced by key management personnel or their relatives)	Kalyani Steels Limited

(ii) Related parties with whom transactions have taken place during the period

(Amounts in Thousand ₹)

Nature of transaction	Note	Saarloha Advanced Materials Pvt Ltd	Kalyani Steels Limited	Bharat Forge Limited	Total
		₹	₹	₹	₹
Issue of Shares	(a)	**-**	**-**	**-**	**-**
		(-)	(-)	(490,783.30)	(490,783.30)
Sale of Scrap	(b)	**7,855.21**	**70.78**	**-**	**7,925.99**
		(-)	(-)	(-)	-
Sale of services (net of GST)	(b)	-	-	**279,556.44**	**279,556.44**
		(-)	(-)	(118,742.65)	(118,742.65)
Rent Paid	(c)	-	-	**24.00**	**24.00**
		(-)	(-)	(24.00)	(24.00)
Reimbursement of expenses paid	(d)	-	-	**13,279.13**	**13,279.13**
		(-)	(-)	(3,390.70)	(3,390.70)
Purchase of property, plant and equipment (net of GST)	(e)	-	-	**35,116.05**	**35,116.05**
		(-)	(-)	(193,471.87)	(193,471.87)
Purchase of other material (net of GST)	(f)			**8,418.79**	**8,418.79**
		(-)	(-)	(8,242.81)	(8,242.81)
Intercompany Loan borrowed	(g)	-	-	**50,000.00**	**50,000.00**
		(-)	(-)	(-)	-
Interest on Intercompany Loan	(g)	-	-	**10.27**	**10.27**
		(-)	(-)	(-)	-

(Figures in bracket indicate previous year)

(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) Sale of services and manufacturing scrap to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(c) Rent paid to related party is in the ordinary course of business.

(d) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(e) The Company has purchased property, plant and equipment from the related party at an arm's length price.

(f) The Company has purchased spares, tools etc. from the related party at an arm's length price.

(g) Loan from related party represents an Inter Corporate Loan from Holding Company which is repayable on demand. The Loan carries interest at the rate of 7.50% p.a.

(iii) Balances outstanding

(Amounts in Thousand ₹)

Nature	Holding Company ₹	Total ₹
Trade payable	**360.25**	**360.25**
	(144.27)	(144.27)
Payables for capital goods	**2.36**	**2.36**
	(543.24)	(543.24)
Trade Receivables	**75,203.87**	**75,203.87**
	(46,776.81)	(46,776.81)
Other Payable	**7,327.51**	**7,327.51**
	-	-
Other Receivables	**-**	**-**
	(288.76)	(288.76)
Intercompany Loan	**50,000.00**	**50,000.00**
	(-)	(-)
Interest on Intercompany Loan	**10.27**	**10.27**
	(-)	(-)

(Figures in bracket indicate previous year)

36 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 :

(Amounts in Thousand ₹)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Balance at the beginning of the year	**147.76**	164,650.00
Additions during the period	**-**	-
Depreciation	**(16,887.18)**	(16,887.18)
Balance at the end of the year	**(16,739.42)**	147,762.82

Below are the carrying amounts of lease liabilities and the movements during the period :

(Amounts in Thousand ₹)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Balance at the beginning of the year	**106,923.79**	114,620.30
Additions during the period	**-**	
Accretion of interest	**9,281.50**	10,003.49
Rent payments	**(17,700.00)**	(17,700.00)
Balance at the end of the year	**98,505.29**	106,923.79
Current	**9,208.21**	8,418.50
Non - Current	**89,297.08**	98,505.29

The following are the amounts recognised in profit or loss:

(Amounts in Thousand ₹)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Depreciation expense of right-of-use assets	**16,887.18**	16,887.18
Interest expense on lease liabilities	**9,281.50**	10,003.49
Expense relating to leases of low-value assets	**24.00**	24.00
Total amount recognised in profit or loss	**26,192.68**	26,914.67

The Company had total cash outflows for leases of ₹ 17,700 Thousand (31st March, 2021: ₹ 17,700 Thousand)

37 Payments to Auditors (Exclusive of GST, wherever applicable) :

(Amounts in Thousand ₹)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
As auditor	**350.00**	300.00
As tax auditor	**125.00**	100.00
Other income tax matters	**25.00**	15.00
Total :	**500.00**	415.00

38 Earnings per share (EPS) :

(Amounts in Thousand ₹)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Numerator for basic and diluted EPS		
Loss for the period attributable to shareholders as at 31st March	**6,651.92**	(7,653.01)
Weighted average number of equity shares in calculating basic EPS	**69,088,330.00**	42,078,622.18
EPS - Basic (in ₹)	**0.10**	(0.18)
EPS - Diluted - (in ₹)	**0.10**	(0.18)

39 Commitments :

(Amounts in Thousand ₹)

	As at 31st March, 2022	As at 31st March, 2021
	₹	₹
Estimated amount of contracts remaining to be executed on capital account and not provided for	**9,628.98**	65,274.12
For commitments relating to lease agreements, Please refer note 36		
Total :	**9,628.98**	65,274.12

40 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

(Amounts in Thousand ₹)

Particulars	**As at 31st March, 2022**	As at 31st March, 2021
	₹	₹
Principal amount remaining unpaid to any supplier as at the end of the accounting year	**1,643.06**	**190.55**
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**13.04**	**12.32**
The amount of interest paid to the supplier beyond the appointed day	**-**	**-**
The amounts of the payment made to the supplier beyond the appointed day	**469.70**	**2,089.65**
The amount of interest due and payable for the year	**1.18**	**12.32**
The amount of interest accrued and remaining unpaid at the end of the accounting year	**13.04**	**11.86**
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.

41 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 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 42 and 43 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.

42 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:

(Amounts in Thousand ₹)

	Carrying value	**Fair value**	Carrying value	Fair value
	As at 31st March, 22	**As at 31st March, 22**	As at 31st March, 21	As at 31st March, 21
	₹	**₹**	₹	₹
Financial assets				
Other non current financial asset				
Fixed deposit with bank	**105.13**	**105.13**	14,090.20	14,090.20
Other current financial assets				
Deposit	**75.00**	**75.00**	75.00	75.00
Interest accrued on fixed deposits	**4.80**	**4.80**	404.67	404.67
Receivable from holding company	**-**	**-**	288.76	288.76
Total :	**184.93**	**184.93**	14,858.63	14,858.63
Financial liabilities				
Lease liability (Non-current)	**89,297.07**	**89,297.07**	98,505.29	98,505.29
Borrwings	**50,000.00**	**50,000.00**	-	-
Lease liability (Current)	**9,208.21**	**9,208.21**	8,418.50	8,418.50
Other financial liabilities				
Creditors for capital expenditure	**-**	**-**	10,145.31	10,145.31
Security Deposit	**88.50**	**88.50**	31.10	31.10
Other	**22.23**	**22.23**	11.86	11.86
Total :	**148,616.01**	**148,616.01**	117,112.06	117,112.06

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.

43 Fair value hierarchy :

(Amounts in Thousand ₹)

	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			-	-	
Fixed deposit with bank - non current	**3/31/2022**	-	-	**105.13**	**105.13**
Security Deposits	**3/31/2022**	-	-	**75.00**	**75.00**
Interest receivable	**3/31/2022**	-	-	**4.80**	**4.80**
Receivable from holding company	**3/31/2022**	-	-	**-**	**-**
Liabilities for which fair value has been disclosed					
Lease liability (Non-current)	**3/31/2022**	**-**	**-**	**89,297.07**	**89,297.07**
Borrwings	**3/31/2022**	**-**	**-**	**50,000.00**	**50,000.00**
Lease liability (Current)	**3/31/2022**	**-**	**-**	**9,208.21**	**9,208.21**
Creditors for capital expenditure	**3/31/2022**	-	-	**-**	**-**
Security deposit	**3/31/2022**	-	-	**88.50**	**88.50**
Other	**3/31/2022**	-	-	**22.23**	**22.23**
Assets for which fair value has been disclosed					
Fixed deposit with bank - non current	3/31/2021	-	-	14,090.20	14,090.20
Security Deposits	3/31/2021	-	-	75.00	75.00
Interest receivable	3/31/2021	-	-	404.67	404.67
Receivable from holding company	3/31/2021	-	-	288.76	288.76
Liabilities for which fair value has been disclosed					
Creditors for capital expenditure	3/31/2021	-	-	10,145.31	10,145.31
Security deposit	3/31/2021	-	-	31.10	31.10
Other	3/31/2021	-	-	11.86	11.86
Lease liability (Non-current)	3/31/2021	-	-	98,505.29	98,505.29
Lease liability (Current)	3/31/2021	-	-	8,418.50	8,418.50

44 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include deposits, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management 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, 2022 and 31st March, 2021.

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, 2022 and 31st March, 2021 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.

ii) Foreign Currency Sensitivity :

The Company does not have exposure to foreign currency changes as at the end of the financial year.

b) Credit risk :

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Trade Receivables :

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, currently Company's customers mainly includes its, Holding Company. Outstanding customer receivables are regularly monitored and reconciled. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.The Company evaluates the concentration of risk with respect to trade receivables as low.

ii) Financial instruments and cash deposits :

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk :

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Amounts in Thousand ₹)

	Less than 1 year	1 year to 5 years	More than 5 years	Total
	₹	₹	₹	₹
As at 31st March, 2022				
Lease liability (Non-current)	-	**42,347.34**	**46,949.73**	**89,297.07**
Borrwings	**50,000.00**			**50,000.00**
Lease liability (Current)	**9,208.21**	**-**	**-**	**9,208.21**
Creditors for capital expenditure	**-**	-	-	**-**
Security Deposit	**88.50**			**88.50**
Other amounts payable	**22.23**	-	-	**22.23**
				-
	59,318.94	**42,347.34**	**46,949.73**	**148,616.01**
As at 31st March, 2021				
Lease liability (Non-current)	-	38,715.56	59,789.73	98,505.29
Creditors for capital expenditure	10,145.31	-	-	10,145.31
Lease liability (Current)	8,418.50	-	-	8,418.50
Security Deposit	31.10			31.10
Other	11.86			11.86
	18,606.77	38,715.56	59,789.73	117,112.06

45 Ratio Analysis

Sr. No.	Particulars	Note Ref	Numerator	Denominator	31st March 2022 %	31st March 2021 %	Variance %
1	Current Ratio	(i)	Current Assets	Current Liabilities	1.50	3.79	(60.39)
2	Return on Equity Ratio	(ii)	Profit/(Loss) for the year	Average shareholders' equity	0.01	(0.02)	(1.55)
3	Inventory Turnover Ratio	(iii)	Cost of goods sold	Average Inventory	1.48	0.70	110.91
4	Trade Receivables Turnover Ratio	(iv)	Revenue	Average trade receivable	4.14	2.76	50.34
5	Trade Payables Turnover Ratio	(v)	Purchases + Other expenses	Average trade payables	4.01	2.54	0.58
6	Net Capital Turnover Ratio	(vi)	Revenue	Working capital (Current Assets-Current liabilities)	4.52	0.47	867.01
7	Net Profit Ratio	(vii)	Profit for the year	Revenue	0.03	(0.11)	(122.50)
8	Return on Capital Employeed	(viii)	Earning before interest and taxes	Capital Employed (Net Worth + Defered tax liabilities + Lease liabilities)	0.03	(0.02)	(220.66)

(i) Increase in current liabilities dur to borrowing made in current year has resulted in deterioration of the ratio.

(ii) Increase in turnover and profit for the year has resulted in improvement of the ratio.

(iii) Increase in turnover for the year has resulted in improvement of the ratio.

(iv) Regular recovery from the trade debtors has resulted in the improvement of the ratio.

(v) Periodic payments to the trade payables has resulted in the improvement of the ratio.

(vi) Increase in turnover and borrowing during the year has resulted in change of the ratio.

(vii) Increase in turnover for the year has resulted in improvement of the ratio.

(viii) Increase in turnover and profit for the year has resulted in improvement of the ratio.

46 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2022 Rs. NIL (Previous Year : Rs. NIL) of unbilled revenue pertaining to fixed price development contracts has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets during the year ended 31st March, 2022 Rs. NIL (Previous Year : Rs. NIL)

c) Changes in Contract Liabilities during the year ended 31st March, 2022 Rs. NIL (Previous Year : Rs. NIL)

d) Performance obligations and remaining performance obligations :

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

(Amounts in Thousand ₹)

	Year ended 31st March 2022 ₹	Year ended 31st March 2021 ₹
Revenue recognised as per Statement of Profit & loss		
Sale of services	**257,225.79**	66,907.66
Other operating revenue	**7,946.31**	1,729.13
	265,172.10	68,636.79
Add/Less: Adjustments	-	-
Contract Price	**265,172.10**	68,636.79

47 Income and deferred taxes :

a) The major components of income tax expense for the year ended 31st March 2022 and 31st March 2021 are :

Statement of profit and loss : (Amounts in Thousand ₹)

	As at 31st March 2022 ₹	As at 31st March 2021 ₹
Current income tax		
Current income tax charge	**938.00**	301.00
Taxation for earlier year	**(301.00)**	-
Deferred tax		
Relating to origination and reversal of temporary differences	**5,664.00**	(4,382.00)
Income tax expense reported in the statement of profit and loss	**6,301.00**	(4,081.00)

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2022 and 31st March 2021 are :

(Amounts in Thousand ₹)

	31st March 2022 ₹	31st March 2021 ₹
Accounting loss before tax	**12,961.12**	(11,734.01)
At India's enacted tax rate of 25.17% (31st March 2021 : 25.17%)	**3,262.00**	-
Deferred tax savings on current year accounting loss	**(902.00)**	(2,953.00)
Tax effect of non-deductible expenses	**(1,422.00)**	2,236.00
Tax effect of earlier years	**(301.00)**	-
Tax effect due to change in the rates	**-**	-
Deferred tax not recognised on prudence basis	**-**	-
Deferred tax savings in respect of tax disallowances of earlier year	**5,664.00**	(3,364.00)
Other effects		
At the effective income tax rate	**6,301.00**	(4,081.00)
Income tax expense reported in the statement of profit and loss	**6,301.00**	(4,081.00)

c) Reconciliation of deferred tax (liabilities)/Asset (net)

(Amounts in Thousand ₹)

	As at 31st March 2022 ₹	As at 31st March 2021 ₹
Opening balance	**4,382.00**	-
Tax income/(expense) during the period recognised in profit or loss	**(5,664.00)**	4,382.00
Closing balance	**(1,282.00)**	4,382.00

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIVPUA4016

Place : Pune
Date : 5th May, 2022

On behalf of the Board of Directors,

Kedar Dixit
Director
DIN: 07055747

Nitin Mahajan
Director and CEO
DIN: 08649472

Sameer Paranjape
Chief Financial Officer

Nikita Naik
Company Secretary
Membership No. A61125

Place : Pune
Date : 5th May, 2022

Kalyani Powertrain Limited
(formerly Kalyani Powertrain Private Limited)

Directors

Mr. K. M. Saletore

Mr. Sanjeev Ramachandra Kulkarni

Mr. Ravindra Bhaskarrao Nagarkar

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

Survey No 49,

Industry House,

Opp Kalyani Steels Ltd,

Mundhwa, Pune 411 036

Independent Auditor’s Report

To the Members of Kalyani Powertrain Limited (Previously Known As Kalyani Powertrain Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Kalyani Powertrain Limited (Previously Known As Kalyani Powertrain Private Limited)** (“the Company”) which comprises the Standalone Balance Sheet as at 31st March, 2022, the Standalone Statement of Profit and Loss, including the Standalone Statement of Other Comprehensive Income, the Standalone Statement of changes in equity and the Standalone Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and We have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to be reported in our report.

Information Other than the Standalone Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the Board’s Report including Annexures to Board’s Report, but does not include the standalone financial statements and our auditor’s report thereon. The Board’s Report including Annexures to Board’s Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board’s Report including Annexures to Board’s Report if we conclude that there is a material misstatement therein, We are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, We are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that We identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
    c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including other comprehensive income, the standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
    e) On the basis of written representations received from the directors as on 31st March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
    g) In our opinion the managerial remuneration for the year ended 31st March, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2020, in our opinion and to the best of our information and according to the explanations given to us :
        i. The Company does not have any pending litigations which would impact its financial position;
        ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
        iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in

any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI POWERTRAIN LIMITED (PREVIOUSLY KNOWN AS KALYANI POWERTRAIN PRIVATE LIMITED) FOR THE YEAR ENDED 31st MARCH, 2022.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the course of audit and to the best of our knowledge and belief, we state that:

(i) (a) a. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

b. The Company has maintained proper records showing full particulars of intangible assets.

(b) As explained to us, the Property, Plant and Equipment and relevant details of right-of-use assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the Property, Plant and Equipment and relevant details of right-of-use assets.

(c) The Company does not own any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising work in progress and other material for R & D activity 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.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable

(iii) (a) The Company has made investments in, provided any guarantee or security during the year to companies, firms, limited liability partnerships or any other parties. In respect of the loans or advances in the nature of loans, secured or unsecured, granted by the Company during the year to companies, firms, limited liability partnerships or any other parties, we report as under.

(In ₹ Thousands)

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Aggregate amount granted/ provided during the year :				
Fellow Subsidiary	NIL	NIL	149,975.00	NIL
Other related party	NIL	NIL	NIL	NIL
Balance outstanding as at 31st March, 2022 :				
Fellow Subsidiary	NIL	NIL	151,614.20*	NIL
Other related party	NIL	NIL	NIL	NIL

* Includes foreign exchange gain amounting to ₹ 1,639.20 thousand on account of differential reinstatement of foreign exchange loans.

(b) The terms and conditions of the grant of the above loans were not found prima facie prejudicial to the Company's interest.

(c) In respect of the loans or advances in the nature of loans which are repayable on demand, no schedules of repayment of the principal and payment of interest have been stipulated. For other loans or advances in the nature of loans, schedules of repayment of the principal and payment of interest have been stipulated. The repayment or receipts are regular.

(d) There were no amounts overdue in respect of the principal and payment of interest.

(e) No loan or advance in the nature of loan granted and which has fallen due during the year has been renewed or extended or fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) Details of loans granted which are repayable on demand or without specifying any terms of repayment are as under.

(In ₹ Thousands)

	All parties ₹	Promoters ₹	Related parties ₹
Aggregate amount of loans/ advances in the nature of loans :			
Repayable on demand	NIL	NIL	NIL
Agreement does not specify any terms or period of repayment	NIL	NIL	NIL
Total :	NIL	NIL	NIL
Percentage of loans/ advances in the nature of loans to the total loans	0%	0%	0%

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, there under.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was generally found to be regular in depositing undisputed statutory dues including goods and services tax, provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st March, 2022 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, the company has utilized funds raised by way of preferential allotment or private placement of shares and optionally convertible debentures for the purposes for which they were raised.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 177 and 188 of the Companies Act, 2013. The details of the related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013.

(xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company within the Group.

(xvii) The Company has incurred the following amounts of cash losses during the financial year covered by this report and incurred cash losses in the preceding financial year.

(In ₹ Thousands)

	Current Financial Year ₹	Preceding Financial Year ₹
Cash losses incurred	**158,329.47**	**4,951.76**

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI POWERTRAIN LIMITED (PREVIOUSLY KNOWN AS KALYANI POWERTRAIN PRIVATE LIMITED) FOR THE YEAR ENDED 31ST MARCH, 2022.

We have audited the internal financial controls over financial reporting of **Kalyani Powertrain Limited (Previously Known As Kalyani Powertrain Private Limited)** ("the Company") as of 31st March, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to lstandalone financial statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

Standalone Balance Sheet as at 31st March, 2022

(In ₹ Thousands)

		Notes	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
I.	**ASSETS**			
1	**Non-current assets**			
	a) Property, plant and equipment	3	**19,800.04**	-
	b) Intangible assets	4	**14,518.08**	-
	c) Intangible assets under development	4	**440.00**	-
	d) Right-of-use-assets	5	**45,091.48**	-
	e) Financial assets			
	i) Investment in subsidiaries	6	**1,199,892.84**	-
	ii) Other financial assets	7	**4,354.91**	-
	f) Deferred tax assets (net)	8	**-**	-
	g) Income tax assets (net)	9	**470.43**	-
	h) Other non-current assets	10	**13,984.06**	-
			1,298,551.84	-
2	**Current assets**			
	a) Inventories	11	**35,824.55**	-
	b) Financial assets			
	i) Cash and cash equivalents	12	**42,181.58**	10.00
	ii) Other bank balances	12	**136,300.00**	-
	iii) Loans	13	**151,614.20**	-
	iv) Other financial assets	14	**25,127.23**	-
	c) Other current assets	15	**25,891.50**	-
			416,939.06	10.00
	Total :		**1,715,490.90**	10.00
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	a) Equity share capital	16	**1,623,244.44**	10.00
	b) Other equity	17	**(22,188.35)**	(4,951.76)
			1,601,056.09	(4,941.76)
2	**Non-current liabilities**			
	a) Financial liabilities			
	i) Lease liabilities	37	**29,600.97**	-
	b) Provisions	18	**4,836.67**	-
			34,437.64	-
3	**Current liabilities**			
	a) Financial liabilities			
	i) Lease liabilities	37	**9,063.19**	-
	i) Trade payables	19		
	Total outstanding dues of micro enterprises and small enterprises		**-**	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**62,318.77**	4,951.76
	b) Provisions	20	**384.94**	-
	c) Other current liabilities	21	**8,230.27**	-
			79,997.17	4,951.76
	Total :		**1,715,490.90**	10.00
	Significant accounting policies and notes forming an integral part of the financial statements	**1 to 43**		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Sanjeev Kulkarni
Director and CEO
DIN: 09120484

Ganadheesh Kulkarni
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 13th May, 2022

Standalone Statement of Profit and Loss for the year ended 31st March, 2022

(In ₹ Thousands)

		Notes	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
I.	**Revenue from operations**		-	-
II.	**Other income**	22	**4,346.99**	-
	Total income		**4,346.99**	-
III.	**Expenses**			
	a) Employee benefit expenses	23	**132,181.93**	-
	b) Finance costs	24	**980.01**	-
	c) Depreciation and amortization expenses	25	**7,766.34**	-
	d) Other expenses	26	**29,514.52**	4,951.76
	Total expenses		**170,442.80**	4,951.76
IV.	**Loss before exceptional items and tax**		**(166,095.81)**	(4,951.76)
V.	**Exceptional items gain**	42	**149,653.15**	-
VI.	**Loss after exceptional items and before tax**		**(16,442.66)**	**(4,951.76)**
VII.	**Tax expenses**			
	Current tax		-	-
	Deferred tax		-	-
			-	-
VIII.	**Loss for the year**		**(16,442.66)**	**(4,951.76)**
IX.	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement gain/(loss) on defined benefit plans		**(793.93)**	-
	Total other comprehensive income, net of tax		**(793.93)**	-
X.	**Total comprehensive income for the year**		**(17,236.59)**	(4,951.76)
XI.	**Earnings per equity share for continuing operations [nominal value of share ₹ 10/-]**			
	a) Basic (In ₹)	29	**(0.32)**	(4,951.76)
	b) Diluted (In ₹)	29	**(0.32)**	(4,951.76)
	Significant accounting policies and notes forming an integral part of the financial statements	**1 to 43**		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Sanjeev Kulkarni
Director and CEO
DIN: 09120484

Ganadheesh Kulkarni
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 13th May, 2022

a) Equity share capital (In ₹ Thousands)

	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	**₹**	Nos.	₹
Balance at the beginning	**1,000**	**10.00**	-	-
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning	**1,000**	**10.00**	-	-
Changes in equity share capital				
Issued during the year	**162,323,444**	**1,623,234.44**	1,000	10.00
Balance at the end	**162,324,444**	**1,623,244.44**	1,000	10.00

b) Other equity (In ₹ Thousands)

	Retained earnings	Other comprehensive income	Total other equity
	₹	₹	₹
Changes in other equity due to prior period errors	-	-	-
Restated balance at the beginning of the previous reporting period	-	-	-
Total comprehensive income for the year	(4,951.76)	-	(4,951.76)
Balance as at 31st March, 2021	(4,951.76)	-	(4,951.76)
Changes in other equity due to prior period errors	-	-	**-**
Restated balance at the beginning of the current reporting period	(4,951.76)	-	(4,951.76)
Total comprehensive income for the year	**(16,442.66)**	**(793.93)**	**(17,236.59)**
Balance as at 31st March, 2022	**(21,394.42)**	**(793.93)**	**(22,188.35)**

c) Total equity (a+b) **1,601,056.09**

Significant accounting policies and notes forming an integral part of the financial statements **1 to 43**

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Sanjeev Kulkarni
Director and CEO
DIN: 09120484

Ganadheesh Kulkarni
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 13th May, 2022

Standalone Cash Flow Statement for the year ended 31st March, 2022

(In ₹ Thousands)

			For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
(A)	**Cash flow from operating activities**			
	Loss after exceptional items and before tax		**(16,442.66)**	(4,951.76)
	Non cash exceptional items		**(149,653.15)**	-
	Depreciation and amortization expenses		**7,766.34**	-
	Finance costs		**980.01**	-
	Interest income		**(2,186.79)**	-
	Remeasurement of the net defined benefit liability/asset		**(793.93)**	-
	Operating loss before working capital changes		**(160,330.18)**	(4,951.76)
	Movements in working capital :			
	Increase / (decrease) in trade payables		**57,367.01**	4,951.76
	Increase / (decrease) in other current liabilities		**8,230.27**	-
	Increase / (decrease) in provisions		**5,221.61**	-
	(Increase) / decrease in inventories		**(35,824.55)**	-
	(Increase) / decrease in other current assets		**(25,891.50)**	-
	(Increase) / decrease in other financial assets		**(25,019.33)**	-
	(Increase) / decrease in other non current Asset		**(207.34)**	-
			(16,123.83)	4,951.76
	Cash generated from operations		**(176,454.01)**	-
	Direct taxes paid (net of refunds)		**(470.43)**	-
	Net cash flows from operating activities	**(A)**	**(176,924.44)**	-
(B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment and intangible assets (including capital work in progress, intangible under development and capital advance)		**(52,737.82)**	-
	Investment in subsidiaries		**(749,939.69)**	-
	Loans to subsidiaries		**(151,614.20)**	-
	Investment in fixed deposits		**(279,100.00)**	-
	Proceeds from maturity/redemption of fixed deposits		**142,800.00**	-
	Loans to employees		**(107.90)**	-
	Interest income		**2,085.29**	-
	Net cash flows used in investing activities	**(B)**	**(1,088,614.32)**	-
(C)	**Cash flows from financing activities**			
	Proceeds from issue of equity shares		**922,934.44**	10.00
	Proceeds from issue of debentures		**400,000.00**	-
	Payment of security deposit		**(5,850.00)**	-
	Payment of sub-lease expenses		**(5,912.65)**	-
	Payment of principal lease liabilities		**(2,481.44)**	-
	Interest paid on lease liabilties		**(931.06)**	-
	Interest paid		**(48.95)**	-
	Net cash flows from/(used in) financing activities	**(C)**	**1,307,710.34**	10.00
(D)	**Net increase in cash and cash equivalents (A+B+C)**		**42,171.58**	10.00

(In ₹ Thousands)

		For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
(E)	**Cash and cash equivalents at the beginning of the year**	**10.00**	-
(F)	**Cash and cash equivalents at the end of the year**	**42,181.58**	10.00

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Components of cash and cash equivalents		
Balances with banks in current accounts	**146.25**	10.00
Deposits with original maturity of less than three months	**42,035.33**	-
TOTAL :	**42,181.58**	10.00

Significant accounting policies and notes forming an integral part of the financial statements **1 to 43**

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Sanjeev Kulkarni
Director and CEO
DIN: 09120484

Ganadheesh Kulkarni
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 13th May, 2022

Notes forming part of the standalone financial statements for the year ended 31st March, 2022

1 Corporate information:

Kalyani Powertrain Limited ("the Company") was incorporated on 26th September, 2020 as a private limited company under the provisions of the Companies Act, 2013. The Company has since been converted into a public limited company by passing a special resolution in the extra ordinary general meeting of the members of the Company held on 22nd June, 2021. The Company has received fresh Certificate of Incorporation dated 20th July, 2021 from the Registrar of Companies, Pune consequent to the conversion into a public limited company. The Company is a wholly owned subsidiary of Bharat Forge Limited.

The previous financial year comprised a period from 26th September, 2020 i.e. the date of incorporation to 31st March, 2021. The current financial year consist period of 12 months. The figures of the current financial year are therefore not necessarily comparable with those for the previous financial year.

During the period covered by these standalone financial statements, the Company was engaged in setting up the business of power electronics, development of sub-systems, electric powertrain transmission systems for automotive sector and related research and development.

These standalone financial statements have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India.

2 Significant accounting policies:

2.1 Basis of accounting and preparation of standalone financial statements:

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities wherever existed, which have been measured at fair value:

i Derivative financial instruments,

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The standalone financial statements are presented in INR and all values are rounded to the nearest thousand.

2.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Foreign currency transactions and translations :

The Company's standalone financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

b) Exchange differences

Gains/losses arising out of fluctuations in the exchange rates are dealt with in the statement of profit and loss in the period in which they arise. In respect of assets and liabilities, the overall net loss or gain, if any, on conversion at the exchange rates prevailing on the date of balance sheet is charged to revenue.

2.4 Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost less accumulated impairment. [Refer note 2.12].

2.5 Fair value measurement :

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i In the principal market for the asset or liability, or ii In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6 Revenue recognition :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

a) Sale of goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

b) Sale of Services :

Revenue on time and material contracts are recognised as the related services are performed and control of the services are transferred to the customer and revenue from the end of the last invoicing to there porting date is recognised as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Tooling income :

Revenue from tooling income is recognised at the point in time when the control of the die is transferred, which is generally on receipt of customer's approval (referred to as production parts approval process or PPAP) as per the terms of the contract.

d) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "other income" in the statement of profit and loss.

e) 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.

f) 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.

g) 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.

h) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.7 Taxes :

Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided using the liability method on temporary differences between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset can be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realised.

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 statement of profit and loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

Depreciation is computed on a straight-line method based on the useful lives, determined based on internal technical evaluation by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

The Management's estimate of the useful lives of various property, plant and equipment is given below

Type of asset		Estimated useful life
i)	Computer and data processing equipments	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
ii)	Furniture and fixtures	10 years
iii)	Office equipment's	5 years
iv)	Plant and machinery (including test jigs)	2 years to 15 years

Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The summary of amortization policy applied to the Company's intangible assets is as below:

Type of asset		Estimated useful life
i)	Computer software	3 years

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

i. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

ii. Its intention to complete and its ability and intention to use or sell the asset

iii. How the asset will generate future economic benefits

iv. The availability of resources to complete the asset

v. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

2.10 Leases :

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee :

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease

(i.e., the date the Underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Type of asset	Estimated useful life
Land and building	4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company as a lessor :

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.11 Inventories :

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories of research and development (R & D) activity are valued at cost or estimated realisable value whichever is lower.

2.12 Impairment of Non-financial assets :

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development are tested for impairment annually.

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.13 Provisions and contingent liabilities :

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

h) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116 (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) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B Financial liabilities :

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the

Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

The Company has not designated any financial liability as at fair value through statement of profit and loss.

ii Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through statement of profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	**Revised classification**	**Accounting treatment**
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.15 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 are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.19 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) 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 :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that 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 ₹ Thousands)

	Plant & machinery	Furniture	Computers	Office equipment	Total
	`	`	`	`	`
Gross block, at cost :					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
As at 31st March, 2021	-	-	-	-	-
Additions	**7,909.33**	**3,759.82**	**10,134.84**	**89.68**	**21,893.67**
Disposals	**-**	**-**	**-**	**-**	**-**
Adjustments	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2022	**7,909.33**	**3,759.82**	**10,134.84**	**89.68**	**21,893.67**
Depreciation and amortization :					
Disposals	-	-	-	-	-
Adjustments	-	-	-	-	-
For the period	-	-	-	-	-
Upto 31st March, 2021	-	-	-	-	-
Disposals	**-**	**-**	**-**	**-**	**-**
Adjustments	**-**	**-**	**-**	**-**	**-**
For the year	**689.05**	**476.99**	**921.75**	**5.84**	**2,093.63**
Upto 31st March, 2022	**689.05**	**476.99**	**921.75**	**5.84**	**2,093.63**
Net block :					
As at 31st March, 2021	-	-	-	-	-
As at 31st March, 2022	**7,220.28**	**3,282.83**	**9,213.09**	**83.84**	**19,800.04**

4 Intangible assets :

(In ₹ Thousands)

	Softwares	Total intangible assets	Intangibles under development
	₹	₹	₹
Gross block, at cost :			
Additions	-	-	-
Disposals	-	-	-
Adjustments	-	-	-
As at 31st March, 2021	-	-	-
Additions	**16,627.43**	**16,627.43**	**440.00**
Disposals	**-**	**-**	**-**
Adjustments	**-**	**-**	**-**
As at 31st March, 2022	**16,627.43**	**16,627.43**	**440.00**
Depreciation and amortization :			
Disposals	-	-	-
Adjustments	-	-	-
For the period	-	-	-
Upto 31st March, 2021	-	-	-
Disposals	-	-	-
Adjustments	-	-	-
For the year	**2,109.35**	**2,109.35**	**-**
Upto 31st March, 2022	**2,109.35**	**2,109.35**	**-**
Net block :			
As at 31st March, 2021	-	-	-
As at 31st March, 2022	**14,518.08**	**14,518.08**	**440.00**

Ageing schedule - Intangibles under development

(In ₹ Thousands)

		As at 31st March, 2022	As at 31st March, 2021
		₹	₹
Projects in progress			
Less than 1 year		**440.00**	-
1-2 years		**-**	-
2-3 years		**-**	-
More than 3 years		**-**	-
	Total :	**440.00**	**-**

5 Right of use assets :

(In ₹ Thousands)

	Right of use assets	Total
	₹	₹
Gross block, at cost :		
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2021	-	-
Additions	**48,654.84**	**48,654.84**
Disposals	**-**	**-**
Adjustments	**-**	**-**
As at 31st March, 2022	**48,654.84**	**48,654.84**
Depreciation and amortization :		
Disposals	-	-
Adjustments	-	-
For the period	-	-
Upto 31st March, 2021	-	-
Disposals	**-**	**-**
Adjustments	**-**	**-**
For the year	**3,563.36**	**3,563.36**
Upto 31st March, 2022	**3,563.36**	**3,563.36**
Net block :		
Upto 31st March, 2021	-	-
Upto 31st March, 2022	**45,091.48**	**45,091.48**

6 Investement in subsidiaries:

(At cost) (In ₹ Thousands)

As at 31st March, 2022	As at 31st March, 2021		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Equity instruments, unquoted :				
Kalyani Mobility, Inc. [Refer note no 6(a)]				
475,000	-	Common stock having no par value	**-**	-
		Capital contribution in excess of par value	**349,960.22**	-
		USD 4,750,000 (March 31, 2021 : USD Nil)		
Tork Motors Private Limited [Refer note no 6(b)]				
26,838	-	Equity shares of ₹ 10/- each, fully paid up	**849,932.62**	-
		Total :	**1,199,892.84**	-

(a) During the current year, the Company has made investment in Kalyani Mobility, Inc. of ₹ 349,960.22 thousands by acquiring 475,000 common stock having no par value.

(b) During the current year, the Company has made investment in Tork Motors Private Limited by acquiring 14,208 equity shares of ₹ 10/- each fully paid up from Bharat Forge Limited, the Holding Company for consideration of ₹ 300,030 thousands.

Further in the current year, the Company had made investment in Tork Motors Private Limited of ₹ 400,000 thousands by acquiring 400,000 0% Optionally Convertible Debentures (ZOCD) of of ₹ 1,000/- each. These ZOCD were converted into 12,630 equity shares of ₹ 10/- each fully paid up in accordance with the terms of issue, at fair value of ₹ 31.67 thousand per share as on conversion date.

The Company determines the cost of its investment in the subsidiary as the sum of the fair value of the previously held equity interest at the date of obtaining control of the subsidiary plus consideration paid for the additional interest (fair value as deemed cost approach). Accordingly, The Company has recognised gain of ₹ 149,653.15 thousand on re-measurement of its previously held equity interest in Tork Motors Private Limited in its statements of profit and loss as an exceptional item.

7 Other financial assets (Non-current)

(Unsecured, good)

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Security deposits	**4,354.91**	-
Total :	**4,354.91**	-

8 Deferred tax asset (net)

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Deferred tax asset		
Temporary differences for		
other disallowances	**986.00**	-
	986.00	-
Less: Deferred tax asset in excess of the liability derecognised	**(374.00)**	-
	612.00	-
Deferred tax liability		
Temporary differences for		
Depreciation	**612.00**	
Total :	**-**	-

9 Income tax assets

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Taxes paid in advance	**470.43**	-
Total :	**470.43**	-

10 Other non-current assets

(Unsecured, good)

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Capital advances	**13,776.72**	**-**
Prepaid expenses	**207.34**	-
Total :	**13,984.06**	-

11 Inventories

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
(As taken, valued and certified by the Directors)		
Inventory of R & D activity		
Work-in-progress	**3,900.00**	-
Other material	**31,924.55**	-
Total :	**35,824.55**	-

12 Cash and bank balances

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Cash and cash equivalents		
Balances with banks		
In current accounts	**146.25**	10.00
Deposits with original maturity of less than three months	**42,035.33**	-
	42,181.58	10.00
Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	**136,300.00**	-
Total :	**136,300.00**	-

13 Loans (current)

(Unsecured, good)

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Loans to related parties		
Loans to subsidiaries	**151,614.20**	**-**
Total :	**151,614.20**	**-**

For terms and conditions relating to related party transactions, refer note no. 31

14 Other financial assets (current)

(Unsecured, good)

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Loans to employees	**107.90**	-
Interest accrued on fixed deposits and loans	**1,643.81**	-
Other receivables*	**23,375.52**	-
Total :	**25,127.23**	-

* Includes receivables from related party, for terms and conditions refer note no. 31

15 Other current assets

(Unsecured, good) (In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Balances with government authorities	**17,628.96**	-
Advances to suppliers	**2,273.13**	-
Prepaid expenses	**5,803.86**	-
Others	**185.55**	-
Total :	**25,891.50**	-

16 Equity share capital

(In ₹ Thousands)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Authorised				
260,000,000	(50,000,000)	Equity shares of ₹ 10/- each	**2,600,000.00**	500,000.00
		Total :	**2,600,000.00**	500,000.00
Issued				
162,324,444	(1,000)	Equity shares of ₹ 10/- each	**1,623,244.44**	10.00
		Total :	**1,623,244.44**	10.00
Subscribed and fully paid-up				
162,324,444	(1,000)	Equity shares of ₹ 10/- each, fully paid-up	**1,623,244.44**	10.00
		Total :	**1,623,244.44**	10.00

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	₹	Nos.	₹
At the beginning of the year	**1,000**	**10.00**	-	-
Shares issued during the year	**162,323,444**	**1,623,234.44**	1,000	10.00
Outstanding at the end of the year	**162,324,444**	**1,623,244.44**	1,000	10.00

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by the Holding Company

Name of Shareholder	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	**₹**	Nos.	₹
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited#	**162,324,444**	**1,623,244.44**	1,000	10.00
	162,324,444	**1,623,244.44**	1,000	10.00

including the shares held through nominees

(d) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	**% of holding**	Nos.	% of holding
Equity shares of ₹ 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**162,324,444**	**100**	1,000	100
	162,324,444	**100**	1,000	100

including the shares held through nominees

(e) Shares held by Promoters at the end of the year

Promoter Name	As at 31st March, 2022		Changes during the year	
	No. of shares	**% of total shares**	**No. of shares**	**% of total shares**
Bharat Forge Limited, the Holding Company#	**162,324,444**	**100**	**162,323,444**	**100**
	162,324,444	**100**	**162,323,444**	**100**

including the shares held through nominees

Promoter Name	As at 31st March, 2021		Changes during the period*	
	No. of shares	% of total shares	No. of shares	% of total shares
Bharat Forge Limited, the Holding Company#	1,000	100	1,000	100
	1,000	100	1,000	100

including the shares held through nominees
*changes during the period w.r.t the date of issue

(f) Equity shares allotted as fully paid-up (during 5 years preceding 31st March, 2022) pursuant to contracts without payment being received in cash

i) 30,030,000 equity shares fully paid up were allotted during the year ended 31st March, 2022 to Bharat Forge Limited, the Holding Company, in consideration for acquisition of 14,208 equity shares of Tork Motors Private Limited.

ii) 40,000,000 equity shares fully paid up were allotted during the year ended 31st March, 2022 to Bharat Forge Limited, the Holding Company, upon conversion of 400,000 0% Optionally Convertible Debentures (ZOCD) of ₹ 1,000/- each.

17 Other equity

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Other comprehensive income		
As per last account	**-**	-
Other comprehensive income for the year	**(793.93)**	-
	(793.93)	-
Retained earnings		
As per last account	**(4,951.76)**	-
Loss for the year	**(16,442.66)**	(4,951.76)
	(21,394.42)	(4,951.76)
Less : Appropriations	**-**	-
	(21,394.42)	(4,951.76)
	(22,188.35)	(4,951.76)

18 Provisions (non-current)

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Provision for employee benefits		
Gratuity	**791.93**	**-**
Compensated absences	**4,044.74**	**-**
Total :	**4,836.67**	**-**

19 Trade payables

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**62,318.77**	4,951.76
Total :	**62,318.77**	4,951.76

*Trade payables includes related party payables. For terms and conditions refer note no. 31.
Trade payables are non-interest bearing and are generally on terms of 0 to 60 days.

Ageing schedule - trade payables (In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Undisputed dues towards other trade payables		
Not due	**47,832.62**	-
Less than 1 year	**14,486.15**	4,951.76
1-2 years	**-**	-
2-3 years	**-**	-
More than 3 years	**-**	-
Total :	**62,318.77**	4,951.76

20 Provisions (current)

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Provision for employee benefits		
Gratuity	**2.00**	**-**
Compensated absences	**382.94**	**-**
Total :	**384.94**	**-**

21 Other current liabilities

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Statutory liabilities	**7,145.02**	-
Others	**1,085.25**	-
Total :	**8,230.27**	-

22 Other income

(In ₹ Thousands)

	For the year ended 31st March 2022 ₹	For the period ended 31st March, 2021 ₹
Interest income on		
IBank deposits	**1,046.84**	-
ILoans to subsidiaries	**1,038.45**	-
IOther*	**101.50**	-
Gain on foreign exchange differences (net)	**1,623.41**	-
Miscellaneous income	**536.79**	-
Total :	**4,346.99**	-

* Includes interest on account of unwinding of security deposits.

23 Employee benefit expenses

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
Salaries	**125,625.85**	-
Contribution to provident and other funds	**3,861.68**	-
Gratuity expenses	**80.99**	-
Staff welfare	**2,613.41**	-
Total :	**132,181.93**	-

24 Finance costs

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
Interest on borrowings*	**48.95**	-
Interest on lease liability (refer note 37)	**931.06**	-
Total :	**980.01**	-

*For terms and conditions relating to related party transactions, refer note no. 31

25 Depreciation and amortization expenses

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
Depreciation on property, plant and equipment	**2,093.63**	-
Amortization on intangible assets	**2,109.35**	-
Depreciation on right-of-use assets	**3,563.36**	-
Total :	**7,766.34**	-

26 Other expenses

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
Consumption of stores, spares, tools and other materials for R & D *	**468.23**	
Repair & maintenance - others	**1,321.18**	-
Rates and taxes	**710.17**	5.20
Legal and professional fees	**928.31**	6.40
Travelling expenses	**560.87**	-
Freight forwarding charges	**87.03**	-
Business development expenses	**4,082.91**	-
Share issue expenses	**19,834.10**	4,879.00
Preliminary expenses	**-**	26.16
Payment to auditors (Refer note below)	**625.00**	35.00
Miscellaneous expenses#	**896.72**	-
Total :	**29,514.52**	4,951.76

*Net of incidental income from R & D services and sale of prototypes, etc. amounting to ₹ 36,599.04 thousand (Previous year : NIL)

#Miscellaneous expenses consists of bank charges, printing and stationery and other office expenses etc.

Payment to auditors (In ₹ Thousands)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
As auditor:		
- Audit fee	**250.00**	35.00
- Limited review	**150.00**	-
- Other (including certification fees)	**225.00**	-
Total :	**625.00**	35.00

27 Segment reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. the Company was engaged in setting up the business of power electronics, development of sub-systems, electric powertrain transmission systems for automotive sector and related research and development; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

28 Disclosure pursuant to Ind AS 19 on "Employee Benefits" :

(a) Defined contribution plans :

The Company makes provident fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 3,291.48 thousand (Previous Year: ₹ Nil) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the projected unit credit method, with actuarial valuations being carried out on half yearly basis.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in company's financials and also benefit risk through return on the funds made available for the plan.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2022
Mortality table	**IALM 2012-14 Ult**
Discount rate	**7.30%**
Expected rate of return on plan assets	**-**
Salary growth Rate	**6.00%**
Expected average remaining working lives (in years)	**16.10**
Withdrawal rate	**3.00%**

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹
Present value of obligation as at the beginning of the year	**-**
Transfer in/(out)	**-**
Interest expense	**-**
Current service cost	**-**
Benefits (paid)	**-**
Remeasurements on obligation [actuarial (Gain) / Loss]	**793.93**
Present value of obligation as at the end of the year	**793.93**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹
Fair value of plan assets at the beginning of the year	-
Interest income	-
Contributions	-
Benefits paid	-
Return on plan assets, excluding amount recognized in interest income - gain / (Loss)	-
Fair value of plan assets at the end of the year	-
Actual return on plan assets	-

Net interest (income/expense) (In ₹ Thousands)

	Year ended 31st March, 2022 ₹
Interest (income) / expense – obligation	-
Interest (income) / expense – plan assets	-
Net interest (income) / expense for the period	-

Remeasurement for the period [actuarial (gain)/loss] (In ₹ Thousands)

	Year ended 31st March, 2022 ₹
Experience (gain) / loss on plan liabilities	**793.93**
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)

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹
Opening amount recognised in OCI outside profit and loss account	
Remeasurement for the period-obligation (gain)/loss	**793.93**
Remeasurement for the period-plan assets (gain)/loss	-
Total remeasurement cost/(credit) for the period recognised in OCI	**793.93**
Closing amount recognised in OCI outside profit and loss account	**793.93**

The amounts to be recognised in the balance sheet (In ₹ Thousands)

	Year ended 31st March, 2022 ₹
Present value of obligation as at the end of the period	**793.93**
Fair value of plan assets as at the end of the period	-
Net asset / (liability) to be recognised in balance sheet	**(793.93)**

Expense recognised in the statement of profit and loss	(In ₹ Thousands)
	Year ended 31st March, 2022 ₹
Current service cost	-
Net interest (income) / expense	-
Transfer in/(out)	-
Net periodic benefit cost recognised in the statement of profit and loss	-

Reconciliation of net asset/(liability) recognised:	(In ₹ Thousands)
	Year ended 31st March, 2022 ₹
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	**(793.93)**
Mortality charges and taxes	**-**
Adjustment to fund	**-**
Net asset / (liability) recognised at the end of the period	**(793.93)**

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Discount rate	**Year ended 31st March, 2022** ₹
Increase in discount rate by 100 basis points	**904.80**
Decrease in discount rate by 100 basis points	**701.43**

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Salary growth rate	**Year ended 31st March, 2022** ₹
Increase in salary growth rate by 100 basis points	**706.25**
Decrease in salary growth rate by 100 basis points	**896.68**

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

(In ₹ Thousands)

Withdrawal rate	**Year ended 31st March, 2022** ₹
Increase in withdrawal rate by 100 basis points	**780.05**
Decrease in withdrawal rate by 100 basis points	**806.08**

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(C) Other long term employee benefits:

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

(In ₹ Thousands)

	Year ended 31st March, 2022 ₹
Present value of obligation	**4,427.68**
Fair value of plan assets	**-**
Net asset/(liability) recognized in the balance sheet	**(4,427.68)**

29 Earnings per share (EPS) :

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
Loss for the year attributable to shareholders as at	**(16,442.66)**	(4,951.76)
Weighted average number of equity shares in calculating basic EPS (In Nos.)	**51,802,107**	1,000
EPS - basic (in ₹)	**(0.32)**	(4,951.76)
EPS - diluted (in ₹)	**(0.32)**	(4,951.76)

30 Unhedged foreign currency exposure :

(In ₹ Thousands)

		As at 31st March, 2022 Foreign currency	**As at 31st March, 2022** ₹	As at 31st March, 2021 Foreign Currency	As at 31st March, 2021 ₹
Advance to trade payables	**USD**	**8,300**	**629.20**	-	-
Advance to trade payables	**GBP**	**1,244**	**123.84**	-	-
Advance to trade payables	**EUR**	**5,750**	**486.79**	-	-
Loan to Kalyani Mobility	**USD**	**2,000,000**	**151,614.20**	-	-
Interest on loan to Kalyani Mobility	**USD**	**13,699**	**1,038.45**	-	-

31 Related party disclosures :

(i) Names of the related parties and related party relationship

a) Holding Company	Bharat Forge Limited (w.e.f. 16th March, 2021)
b) Subsidiary Company	Tork Motors Private Limited (w.e.f. 22nd November, 2021) (Associate from 10th September 2021)
	Kalyani Mobility Inc., USA (erstwhile Kalyani Precision Machining, Inc.) (w.e.f. 14th September, 2021)
c) Enterprises having significant influence	Novel Engineering and Technology Consultants LLP (upto 16th March, 2021)
d) Person having significant influence	Mrs. Deeksha Kalyani (upto 16th March, 2021)
e) Key management personnel	Mr. Kishore Mukund Saletore (Director)
	Mr. Ravindra Bhaskarrao Nagarkar (Director)
	Mr. Sanjeev Ramachandra Kulkarni (Director, Chief Executive Officer w.e.f. 29th Octomber, 2021)
	Mr. Ganadheesh Kulkarni (Chief Financial Officer w.e.f. 16th December, 2021)
	Mr. Ashish Gajanan Bhat (Company Secretary w.e.f. 29th Octomber, 2021)@
	@ On deputation from Bharat Forge Limited, the Holding Company
f) Relatives of Key Management Personnel	Mr. Bhargav Sanjeev Kulkarni
g) Enterprises under common control	Kalyani Technoforge Limited
	Kalyani Transmission Technologies Private Limited

(ii) Related parties with whom transactions have taken place during the period

(In ₹ Thousands)

Sr. No.	Nature of transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2022 ₹	Period ended 31st March, 2021 ₹
1	**Managerial remuneration**	a)	**Key managerial personnel**		
			Mr. Sanjeev Ramachandra Kulkarni	**10,924.08**	-
			Mr. Ganadheesh Kulkarni	**735.59**	-
2	**Issue of share capital**	b)	**Holding Company**		
			Bharat Forge Limited	**1,623,234.44**	-
			Person having significant influence		
			Mrs. Deeksha Kalyani	**-**	5.00
			Enterprises having significant influence		
			Novel Engineering and Technology Consultants LLP	**-**	5.00
3	**Reimbursement of expenses received**	c)	**Holding Company**		
			Bharat Forge Limited	**1,222.44**	-
4	**Reimbursement of expenses Paid**	c)	**Holding Company**		
			Bharat Forge Limited	**55,686.74**	4,879.00
			Enterprises under common control		
			Kalyani Technoforge Limited	**13,860.93**	-
5	**Purchase of assets**	d)	**Holding Company**		
			Bharat Forge Limited	**21,971.65**	-
6	**Intercorporate loan taken**	e)	**Enterprises under common control**		
			Kalyani Technoforge Limited	**9,362.37**	-

(In ₹ Thousands)

Sr. No.	Nature of transaction	Note No.	Name of the related parties and nature of relationships	Year ended 31st March, 2022	Period ended 31st March, 2021
				₹	₹
7	**Intercorporate loan repaid**	e)	**Enterprises under common control**		
			Kalyani Technoforge Limited	**9,362.37**	-
8	**Interest on intercorporate loan**	e)	**Enterprises under common control**		
			Kalyani Technoforge Limited	**48.95**	-
9	**Issue of 0% optionally convertible debentures**	f)	**Holding Company**		
			Bharat Forge Limited	**400,000.00**	-
10	**Conversion of 0% optionally convertible debentures**	f)	**Holding Company**		
			Bharat Forge Limited	**400,000.00**	-
11	**Purchase of securities**	g)	**Holding Company**		
			Bharat Forge Limited	**300,300.00**	-
12	**Investments**	h)	**Subsidiary Company**		
			Kalyani Mobility Inc.	**349,960.22**	-
			Tork Motors Private Limited	**399,979.47**	
13	**Loans given**	i)	**Subsidiary Company**		
			Kalyani Mobility Inc.	**149,975.00**	-
14	**Interest income**	i)	**Subsidiary Company**		
			Kalyani Mobility Inc.	**1,038.45**	-
15	**Investment in ZOCD**	j)	**Subsidiary Company**		
			Tork Motors Private Limited	**400,000.00**	-
16	**Conversion/redemption of ZOCD**	j)	**Subsidiary Company**		
			Tork Motors Private Limited - conversion	**399,979.47**	-
			Tork Motors Private Limited - redemption	**20.53**	-
17	**Income from R & D services and sale of prototypes**	k)	**Holding Company**		
			Bharat Forge Limited	**6,471.24**	-
			Enterprises under common control		
			Kalyani Technoforge Limited	**25,347.09**	-
			Subsidiary Company		
			Tork Motors Private Limited	**134.91**	-
18	**Purchase of other materials for R & D**	l)	**Holding Company**		
			Bharat Forge Limited	**20,550.27**	-
			Enterprises under common control		
			Kalyani Transmission Technologies Private Limited	**382.28**	
			Kalyani Technoforge Limited	**630.39**	
19	**Professional fees**	m)	**Relatives of key management personnel**		
			Mr. Bhargav Sanjeev Kulkarni	**16.10**	-

a) Remuneration paid to the key managerial personnel as per per terms of appointment. The amount reported as remuneration are for the entire FY 2021-2022 irrespective of period of holding of office.

b) Equity shares have been issued at par by the Company to the Holding Company in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013. In the previous year, equity shares were issued at par to subscribers of Memorandum of Association. Refer Note 17 (f).

c) Expenses incurred by related parties on behalf of the Company and expenses incurred by the Company on behalf of the related parties are reimbursable at cost on demand.

d) The Company has purchased property, plant and equipment from the related party at the arm's length price.

e) Intercorporate loan from the related party carried interest @ 8.15% p.a. The said loan has been repaid in full by the Company.

f) The Company has issued 400,000 0% Optionally Convertible Debentures at par value of ₹ 1,000/-each. These debentures are convertible at any time after issue upto the tenure of the debtentures i.e. 10 years. During the year these 0% Optionally Convertible Debentures were converted into equity shares. Refer Note 17 (f) (ii).

g) Refer Note 17 (f) (i).

h) The Company has bought 475,000 Common stock having no par value of Kalyani Mobility Inc. and 12,630 equity shares of Tork Motors Private Limited upon conversion of 0% Optionally Convertible Debentures.

i) Short term loan given to Kalyani Mobility Inc., at the interest rate of 5% fixed p.a.

j) The Company has purchased 400,000 0% Optionally Convertible Debentures at par value of ₹ 1,000/-each of Tork Motors Private Limited. These debentures are convertible at any time after issue upto the tenure of the debtentures i.e. 1 year. During the year 12,630 equity shares of Tork Motors Private Limited were received upon conversion of 0% Optionally Convertible Debentures.

k) Income from R & D services and sale of prototypes have been made at arm's length price and are subject to normal credit terms.

l) Purchase of other materials for R & D 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.

m) Professional fees paid to the relatives of key management personnel as per terms of contract.

(iii) Balances outstanding

(In ₹ Thousands)

Sr. No.	Nature of Transaction	Name of the related parties and nature of relationships	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
1	**Trade payables**	**Holding Company**		
		Bharat Forge Limited	**26,046.52**	4,879.00
		Enterprises under common control		
		Kalyani Technoforge Limited	**338.88**	5.00
		Kalyani Transmission Technologies Private Limited	**267.65**	-
2	**Other receivables**	**Holding Company**		
		Bharat Forge Limited	**6,879.36**	-
		Enterprises under common control		
		Kalyani Technoforge Limited	**14,973.98**	-
		Subsidiary Company		
		Tork Motors Private Limited	**156.50**	-
3	**Loan given**	**Subsidiary Company**		
		Kalyani Mobility Inc.	**151,614.20**	-
4	**Interest accrued**	**Subsidiary Company**		
		Kalyani Mobility Inc.	**1,038.45**	-
5	**Managerial remuneration payable**	**Key Managerial Personnel**		
		Mr. Sanjeev Ramachandra Kulkarni	**432.15**	-
		Mr. Ganadheesh Kulkarni	**112.82**	-

32 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 33 and 34 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.

33 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 ₹ Thousands)

	Carrying value		Fair value	
	As at 31st March, 2022	As at 31st March, 2021	**As at 31st March, 2022**	As at 31st March, 2021
	₹	₹	₹	₹
Financial assets				
Financial assets (non-current)				
Investment in subsidiaries	**1,199,892.84**	-	**1,199,892.84**	**-**
Other financial assets	**4,354.91**	-	**4,354.91**	**-**
Financial assets (current)				
Cash and cash equivalents	**42,181.58**	10.00	**42,181.58**	10.00
Other bank balances	**136,300.00**	-	**136,300.00**	-
Loans	**151,614.20**	-	**151,614.20**	-
Other financial assets	**25,127.23**	-	**25,127.23**	-
Total:	**1,559,470.76**	10.00	**1,559,470.76**	10.00

	Carrying value		Fair value	
	As at 31st March, 2022	As at 31st March, 2021	**As at 31st March, 2022**	As at 31st March, 2021
	₹	₹	₹	₹
Financial liabilities				
Financial liabilities (non-current)				
Lease liabilities	**29,600.97**	**-**	**29,600.97**	-
Financial liabilities (current)				
Lease liabilities	**9,063.19**	-	**9,063.19**	-
Trade payables	**62,318.77**	4,951.76	**62,318.77**	4,951.76
Total:	**100,982.93**	4,951.76	**100,982.93**	4,951.76

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

34 Fair value hierarchy :

(In ₹ Thousands)

	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 subsidiaries	**3/31/2022**	**-**	**-**	**1,199,892.84**	**1,199,892.84**
Security deposit	**3/31/2022**	**-**	**-**	**4,354.91**	**4,354.91**
Cash and cash equivalents	**3/31/2022**	**-**	**-**	**42,181.58**	**42,181.58**
Other bank balances	**3/31/2022**	**-**	**-**	**136,300.00**	**136,300.00**
Loans	**3/31/2022**	**-**	**-**	**151,614.20**	**151,614.20**
Other financial assets	**3/31/2022**	**-**	**-**	**25,127.23**	**25,127.23**
Assets for which fair value has been disclosed					
Cash and cash equivalents	3/31/2021	**-**	**-**	10.00	10.00
Liabilities for which fair value has been disclosed					
Lease liabilities (non-current)	**3/31/2022**	**-**	**-**	**29,600.97**	**29,600.97**
Lease liabilities (current)	**3/31/2022**	**-**	**-**	**9,063.19**	**9,063.19**
Trade payables	**3/31/2022**	**-**	**-**	**62,318.77**	**62,318.77**
Liabilities for which fair value has been disclosed					
Trade payables	3/31/2021	-	-	4,951.76	4,951.76

35 Financial risk management disclosure :

The Company's principal financial liabilities comprises trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade receivables, security deposits, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2022 and 31st March, 2021.

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, 2022 and 31st March, 2021 including the effect of hedge accounting (if any).

i) **Equity price risk**

The Company's investment in equity instruments comprise of investments in subsidiaries which is strategic long term investments. Reports on the equity portfolio are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was ₹ 1,199,892.84 thousand (for previous year ended 31st March, 2021 - Nil/-).

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.

(In ₹ Thousands)

	Change in USD Rate	**Effect on profit before tax** ₹	**Effect on equity pre-tax** ₹
31st March, 2022	**5.00%**	**7,664.09**	**7,664.09**
	-5.00%	**(7,664.09)**	**(7,664.09)**
31st March, 2021	5.00%	-	-
	-5.00%	-	-

	Change in GBP Rate	**Effect on profit before tax** ₹	**Effect on equity pre-tax** ₹
31st March, 2022	**5.00%**	**6.19**	**6.19**
	-5.00%	**(6.19)**	**(6.19)**
31st March, 2021	5.00%	-	-
	-5.00%	-	-

	Change in EUR Rate	**Effect on profit before tax** ₹	**Effect on equity pre-tax** ₹
31st March, 2022	**5.00%**	**24.34**	**24.34**
	-5.00%	**(24.34)**	**(24.34)**
31st March, 2021	5.00%	-	-
	-5.00%	-	-

b) Credit risk :

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2022 and 31st March, 2021 is the carrying amounts as illustrated in the respective notes.

c) Liquidity risk :

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

(In ₹ Thousands)

	Less than 1 year	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹
Year ended 31st March, 2022				
Lease liabilities (non-current)	**-**	**29,600.97**	**-**	**29,600.97**
Lease liabilities (current)	**9,063.19**	**-**	**-**	**9,063.19**
Trade payables	**62,318.77**	**-**	**-**	**62,318.77**
	71,381.96	**29,600.97**	**-**	**100,982.93**
Year ended 31st March, 2021				
Trade payables	4,951.76	-	-	4,951.76
	4,951.76	-	-	4,951.76

36 Capital commitment :

(In ₹ Thousands)

	As at 31st March, 2022	As at 31st March, 2021
	₹	₹
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**42,945.00**	**-**

37 Lease :

A Company as lessee

The Company has lease contracts for building and leasehold land used in its operations. This lease have non cancellable lease term of 4 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases of various assets with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

i) **The carrying amount of right-of-use assets recognised and the movements during the period:**

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Carrying value as at the beginning of the year	**-**	-
Additions	**48,654.84**	-
Depreciation	**3,563.36**	-
As at 31st March, 2022.	**45,091.48**	-

ii) **The carrying amount of lease liability and the movements during the period:**

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Balance at the beginning of the year	**-**	-
Additions during the period	**41,145.60**	-
Accretion of interest	**931.06**	-
Rent payments	**(3,412.50)**	-
Balance at the end of the year	**38,664.16**	-
Current	**9,063.19**	-
Non - current	**29,600.97**	-

ii) **The amounts recognised in statement of profit and loss :**

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Depreciation expense of right-of-use assets	**3,563.36**	-
Interest expense on lease liabilities	**931.06**	-
Payments towards short term leases	**-**	-
	4,494.42	-

iii) The Company had total cash outflows for leases of ₹ 3,412.50 thousand (31st March, 2021: Nil). The Company had non-cash addition of Nil (31st March, 2021: Nil) to right-of-use assets and lease liabilities.

38 Loans and advances in the nature of loans given to subsidiaries

(In ₹ Thousands)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Kalyani Mobility Inc.*#		
Balance outstanding	**149,975.00**	-
Maximum amount outstanding during the year	**149,975.00**	-

*Refer note 31 for terms and conditions for loan given to subsidiary.
#The effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

39 Disclosures required under Sec 186(4) of the Companies Act , 2013

(In ₹ Thousands)

Name of the party and purpose	Rate of interest (p.a.)	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Kalyani Mobility Inc.	5.00%	**149,975.00**	-

40 Income and deferred taxes :

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2022

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
Accounting loss before tax	**(16,442.66)**	(4,951.76)
At India's enacted tax rate of 17.16% (31st March, 2021 : 17.16%)	**-**	-
Deferred tax savings on current year accounting loss	**(2,822.00)**	(849.72)
Tax effect of non-deductible expenses	**28,127.00**	847.92
Tax effect on non-taxable income	**(25,679.00)**	-
Deferred tax savings not recognised on prudent basis	**374.00**	1.80
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 ₹ Nil (Previous year : ₹ Nil) and on account of unabsorbed depreciation and other disallowances aggregating to ₹ 374.00 thousand (Previous year : ₹ 10.50 thousand) under the Income Tax Act, 1961 on the considerations of prudence.

41 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

As 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, 2022 and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

42 Exceptional items

(In ₹ Thousands)

	For the year ended 31st March, 2022 ₹	For the period ended 31st March, 2021 ₹
Gain on re-measurement of its previously held equity interest in Tork Motors Private Limited	**149,653.15**	-

The Company determines the cost of its investment in the subsidiary as the sum of the fair value of the previously held equity interest at the date of obtaining control of the subsidiary plus consideration paid for the additional interest (fair value as deemed cost approach). Accordingly, The Company has recognised gain of ₹ 149,653.15 thousand on re-measurement of its previously held equity interest in Tork Motors Private Limited in its statements of profit and loss as an exceptional item.

43 Ratio analysis :

		Numerator	Denominator	31st March 2022	31st March 2021	Variance* %
(a)	Current ratio	Current assets	Current liabilities	5.21	0.00	257982%
(d)	Return on equity ratio	Loss for the year	Average shareholders' equity	-2.06%	200.40%	-101.03%
(h)	Return on capital employeed	Earning before interest and taxes	Capital employed	-1%	100%	-100.94%

* During the current financial year the Company was engaged in the business set up activities and only applicable ratios are given. These ratios are not necessarily comparable with ratios for the preceding financial year.

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIYUJV4971

Place : Pune
Date : 13th May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Sanjeev Kulkarni
Director and CEO
DIN: 09120484

Ganadheesh Kulkarni
Chief Financial Officer

Ashish Bhat
Company Secretary
M No. A55505

Place : Pune
Date : 13th May, 2022

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Kalyani Rafael Advanced Systems Private Limited

Directors

Mr. Rajinder Singh Bhatia

Mr. Vikram Manohar Munje

Mr. Rudra Kumar Jadeja

Mr. Tzvi Marmor

Mr. Alon Shlomy

Auditors

Deloitte Haskins & Sells

KRB Towers, Plot No. 1 to 4 & 4A

1st, 2nd & 3rd Floor, Jubilee Enclave,

Madhapur, Hyderabad, Telangana 500 081

Registered Office

Pune Cantonment,

Mundhwa,

Pune 411 036 MH

Independent Auditor's Report

To The Members of Kalyani Rafael Advanced Systems Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kalyani Rafael Advanced Systems Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities.

   (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entities, including foreign entities.

   (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

   (d) The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(F.R.N. 117366W/W100018)

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN : 22209354AHZVJQ5733

Place: Secunderabad
Date: April 28, 2022

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 Private Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(F.R.N. 117366W/W100018)

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN : 22209354AHZVJQ5733

Place: Secunderabad
Date: April 28, 2022

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its Property, Plant and Equipment including Right-of-Use assets and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for goods-in-transit, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in- transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets of the Company. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, book debts and other stipulated financial information filed by the Company with such banks till the date of this report are in agreement with unaudited books of account of the Company of the respective quarters i.e. June 2021, September 2021 and December 2021. The Company is yet to submit the return/ statement for the quarter ended March 2022 with the banks.

(iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us and based on the audit procedures performed, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, in respect of loans / inter corporate deposit except in respect of the inter-corporate deposits placed during the year aggregating Rs.230 Lakhs and outstanding as at March 31, 2022 without prior approval of the Board of Directors, which has been subsequently ratified by the Board of Directors in their meeting held on April 28, 2022. The Company has not made investments, provided guarantees and securities.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under 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) In respect of undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales tax, duty of Customs, duty of Excise, Value added tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, Duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022.

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) The Company has not raised funds on short-term basis, hence reporting under clause (ix) (d) of the Order is not applicable.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures and hence reporting under clause (x)(b) of the Order is not applicable.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable.

(xiv) In our opinion, the Company is not required to appoint internal auditors under Section 138 of the Companies Act, 2013 and the Company does not have an internal audit system. Hence reporting under clause (xiv)(a) and (b) of the Order is not applicable.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b), (c) and (d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause (xviii) of the Order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

(xxi) The Company does not have any subsidiaries, associates and joint ventures and hence reporting under clause (xxi) of the Order is not applicable.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(F.R.N. 117366W/W100018)

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN : 22209354AHZVJQ5733

Place: Secunderabad
Date: April 28, 2022

Balance Sheet as at March 31, 2022

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
I. ASSETS			
1. Non-current assets			
a) Property plant and equipment	3A	**925.12**	**1,141.40**
b) Right-of-use assets	3C	**286.57**	**27.31**
c) Intangible assets	3B	**11.01**	**17.26**
d) Financial assets			
i) Other financial assets	4	**25.64**	**6.92**
e) Deferred tax assets (net)	36	**35.40**	**29.79**
f) Other non-current assets	5	**147.95**	**129.75**
		1,431.69	**1,352.43**
2. Current assets			
a) Inventories	6	**1,309.01**	**522.82**
b) Financial assets			
i) Trade receivables	7	**3,283.00**	**3,069.70**
ii) Cash and cash equivalents	8	**851.42**	**300.02**
iii) Bank balances other than (ii) above	8	**1,686.27**	**1,756.18**
iv) Loans	9	**230.00**	**-**
v) Other financial assets	4A	**43.40**	**54.23**
c) Other current assets	5A	**77.34**	**189.24**
		7,480.44	**5,892.19**
TOTAL Assets (1 + 2)		**8,912.13**	**7,244.62**
II. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	10	**3,980.29**	**3,980.29**
b) Other equity	11	**(329.64)**	**(338.99)**
		3,650.65	**3,641.30**
LIABILITIES			
2. Non-current liabilities			
a) Financial liabilities			
i) Lease liabilities	12	**229.54**	**-**
b) Provisions	13	**6.45**	**7.16**
		235.99	**7.16**
3. Current liabilities			
a) Financial liabilities			
i) Lease liabilities		**55.89**	**32.67**
ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	14	**230.91**	**209.05**
Total outstanding dues of creditors other than micro enterprises and small enterprises	14	**4,511.20**	**2,932.40**
iii) Other financial liabilities	15	**211.22**	**393.13**
b) Other current liabilities	16	**3.35**	**21.11**
c) Provisions	17	**12.92**	**7.80**
		5,025.49	**3,596.16**
TOTAL Equity and Liabilities (1+2+3)		**8,912.13**	**7,244.62**
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

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Sumit Trivedi
Partner

Rudra Kumar Jadeja
Director
DIN: 08486168

Vikram Munje
Director
DIN: 02772991

Place : Hyderabad
Date : April 28, 2022

Place : Texas / Pune
Date : April 28, 2022

Statement of Profit and Loss for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I. Revenue from operations	18	**7,509.30**	**7,989.19**
II. Other income	19	**93.98**	**95.01**
III. Total income (I + II)		**7,603.28**	**8,084.20**
IV. Expenses			
a) Cost of materials consumed	20	**2,267.56**	**2,231.74**
b) Purchases of Stock-in-trade	21	**4,102.67**	**4,618.63**
c) Changes in stock of finished goods and work-in-progress	22	**(60.92)**	**(8.54)**
d) Employee benefits expenses	23	**330.46**	**264.14**
e) Finance costs	24	**16.71**	**15.28**
f) Depreciation and amortisation expense	25	**307.37**	**352.50**
g) Other expenses	26	**617.08**	**542.88**
Total Expenses (IV)		**7,580.93**	**8,016.63**
V. Profit before tax (III - IV)		**22.35**	**67.57**
VI. Tax Expenses			
- Current tax		**20.64**	**-**
- MAT credit utilization	36	**14.56**	**-**
- Deferred tax	36	**(20.73)**	**(14.67)**
Total Tax Expenses (VI)		**14.47**	**(14.67)**
VII. Profit for the year (V - VI)		**7.88**	**82.24**
VIII. Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss in subsequent period (net of taxes)			
- Remeasurements of the defined benefit (liabilities)/asset		**2.03**	**0.26**
Income tax effect		**(0.56)**	**(0.07)**
	[a]	**1.47**	**0.19**
(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**
Total other comprehensive Income	[a+b]	**1.47**	**39.15**
IX. Total Comprehensive income for the year (VII + VIII)		**9.35**	**121.39**
X. Earnings per equity share - Basic and diluted (face value per equity share ₹ 10/-)	31	**0.02**	**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

Sumit Trivedi
Partner

Place : Hyderabad
Date : April 28, 2022

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director
DIN: 08486168

Vikram Munje
Director
DIN: 02772991

Place : Texas / Pune
Date : April 28, 2022

Cash Flow Statement for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	**22.35**	**67.57**
Adjustments for :		
Depreciation and amortisation	**307.37**	**352.50**
Finance costs incurred	**16.71**	**15.28**
Net unrealised exchange (gain) / loss	**(46.80)**	**(33.35)**
Interest Income	**(92.97)**	**(93.10)**
(Gain)/loss on sale of property, plant and equipment	**-**	**(1.23)**
Operating profit before working capital changes	**206.66**	**307.67**
Movements in working capital :		
(Increase) / decrease in other financial assets	**14.72**	**(17.29)**
(Increase) / decrease in other assets	**74.56**	**328.44**
(Increase) / decrease in trade receivables	**(178.47)**	**(1,004.05)**
(Increase) / decrease in Inventories	**(786.19)**	**(254.31)**
Increase / (decrease) in other financial liabilities	**(181.30)**	**(921.42)**
Increase / (decrease) in Provisions	**4.41**	**5.54**
Increase / (decrease) in trade payables	**1,528.20**	**1,527.58**
Increase / (decrease) in other current liabilities	**(15.09)**	**4.70**
Cash generated from operations	**667.50**	**(23.14)**
Income taxes paid/(received)	**(19.46)**	**1.84**
Net cash flows (used in)/generated by operating activities (A)	**648.04**	**(21.30)**
Cash flows from investing activities		
Acquisition of property, plant and equipment (including capital work in progress and capital advances)	**(45.86)**	**(121.85)**
Sale proceeds of property, plant and equipment	**-**	**3.98**
Fixed deposit with banks not considered as cash and cash equivalents is matured	**1,245.43**	**1,191.67**
Fixed deposit with banks not considered as cash and cash equivalents is invested	**(1,175.52)**	**(1,210.44)**
Inter corporate deposit	**(230.00)**	**-**
Interest income	**87.69**	**122.03**
Net cash flows (used in)/ generated by investing activities (B)	**(118.26)**	**(14.61)**
Cash flows from financing activities		
Repayment of lease liabilities	**(46.09)**	**(36.01)**
Finance costs	**(16.71)**	**(15.28)**
Net cash (used in) / generated from financing activities (C)	**(62.80)**	**(51.29)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**466.98**	**(87.20)**

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash and cash equivalents at the beginning of the year	**300.02**	**373.18**
Exchange fluctuation on foreign currency bank balances	84.42	**14.04**
Cash and cash equivalents at the end of the year (Refer Note 8)	**851.42**	**300.02**

Note:

1. Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

Reconciliation of Financial Liabilities - Lease liabilities:		
Opening balance	**32.67**	68.68
Add: Lease liabilities recognised during the year	298.85	-
Less: (Repayments) of lease liabilities	(46.09)	(36.01)
Closing balance	**285.43**	32.67

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 : April 28, 2022

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director
DIN: 08486168

Vikram Munje
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DIN: 02772991

Place : Texas / Pune
Date : April 28, 2022

Statement of Changes in Equity for the year ended March 31, 2022

A Equity share capital

(₹ in Lakhs)

Particulars	Number of shares	Amount
Balance at April 01, 2020	39,802,943	3,980.29
Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	**39,802,943**	**3,980.29**
Balance at April 01, 2021	**39,802,943**	**3,980.29**
Changes in equity share capital during the year	**-**	**-**
Balance as at March 31, 2022	**39,802,943**	**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, 2020	(38.96)	(421.42)	(460.38)
Profit for the year	-	82.24	82.24
Other comprehensive income for the year, net of income tax	38.96	0.19	39.15
Balance as at March 31, 2021	**-**	**(338.99)**	**(338.99)**
Profit for the year	-	7.88	7.88
Other comprehensive income for the year, net of income tax	-	1.47	1.47
Balance as at March 31, 2022	**-**	**(329.64)**	**(329.64)**

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 : April 28, 2022

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director
DIN: 08486168

Vikram Munje
Director
DIN: 02772991

Place : Texas / Pune
Date : April 28, 2022

Notes forming part of the financial statements

1. CORPORATE INFORMATION

Kalyani Rafael Advanced Systems Private Limited was incorporated on August 21, 2015, as a private limited company under the Companies Act, 2013.

The Company has been formed as a joint venture between Kalyani Group and Rafael Advanced Defense Systems Limited, Israel, with the object to engage in business of defence and aerospace that will include activities of conceptualization, research, design, development, production, integration, manufacture, assembly, modification, upgrade overhaul, engineering support, marketing, sales, after sales /product life cycle support and related activities of such programs and to act as off-set partner and/or to undertake off-set activities for original equipment manufacturers in defence, aerospace and other sectors.

To engage in projects and programs floated or to be floated by the Government of India or its instrumentalities or other entities based in India or abroad.

To Carry on the business of and to act as manufacturer, importer, marketer, agent, distributors, collaborators, or otherwise to deal in all types of automatic, semi-automatic, digital, electronic instruments, equipments, apparatus, machineries, tools and their parts, fittings, components and accessories used in health care treatment, diagnosis, research test cure, operation and for saving life or human-being and other allied products.

The Company had set up its manufacturing facilities at Raviryala, Ranga Reddy District, in the state of Telangana, which has been commissioned on August 3, 2017. The Company has commenced its commercial operations thereafter.

2. IGNIFICANT ACCOUNTING POLICIES:

2.01 Statement of Compliance:

The financial statements which comprise the Balance sheet, the Statement of Profit and Loss, the Cash flow statement and the Statement of changes in Equity ("Financial Statements") have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company adopted Ind AS from April 1, 2016. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. The Company has consistently applied accounting policies to all periods.

2.02 Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policy 2.18. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.03 Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax liabilities, Leases and provisions and contingent liabilities.

Useful lives of Property, plant and equipment

The company reviews the useful life of property, plant and equipment at the end of the reporting period. This reassessment may results in change in depreciation expenses in future periods.

Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to unwinding of discount over passage of time is recognized as finance cost. Provisions are reviewed at the each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Defined benefit obligations

The Company uses actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., to determine such employee benefit obligations.

2.04 Revenue Recognition / Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of Goods:

The Company is in the business of defence and aerospace. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services, because it typically controls the goods or services before transferring them to the customer.

Sale of Products/Goods: Revenue from sale of Products/Goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the Products/Goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of Products/Goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

b) Sale of Service: Revenue from sale of services is in nature of MRO services for defense equipments on customer product which normally takes 1 – 4 days for completion and MRO services revenue recognized is measured based on the fixed input method, agreed with the recipient of service, and therefore the services transferred to date.

c) **Interest Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.05 Foreign Currency

The functional currency of the Company is Indian rupee.

Initial Recognition

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction.

Conversion

Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

2.06 Employee benefits

a) **Short-term Employee Benefits -**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognised during the year when the employees render the service.

b) **Post Employment Benefits -**

(1) **Defined Contribution Plan:**

Payments to defined contribution retirement benefit schemes viz. Company's Provident Fund Scheme is recognised as an expense when the employees have rendered the service entitling them to the contribution.

(2) **Defined Benefit Plan:**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

(i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Company has taken a cash accumulation policy with LIC of India for future payment of gratuity to the eligible employees.

(ii) **Compensated Absences**: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Such benefits are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

2.07 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income/ statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

2.08 Property, Plant and Equipment

Property plant & equipment are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of assets are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation on tangible property plant & equipment has been provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of plant and machinery, in whose case the life of the assets has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

i) Plant & Machinery - 10 Years

ii) Tools & Equipments - 10 Years

iii) Lease improvement costs are amortised over the period of the lease term.

Assets individually costing ₹ 5,000 or less are depreciated fully in the year of acquisition. Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition / till the date of sale/discard.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.09 Intangible Assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on written down value method over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10 Impairment

i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired.

IND AS 109 requires expected credit losses to be measured through a loss allowance. Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than six months.

For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

2.11 Inventories

Inventories of raw materials and components, work-in-progress, stock-in-trade, stores & spares and tools & instruments are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is ascertained on a weighted average basis. The cost of work-in-progress and finished goods is determined on absorption cost basis.

2.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Company recognises equity instrument at proceeds received net of direct issue costs.

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivatives financial instruments and hedge accounting

Initial recognition and subsequent measurement

The company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk.such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequent re-measurement at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gain or loss arising from changes in the fair value of the derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge items affects statement of profit and loss or treated as basic adjustment if a hedged forecast transaction subsequently results in the recognition of an non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk is an unrecognised firm commitment.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking the hedge, the hedging/ economic relationship, the hedge item or transaction, the nature of the risk being hedged, hedged ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below :

Fair value hedges :

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may being as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for the changes in its fair value attributable to the risk being hedged.

The company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognised as on asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in statement of profit and loss. When an unrecognised firm commitment is designated as hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss.

Cash flow hedges :

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instruments is recognised in OCI in the cash flow hedge reserve, while an ineffective portion is recognised immediately in the statement of profit and loss.

The company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance cost.

Amounts recognised as OCI are transferred to statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.13 Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with IND AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.14 Critical Accounting Judgments and key sources of estimation, uncertainty

The preparation of financial statements and related notes in accordance with IND AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and revenues and expenses.

Actual results could differ from those estimates due to those uncertainties on which assumptions are based. Estimates and assumptions are reviewed annually in order to verify they still reflect the best available knowledge of the Company's operations and of other factors deriving from actual circumstances. Changes, if any, are immediately accounted for in the income statement.

The present economic context, whose effects are spread into some businesses in which the company operates, determined the need to make assumptions related to future development with a high degree of uncertainty. For this reason, it is not possible to exclude that, in the next or in subsequent financial years, actual results may differ from estimated results. These differences, at present unforeseeable and unpredictable, may require adjustments to book values. Estimates are used in many areas, including accounting for non-current assets, deferred tax assets, bad debt provisions on accounts receivable, inventory obsolescence, employee benefits, contingent liabilities and provisions for risks and contingencies.

2.15 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in IND AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.16 Current/Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period Current liabilities include the current portion of long term financial liabilities.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities (including of MAT) are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

2.17 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from other equity, net of any tax effects.

2.18 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- in the principle market for the asset or liability
- in the absence of principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair

value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) Financial Assets

The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose

2) Non-Derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

2.19 Dividend

Dividend on share is recorded as liability on the date of approval by the shareholders.

2.20 Revenue from Contract with Customers

a. Disaggregation of revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers :

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products		
- Sale of goods	6,836.86	7,622.17
- Sale of service	556.85	318.09
Total revenue	**7,393.71**	7,940.26
Geographical Markets		
a. Within India	1,305.63	23.70
b. Outside India	6,088.08	7,916.56
Total revenue from contracts with customers	**7,393.71**	7,940.26
Timing of revenue recognition		
Goods transferred at a point in time	4,615.43	5,281.48
Bill and Hold transaction	2,221.43	2,340.69
Services transferred at a point in time	556.85	318.09
Total revenue from contracts with customers	**7,393.71**	7,940.26

Sale of goods includes F.O.B. value of export of ₹ 5,924.65 Lakhs (March 31, 2021 : ₹ 7,622.17 Lakhs).

b. Contract balances:

Additional disclosure under Trade Receivables Note

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. No provision for ECL on trade receivables.

c. Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments shall be disclosed

(₹ in Lakhs)

Revenue Reconciliation	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Revenue recognised as per Statement of profit & loss	7,393.71	7,940.26
Adjustments	-	-
Contract Price	**7,393.71**	7,940.26

d. Transaction price allocated to the remaining performance obligations

<u>Description of performance obligations:</u>

Sale of goods:

The performance obligation is satisfied upon removal of goods from factory and payment is generally due within 30 to 45 days from the date of Invoice. The Company enters into a agreement with customer for products which are to be manufactured. The control of the product manufactured is transferred on the date of removal of goods from factory.

Sale of services:

The performance obligation is satisfied upon the completion of services in the place of service informed by the recipient with in India and payment is generally due with in 60 days from the date of invoice. The company enters into an agreement with customer for services which are to be performed as obliged. The completion of services confirms by the customer itself.

e. <u>Accounting policy:</u>

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:

<u>Revenue for sale of Goods</u>

Refer Note 2.04 (a) & (b) for accounting policies relating to Sale of products/goods and sale of services.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company does not considers the effect of variable consideration.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note No. 32 and 33 (Financial instruments – initial recognition and subsequent measurement and Fair value).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Bill- and - Hold arrangements

A bill-and-hold arrangements is a contract under which an entity bills a customer for a goods but the entity retains physical possession of the goods until it is transferred to the customer at a point of time in future.

An entity shall determine when it has satisfied its performance obligation to transfer a product by evaluating when a customer obtains control of the goods.

f. Judgments

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying contract with customers

Company enters into agreements with its customers which define the key terms of the contract with customers. However, the rates and quantity for the supplies are separately agreed through purchase orders. Management has exercised judgement to determine that contract with customer for the purpose of Ind AS 115 is agreement is ready along with customer POs for the purpose of identification of performance obligations and other associated terms.

Identifying performance obligation

Company enters into a contract with customer for sale of products & services which are to be produced using the Sub assemblies and various mechanical parts and provided the services. The Company also determined that the promises to transfer the product and service within the context of the contract.

Determination of timing of satisfaction of performance obligation for sale of products & services

The Company concluded that revenue for sale of products & services is to be recognised at point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgment in determining the point when the control of the products & services are transferred based on the criteria's mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. Accordingly, the Company has exercised following judgments:

Finished goods

The goods manufactured are "make to print" or "Integration and Testing" as per specific customer designs for which the sub assembly, Harness, Mechanical Parts before commercial production commences. Further, the dispatch of goods is made on the basis of the specific production schedules obtained from the customer. The Company has made judgement in determining the point of time when the control is passed on to the customer considering the terms of contract with customers along with application of various commercial laws and industry practices.

Services

The instructions for services are provided by customer to the Company. Company can perform the service obligations in the plant. Once service is done by the Company the customer confirms the services. The Company has made judgement in determining the point of time when the performance is completed is passed on to the customer considering the terms of contract with customers along with application of various commercial laws and industry practices.

Determination of revenue in case of Bill-and-hold transaction

i) Reason for the bill-and-hold arrangement

The company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer has accepted the control and confirmed to the Company. However, due to the non-availability of international cargo and aircrafts, the physical movement of goods did not happen. Hence, company recognised the revenue of goods on these goods in the current year.

ii) The company identified the goods and stored separately in the factory premises until goods are cleared from the factory premises.

iii) The goods are ready for physical transfer to the customer from the factory premises of the company.

iv) The company cannot use the goods for any other purpose and direct it to another customer.

2.21 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 Leases. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

i) The following is the movement in lease liabilities during the year ended March 31, 2022

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning	32.67	68.68
Add: Lease liabilities recognised during the year	298.85	-
Add: Interest cost accrued during the year	7.75	6.77
Less: Payment of lease liabilities including interest	53.84	42.78
Balance at the end	**285.43**	32.67

ii) Maturity analysis of lease liabilities as on March 31, 2022 on an discounted basis.

(₹ in Lakhs)

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Less than one year	55.89	32.67
One to three years	83.13	-
More than three years	146.41	-
Total discounted lease liabilities as at March 31, 2022	**285.43**	32.67

2.22 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA' notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 — Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37 — Provisions, Contingent Liabilities and Contingent Assets — The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

(₹ in Lakhs)

3A. Property, plant and equipment	**As at March 31, 2022**	**As at March 31, 2021**
Carrying amounts of:		
Plant and equipment	528.25	582.00
Tools & Instruments	284.24	327.84
Computer equipments	23.64	45.35
Furniture and fixtures	32.87	36.85
Vehicles	18.07	21.10
Office equipment	3.03	4.35
Lease hold improvements	35.02	123.91
TOTAL - Property, plant and equipment	**925.12**	**1,141.40**

Cost	Plant and equipment	Tools & Instruments	Computer Equipments	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Balance as at April 1, 2020	**809.32**	**475.84**	**298.19**	**58.94**	**24.31**	**14.10**	**547.10**	**2,227.80**
Additions	24.33	2.21	11.29	-	-	-	-	**37.83**
Disposals / adjustments*	-	(0.66)	-	(2.47)	-	(2.00)	-	**(5.13)**
Balance as at March 31, 2021	**833.65**	**477.39**	**309.48**	**56.47**	**24.31**	**12.10**	**547.10**	**2,260.50**
Additions	29.43	1.68	2.86	1.46		1.16	8.66	**45.25**
Disposals / adjustments	-	-	-	-	-	-	-	**-**
Balance as at March 31, 2022	**863.08**	**479.07**	**312.34**	**57.93**	**24.31**	**13.26**	**555.76**	**2,305.75**

* 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, 2020	**174.07**	**104.69**	**224.65**	**14.87**	**0.17**	**6.46**	**308.77**	**833.68**
Depreciation expense	77.58	45.04	39.48	5.59	3.04	2.65	114.42	287.80
Depreciation adjustments*	-	(0.18)	-	(0.84)	-	(1.36)	-	(2.38)
Balance as at March 31, 2021	**251.65**	**149.55**	**264.13**	**19.62**	**3.21**	**7.75**	**423.19**	**1,119.10**
Depreciation expense	83.18	45.28	24.57	5.44	3.03	2.48	97.55	261.53
Disposals / adjustments	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	**334.83**	**194.83**	**288.70**	**25.06**	**6.24**	**10.23**	**520.74**	**1,380.63**

* Adjustments includes transfers inter-se

3B. Intangible assets	As at March 31, 2022	As at March 31, 2021
Carrying amounts of:		
Acquired computer software	11.01	17.26
TOTAL	**11.01**	**17.26**

Cost	Acquired computer software	Total
Balance as at April 1, 2020	85.08	85.08
Additions	18.77	18.77
Balance as at March 31, 2021	**103.85**	**103.85**
Additions	-	-
Balance as at March 31, 2022	**103.85**	**103.85**

Accumulated amortisation	Acquired computer software	Total
Balance as at April 1, 2020	**58.00**	**58.00**
Amortisation expense	28.59	28.59
Balance as at March 31, 2021	**86.59**	**86.59**
Amortisation expense	6.25	6.25
Balance as at March 31, 2022	**92.84**	**92.84**

3C. Right-of-use assets	As at March 31, 2022	As at March 31, 2021
Carrying amounts of:		
Land & Building	286.57	27.31
TOTAL - Right-of-use assets	**286.57**	**27.31**

Cost	Land & Building	Total
Balance as at April 1, 2020	99.53	99.53
Additions	-	-
Deletions	-	-
Balance as at March 31, 2021	**99.53**	**99.53**
Additions	298.85	298.85
Deletions	(99.53)	(99.53)
Balance as at March 31, 2022	**298.85**	**298.85**

Accumulated amortisation	Land & Building	Total
Balance as at April 1, 2020	36.11	36.11
Amortisation expense	36.11	36.11
Deletions	-	-
Balance as at March 31, 2021	**72.22**	**72.22**
Amortisation expense	39.59	39.59
Deletions	(99.53)	(99.53)
Balance as at March 31, 2022	**12.28**	**12.28**

4 Other non-current financial assets (unsecured, considered good unless otherwise stated)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	**25.64**	6.92
TOTAL :	**25.64**	6.92

4A Other current financial assets (unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on fixed deposits	**42.22**	36.94
Security deposit	**1.18**	14.12
Receivables from sale of Property,plant and equipment	**-**	3.17
TOTAL :	**43.40**	54.23

5 Other non-current assets (unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Tax paid in advance less provision (current tax)	**6.50**	8.31
b) Balances with Government authorities other than income tax	**140.06**	121.44
c) Prepaid expenses	**1.39**	-
TOTAL :	**147.95**	129.75

5A Other current assets (unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Advance for supplies	**59.28**	162.67
b) Prepaid expenses	**18.06**	26.57
TOTAL :	**77.34**	189.24

6 Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
a) Raw materials	**1,066.01**	113.84
b) Work-in-progress	**70.86**	9.94
c) Material in Transit	**171.76**	390.18
d) Stores & Spares	**0.38**	8.86
TOTAL :	**1,309.01**	522.82

7 Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Current :		
Trade receivables considered good - Unsecured	**3,283.00**	3,069.70
TOTAL :	**3,283.00**	3,069.70

Trade receivables ageing schedule for the year ended as on March 31, 2022 and March 31, 2021:

	Outstanding for following periods from due date of invoice					
Particulars	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
a) Undisputed Trade receivables Considered good	3,157.62	70.10	54.98	0.30	-	**3,283.00**
	(3,064.55)	(3.22)	(1.93)	(-)	-	**(3,069.70)**
TOTAL :	**3,157.62**	**70.10**	**54.98**	**0.30**	-	**3,283.00**
	(3,064.55)	**(3.22)**	**(1.93)**	**(-)**	-	**(3,069.70)**

* Figures in brackets represents end of previous year .

Notes:

1. Trade receivables are dues in respect of goods sold or services rendered in the normal course of business.

2. The normal credit period allowed by the Company ranges from 30 to 45 days against goods and 60 days against services

8 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
A) Balance with banks		
a) Unrestricted balance with banks	**814.40**	256.39
b) In deposits with original maturity of less than three months	**30.40**	35.00
c) Cash on hand	**6.62**	8.63
Cash and cash equivalent	**851.42**	300.02
B) Other Bank balances		
a) Deposits with original maturity of more than three months (Refer point No. i & ii below)	**1,686.27**	1,756.18
Other bank balances	**1,686.27**	1,756.18
TOTAL : (A + B)	**2,537.69**	2,056.20
(i) Under bank's lien as margin for bank guarantees issued.	**37.22**	86.66
(ii) Includes deposits with maturity of more than 12 months	**803.87**	1,546.18

9 Loans

Particulars	As at March 31, 2022	As at March 31, 2021
At amortized cost		
a) Inter-corporate deposits (Refer Note below)	**230.00**	-
TOTAL	**230.00**	**-**

Note: During the year, Company has invested its surplus funds as fixed deposit with Shriram Transport Finance Company Limited. Maximum amount outstanding during the year was ₹ 230 lakhs (2020-21: Nil) and amount outstanding as at March 31, 2022 is ₹ 230 lakhs (2020-21: Nil) at the interest rate ranging between 6.66% to 7.41% per annum.

10 Equity share capital

(₹ in Lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
Authorised capital			
80,000,000	(80,000,000) equity shares of ₹ 10 each	**8,000.00**	8,000.00
TOTAL :		**8,000.00**	8,000.00
Issued capital			
39,892,943	(39,892,943) equity shares of ₹ 10 each	**3,989.29**	3,989.29
TOTAL :		**3,989.29**	3,989.29
Subscribed and fully paid-up capital			
39,802,943	(39,802,943) equity shares of ₹ 10 each	**3,980.29**	3,980.29
TOTAL :		**3,980.29**	3,980.29

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2022		As at March 31, 2021	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
At the beginning of the year	**39,802,943**	**3,980.29**	39,802,943	3,980.29
Add: Shares issued during the year	**-**	**-**	-	-
No. of shares outstanding at the end of the year	**39,802,943**	**3,980.29**	**39,802,943**	**3,980.29**

(b) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid				
Kalyani Strategic Systems Limited	**19,901,471**	**50.00%**	19,901,471	50.00%
Rafael Advanced Defense Systems Ltd.	**19,503,442**	**49.00%**	19,503,442	49.00%

(c) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining amounts after deducting all its liabilities in proportion to the number of equity shares held.

11 Other equity

(₹ in Lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
I Effective portion of cash flow Hedge			
Balance at the beginning of the year		**-**	(38.96)
Gain/(Loss) for the year (net of deferred tax)		**-**	38.96
Balance at the end of the year	**Subtotal (I) :**	**-**	-
II Retained earnings			
Balance at the beginning of the year		**(338.99)**	(421.42)
Profit for the year		**7.88**	82.24
Remeasurements of defined benefits plans, net of tax		**1.47**	0.19
Balance at the end of the year	**Subtotal (II) :**	**(329.64)**	(338.99)
Grand Total (I + II):		**(329.64)**	(338.99)

12 Non-current financial liabilities :

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability	**229.54**	-
TOTAL :	**229.54**	-

13 Non-current provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision For employee benefits		
Leave encashment	**6.45**	7.16
TOTAL :	**6.45**	7.16

14 Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
I. Total outstanding dues of micro enterprises and small enterprises	**230.91**	209.05
TOTAL :	**230.91**	209.05
II. Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances	**-**	-
ii) Other than Acceptances	**4,494.14**	2,916.85
iii) Trade Payable for salaries and wages	**17.06**	15.55
TOTAL :	**4,511.20**	2,932.40
TOTAL (I + II) :	**4,742.11**	3,141.45

Trade payables ageing schedule for the year ended as on March 31, 2022 and March 31, 2021:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of invoice						
	Unbilled dues	Not Due	Less than 1 year	1 -2 years	2 - 3 years	More than 3 years	Total
i) MSME	-	-	230.91	-	-	-	230.91
	(-)	(-)	(209.05)	(-)	(-)	(-)	(209.05)
ii) Others	258.53	1.90	3,781.63	466.04	1.89	1.21	4,511.20
	(155.52)	(1.32)	(2,774.18)	(0.87)	(0.51)	(-)	(2,932.40)
TOTAL :	**258.53**	**1.90**	**4,012.54**	**466.04**	**1.89**	**1.21**	**4,742.11**
	(155.52)	**(1.32)**	**(2,983.23)**	**(0.87)**	**(0.51)**	**(-)**	**(3,141.45)**

* Figures in brackets represents end of previous year.

15 Other current financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable on purchase of property, plant and equipment	**0.60**	1.21
Advances from customers	**210.62**	391.92
TOTAL :	**211.22**	393.13

16 Other current liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory liabilities (other than income-tax)	**3.35**	18.44
Provisions	**-**	2.67
TOTAL :	**3.35**	21.11

17 Current provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision For employee benefits		
Leave encashment	**6.87**	2.86
Gratuity	**6.05**	4.94
TOTAL :	**12.92**	7.80

18 Revenue from operations

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from sale of goods	**6,836.86**	7,622.17
Revenue from services	**556.85**	318.09
Other operating revenue (Refer Note below)	**115.59**	48.93
TOTAL :	**7,509.30**	7,989.19
Note:		
Other operating revenue comprise:		
Duty draw back on exports	**0.86**	12.01
Sale of MEIS scrips	**114.57**	22.30
Others	**0.16**	14.62
TOTAL :	**115.59**	48.93

19 Other income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(a) Interest income		
(i) Bank deposits	**92.97**	93.10
(ii) Income tax refund	**1.01**	0.68
(b) Gain on disposal of Property, plant and equipment	**-**	1.23
TOTAL :	**93.98**	95.01

20 Cost of materials consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening stock	**122.70**	267.11
Add: Purchases	**3,211.25**	2,087.33
Less: Closing stock	**1,066.39**	122.70
TOTAL :	**2,267.56**	2,231.74

21 Purchase of stock-in-trade

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Purchases of stock-in-trade	**4,102.67**	4,618.63
TOTAL :	**4,102.67**	4,618.63

22 Changes in stock of finished goods and work-in-progress

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the end of the year:		
Work-in-progress	**70.86**	9.94
Inventories at the beginning of the year:		
Work-in-progress	**9.94**	1.40
NET (INCREASE) / DECREASE :	**(60.92)**	(8.54)

23 Employee benefit expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Salaries and wages	**312.34**	252.37
b) Contribution to provident and other funds (Refer note 34)	**8.72**	7.12
c) Staff welfare expenses	**9.40**	4.65
TOTAL :	**330.46**	264.14

24 Finance costs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Interest expenses - others	**0.29**	0.18
b) Other borrowing cost - Bank charges	**8.67**	8.33
c) Interest on lease liabilities	**7.75**	6.77
TOTAL :	**16.71**	15.28

25 Depreciation and amortization expense:

(₹ in Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Depreciation of property, plant and equipment (Refer Note 3A)	**261.53**	287.80
b) Amortisation of intangible assets (Refer Note 3B)	**6.25**	28.59
c) Amortisation of right-of-use assets (Refer Note 3C)	**39.59**	36.11
TOTAL :	**307.37**	352.50

26 Other expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Consumption of stores and spares	**7.34**	6.26
b) Job work charges	**72.67**	-
c) Inventory write off	**2.98**	86.98
d) Power and fuel	**30.09**	23.23
e) Equipment hire charges	**1.59**	12.86
f) Repairs & maintenance - others	**13.61**	12.80
g) Rates, insurance and taxes	**17.63**	15.43
h) Communication expenses	**3.68**	5.67
i) Travelling and conveyance	**61.06**	29.08
j) Stipend expenses	**40.70**	-
k) Printing & stationery	**2.33**	1.18
l) Legal and professional fees	**88.24**	111.19
m) Payment to auditors (Refer note below)	**14.50**	19.20
n) IT Maintenance charges	**30.11**	4.49
o) Manpower outsourcing	**34.70**	29.82
p) Project transfer and training cost	**86.01**	101.94
q) Event & exhibition expenses	**5.19**	-
r) Net loss on foreign currency transactions	**50.22**	49.77
s) Miscellaneous expenses	**54.43**	32.98
TOTAL :	**617.08**	542.88

Note: Payment to Statutory Auditors

(₹ in Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Payment to Auditor's comprises:		
i) For Audit	**10.00**	10.00
ii) For Group reporting	**3.00**	7.50
iii) For Certification	**1.50**	1.50
iv) Reimbursement of expenses	**-**	0.20
TOTAL	**14.50**	19.20

27 Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of defence and aerospace that will include activities of conceptualisation, research, design, development, production, integration, manufacture, assembly, modification, upgrade overhaul, engineering support, marketing, sales, after sales / product life cycle support and related activities of such programmes and to act as off-set partner and / or to undertake offset activities for original equipment manufacturers in defence, aerospace and other sectors; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

28 Related Party disclosures

(i) Names of the related parties and related party relationship

Ultimate Holding Company :	Bharat Forge Limited
Holding Company :	Kalyani Strategic Systems Limited
Enterprise having significant influence over the Company:	Rafael Advanced Defense Systems Limited, Israel
Common Directors	Analogic Controls India Limited
Common shareholders having significant influence over the company	Astra Rafael Comsys Pvt Ltd
Key Managerial Personnel	Rudra Kumar Jadeja - Chief Executive Officer & Director

(ii) Related parties with whom transactions have taken place during the year

(₹ in Lakhs)

Sr. No.	Nature of transaction	Rudra Kumar Jadeja - Chief Executive Officer	Astra Rafael Comsys Pvt Ltd	Analogic Controls India Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Sale of goods	-	-	-	5,924.65	35.79	**5,960.44**
		(-)	(-)	(-)	(7,622.17)	(-)	(7,622.17)
2	Sale of services	-	-	-	181.85	375.00	**556.85**
		(-)	(-)	(-)	(294.38)	(-)	(294.38)
3	Sale of property, plant & equipment	-	-		-	-	**-**
		(-)	(-)	(-)	(1.29)	(2.68)	(3.97)
4	Purchase of raw materials	-	-	-	3,744.31	-	**3,744.31**
		(-)	(-)	(60.73)	(1,900.48)	(-)	(1,961.21)
5	Other expenses - Fabrication charges	-	-	74.25	-	-	**74.25**
		(-)	(-)	(-)	(15.91)	(-)	(15.91)
6	Reimbursement of expenses received	-	-	0.54	-	0.54	**1.08**
		(-)	(-)	(-)	(-)	(-)	(-)

(₹ in Lakhs)

Sr. No.	Nature of transaction	Rudra Kumar Jadeja - Chief Executive Officer	Astra Rafael Comsys Pvt Ltd	Analogic Controls India Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
7	Project transfer and training cost	-	-	-	86.01	-	**86.01**
		(-)	(-)	(-)	(101.94)	(-)	(101.94)
8	Miscellaneous income	-	-	-	-	-	**-**
		(-)	(-)	(-)	(-)	(2.25)	(2.25)
9	Advances received	-	-	-	282.99	-	**282.99**
		(-)	(62.30)	(-)	(566.59)	(-)	(628.89)
10	Salary Cost	88.37	-	-	-	-	**88.37**
		(70.00)	(-)	(-)	(-)	(-)	(70.00)

* Figures in the bracket represents end of March 31, 2021 .

(ii) Balances outstanding

Sr. No.	Nature of Balances	Rudra Kumar Jadeja - Chief Executive Officer	Astra Rafael Comsys Pvt Ltd	Analogic Controls India Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Trade Receivable	-	-	-	2,958.48	67.46	**3,025.94**
		(-)	(-)	(-)	(3,283.00)	(-)	(3,283.00)
2	Trade Payables	-	-	9.26	3,798.35	-	**3,807.61**
		(-)	(-)	(-)	(1,916.39)	(29.91)	(1,946.30)
3	Other payables	-	-	-	194.64	-	**194.64**
		(-)	(-)	(-)	(101.94)	(-)	(101.94)
4	Receivable for property, plant and equipment	-	-	-	-	-	**-**
		(-)	(-)	(-)	(-)	(3.17)	(3.17)
5	Advances	-	62.30	-	148.32	-	**210.62**
		(-)	(62.30)	(-)	(329.62)	(-)	(391.92)
6	Salary Payable	2.72	-	-	-	-	**2.72**
		(17.69)	(-)	(-)	(-)	(-)	(17.69)

* Figures in brackets represents end of previous year .

29 Contingent Liabilities & Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
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)	**-**	-

30 Dues to Micro and Small Enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act (MSME), 2006

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at March 31, 2022	**230.91**	209.05
ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at March 31, 2022	**2.28**	0.67
iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	**1,180.92**	316.69
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	**10.07**	5.11
vii) Further interest remaining due and payable for earlier years	**5.11**	15.05

Interest payable as per section 16 of the Micro, Small and medium Enterprises Development, 2006, for the year is ₹ 10.07 Lakhs (March 31, 2021: ₹ 5.11 Lakhs). The same has not been accrued in the books of the Company.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

31 Earnings per share (EPS)

Particulars	As at March 31, 2022	As at March 31, 2021
Profit for the year attributable to equity shareholders (₹)	**7.88**	82.24
Weighted average number of equity shares (Nos.)	**39,802,943**	39,802,943
Earning per share - Basic and diluted (₹)	**0.02**	**0.21**

32 Financial Instruments and Risk Review

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Financial Risk Management objectives and policies :

The company's principal financial liabilities other than derivatives comprise loan and borrowings, trade payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets including loans, trade and other receivables and cash and cash equivalent that derive directly from its operations. The company FVTOCI and FVTPL investments and enters into a derivative transactions.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the company. The FRMC provides assurance that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have relevant expertise, appropriate skills and supervision. It is the company's policy that no trading in activities for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below :

i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade payables and borrowings. None of the financial instruments of the Company result in material concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 3,513.00 Lakhs and ₹ 3,069.70 Lakhs as of March 31, 2022 and March 31, 2021 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, 2022 and March 31, 2021.

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 - Nil (Previous Year - Nil)

Particulars	Changes in rate	Effect on OCI
March 31, 2022	USD/INR	-
March 31, 2021	USD/INR	-

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, 2022	As at March 31, 2021
Assets			
Trade receivables	INR	**3,121.55**	3,069.70
Cash & Bank balances	INR	**148.46**	203.06
Liabilities			
Trade payables	INR	**4,581.71**	2,814.45

The below table represents the unhedged foreign currency in respective currencies

Particulars	Currency in Lakhs	As at March 31, 2022	As at March 31, 2021
Assets			
Trade receivables	USD	**41.18**	41.76
Cash & Bank balances	USD	**1.96**	2.76
Liabilities			
Trade payables	USD	**60.44**	38.29

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in USD exchange rates, with all other variables held constant, the impact on the Company's profit before tax due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

For the year ended	Currency	Change in rate	Effect on pre-tax equity
March 31, 2022	USD	+10%	**(131.83)**
	USD	-10%	**131.83**
March 31, 2021	USD	+10%	44.97
	USD	-10%	(44.97)

Forward Exchange Contracts

The 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 profit and loss. Amounts of outstanding forward contracts are as follows :

(₹ in Lakhs)

Nature of Instrument	Currency	Purpose	March 31, 2022		March 31, 2021	
			Foreign Currency	In ₹	Foreign Currency	In ₹
Forward contracts	USD	Hedging of highly probable sales	-	-	19.93	1,468.42

The movement in Accumulated OCI for instruments designated in a cash flow hedge is as follows:

(₹ in Lakhs)

	Exchange Rate Risk hedges	
	March 31, 2022	March 31, 2021
Balance as the beginning of the year	-	(38.96)
i) Gains/Losses transferred to P&L on occurrence of the forecast transaction	-	53.98
Deferred Tax on the above	-	(15.02)
ii) Gains/Losses transferred to P&L due to cash flows no longer expected to occur	-	-
Deferred Tax on the above	-	-
iii) Change in Fair Value of Effective Portion of cash flow hedges	-	-
Deferred Tax on the above	-	-
iv) Gains/Losses transferred to P&L on ineffectiveness	-	-
Deferred Tax on the above	-	-
Balance as the end of the year	-	-
Of the above:		
Balance relating to continuing hedges	-	-
Balance relating to hedge accounting is no longer applied	-	-

iii) Liquidity Risk

a) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

b) Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(₹ in Lakhs)

Particulars	March 31, 2022		March 31, 2021	
	Less than 1 Year	1-3 Years	Less than 1 Year	1-3 Years
Financial liabilities				
Trade payables	**4,742.11**	**-**	3,141.45	-
Payable for Property, Plant & Equipment	**0.60**	**-**	1.21	-
Lease Liabilities	**55.89**	**229.54**	32.67	-
Others	**210.62**	**-**	391.92	-

33 Fair Value Measurements

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

(₹ in Lakhs)

Particulars	Fair value hierarchy	Carrying amount		Fair Value	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
FINANCIAL ASSETS					
Financial assets measured at amortised cost					
(a) Security deposits	Level 2	**26.82**	21.04	**26.82**	21.04
(b) Receivables from sale of Property, plant and equipment	Level 2	**-**	3.17	**-**	3.17
(c) Interest accrued on deposits	Level 2	**42.22**	36.94	**42.22**	36.94
(d) Cash in hand	Level 2	**6.62**	8.63	**6.62**	8.63
(e) Balance with banks in current account	Level 2	**814.40**	256.39	**814.40**	256.39
(f) Balances with banks in deposit accounts	Level 2	**1,716.67**	1,791.18	**1,716.67**	1,791.18
(g) Loans	Level 2	**230.00**	-	**230.00**	-
(h) Trade receivables	Level 2	**3,283.00**	3,069.70	**3,283.00**	3,069.70
(i) Advances for supplies	Level 2	**59.28**	162.67	**59.28**	162.67
Financial assets measured at fair value through Statement of Profit & Loss		**-**	-	**-**	-
TOTAL FINANCIAL ASSETS		**6,179.01**	5,349.72	**6,179.01**	5,349.72
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
(a) Payables on purchase of property plant & equipment	Level 2	**0.60**	1.21	**0.60**	1.21
(b) Trade Payable	Level 2	**4,742.11**	3,141.45	**4,742.11**	3,141.45
(c) Lease Liabilities	Level 2	**285.43**	32.67	**285.43**	32.67
(d) Others	Level 2	**213.97**	413.03	**213.97**	413.03
TOTAL FINANCIAL LIABILITIES		**5,242.11**	3,588.36	**5,242.11**	3,588.36

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short - term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financials instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investment is determined using quoted net assets value from the fund. Further, the subsequent measurement of all financial assets and liabilities (other than investment in mutual funds) is at amortised cost, using the effective interest method.

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowing of the Company and in case of financial assets is the average market rate of similar credit rated instrument.

The Company maintain policies and procedure to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate fair value:

(a) Fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) Security deposit paid are evaluated by the Company based on parameters such as interest rate non performance risk of the customer. The fair value of the Company’s security deposit paid are determined by estimating the incremental borrowing rate of the borrower (primarily the landlords). Such rate has been determined using discount rate that reflects the average interest rate of borrowing taken by similar credit rate companies where the risk of non performance risk is more than significant.

(c) The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lessor, If not readily determinable , using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right-o-fuse asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

34 Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plan administered by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits. The Company has recognized ₹ 8.72 Lakhs for Provident Fund contributions (March 31, 2021: ₹ 7.12 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, 2022 (₹ in Lakhs)

Particulars	Funded Plan	
	Gratuity	
	March 31, 2022	March 31, 2021
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	**2.85**	2.17
Net interest expense	**0.29**	0.17
Components of defined benefit costs recognised in profit or loss	**3.14**	2.34
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(0.03)**	(0.01)
Actuarial gains and loss arising from changes in financial assumptions	**(0.08)**	(0.17)
Actuarial gains and loss arising from experience adjustments	**(1.77)**	(0.41)
Actuarial gains and loss arising from demographic adjustments	**(0.15)**	0.31
Components of defined benefit costs recognised in other comprehensive income	**(2.03)**	(0.28)
Total	**1.11**	2.06
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**7.46**	6.24
2. Fair value of plan assets as at 31st March	**1.41**	1.31
3. Surplus/(Deficit)	**(6.05)**	(4.94)
4. Current portion of the above	**6.05**	4.94
5. Non current portion of the above	**1.41**	1.31
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**6.25**	**4.09**
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**-**	**-**
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**2.85**	**2.17**
- Past Service Cost	**-**	**-**
- Interest Expense (Income)	**0.37**	**0.25**
4. Recognised in Other Comprehensive Income		
Remeasurement (gains) / losses		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**0.15**	**(0.31)**
ii. Financial Assumptions	**0.08**	**0.17**
iii. Experience Adjustments	**1.77**	**0.41**
iv. Return on plan asset	**(0.03)**	**(0.01)**
5. Benefit payments	**-**	**-**
6. Present value of defined benefit obligation at the end of the year	**7.46**	**6.25**

Particulars	Funded Plan	
	Gratuity	
	March 31, 2022	March 31, 2021
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	**1.30**	1.24
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**	**0.07**
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return	**0.03**	**(0.01)**
5. Contributions by employer (including benefit payments recoverable)	**-**	-
6. Benefit payments	**-**	-
7. Fair value of plan assets at the end of the year	**1.41**	1.30
IV. The Major categories of plan assets (As % of Total Plan Assets)		
- Funds Managed By Insurer	**100%**	100%
V. Actuarial assumptions		
1. Discount rate	**6.30%**	5.90%
2. Expected rate of return on plan assets	**5.90%**	6.00%
3. Attrition rate	**20.00%**	20.00%

Maturity Profile of Defined Benefit Obligation:

Year Ending March 31, 2022	Expected Benefit Payment in lakhs (₹)
2023	**-**
2024	**0.41**
2025	**0.43**
2026	**0.59**
2027	**0.94**
2028-2032	**9.30**

Sensitivity analysis for each significant actuarial assumption is required to be given, (illustration for medical inflation given below. Company needs to provide for others)

A. Effect of 1 % change in the assumed discount rate	1% Increase		1% Decrease	
	March 31, 2022 ₹ In Lakhs	March 31, 2021 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs	March 31, 2021 ₹ In Lakhs
Defined Benefit Obligation	**7.28**	**6.55**	**7.67**	**5.97**

B. Effect of 1 % change in the assumed Salary Escalation Rate	1% Increase		1% Decrease	
	March 31, 2022 ₹ In Lakhs	March 31, 2021 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs	March 31, 2021 ₹ In Lakhs
Defined Benefit Obligation	**7.62**	**6.03**	**7.31**	**6.47**

C. Effect of 1 % change in the assumed Withdrawal Rate	1% Increase		1% Decrease	
	March 31, 2022 ₹ In Lakhs	March 31, 2021 ₹ In Lakhs	March 31, 2022 ₹ In Lakhs	March 31, 2021 ₹ In Lakhs
Defined Benefit Obligation	**7.43**	**6.29**	**7.50**	**6.20**

VI. Experience Adjustments:	Year Ended	
	March 31, 2022 ₹ In Lakhs	March 31, 2021 ₹ In Lakhs
	Gratuity	
1. Defined Benefit Obligation	**7.46**	6.25
2. Fair value of plan assets	**1.41**	1.31
3. Surplus/(Deficit)	**(6.05)**	(4.94)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(1.85)**	(0.58)
5. Experience adjustment on plan assets [Gain/(Loss)]	**0.03**	0.01

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

35 Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

Particulars	Numerator	Denominator	March 31, 2022	March 31, 2021	Variation	Explanation
(a) Current Ratio (in times)	Current assets	Current liabilities	1.49	1.64	-9%	-
(b) Debt-Equity Ratio (in times)	Total Debt (represents lease liabilities) [1]	Shareholder's Equity	0.08	0.01	700%	Note 1
(c) Debt Service Coverage Ratio (in times)	Earnings available for debt service[2]	Debt Service [3]	5.22	8.88	-41%	Note 2
(d) Return on Equity (ROE) (in %)	Net Profits after taxes	Average Shareholder's Equity	0%	2%	-100%	Note 3
(e) Inventory turnover ratio (in times)	Sales	Average Inventory	8.07	20.07	-60%	Note 4
(f) Trade Receivables turnover ratio (in times)	Revenue	Average Trade Receivable	2.33	3.14	-26%	Note 5
(g) Trade payables turnover ratio (in times)	Purchases of goods & Services and other expenses	Average Trade Payables	1.97	2.94	-33%	Note 6
(h) Net capital turnover ratio (in times)	Revenue	Working Capital	3.01	3.46	-13%	-
(i) Net profit ratio (in %)	Net Profits after taxes	Revenue	0.00	0.01	-100%	Note 7
(j) Return on Capital employed (in %)	Earning before interest and taxes	Capital Employed[4]	0.01	0.02	-50%	Note 8
(k) Return on investment (in %)	Income generated from investments	Time weighted average investments	NA	NA	0%	NA

[1] Debt represents only lease liabilities

[2] Net Profit after taxes + Non-cash operating expenses + Interest + other adjustments like loss on sale of Fixed assets etc.

[3] Lease payments for the current year

[4] Tangible net worth + deferred tax liabilities + Lease Liabilities

Explanations:

Note 1 : Due to increase of lease liability due to recognition of Right of use asset

Note 2 : Due to lower earnings in the current year

Note 3 : Due to lower net profits in the current year

Note 4 : Due to increase of stock of raw materials.

Note 5 : Due to high receivables outstanding owing to the sales towards year end.

Note 6 : Due to increased outstanding payables owing to the purchases towards year end, which are not due for payment.

Note 7 : Due to decrease in the profit

Note 8 : Decrease of Return on capital employed due to lower EBIT.

36 Deferred Tax Assets (net)

(₹ in Lakhs)

Nature of Timing Difference	As at March 31, 2022	As at March 31, 2021
Deferred Tax Liability		
Property, plant and equipment	**(43.16)**	5.04
Other deductible timing difference	**78.09**	9.16
Total (A)	**34.93**	**14.20**
Deferred Tax Asset		
Items related to OCI	**(0.55)**	0.01
MAT credit	**1.02**	15.58
Carry forward tax losses	**-**	-
Total (B)	**0.47**	**15.59**
Deferred Tax Asset / Liability (Net) (A)+(B)	**35.40**	**29.79**

2021-22	Opening Balance	Recognized in Profit & Loss	Recognized in Other Comprehensive Income	MAT credit	Total
Deferred Tax Asset					
Cash Flow Hedges (including forward element of forward contracts)	-		-		-
Property, Plant & Equipment	5.04	(48.20)	-	-	(43.16)
Remeasurement Defined Benefit Obligation	0.01	-	(0.56)	-	(0.55)
Disallowances under Income Tax Act, 1961, allowed on payment basis	0.07	(1.39)	-	-	(1.32)
Lease Liabilities	9.09	70.32	-	-	79.41
MAT credit	15.58		-	(14.56)	1.02
Total	**29.79**	**20.73**	**(0.56)**	**(14.56)**	**35.40**

2020-21	Opening Balance	Recognized in Profit & Loss	Recognized in Other Comprehensive Income	MAT credit	Total
Deferred Tax Asset					
Cash Flow Hedges (including forward element of forward contracts)	15.02		(15.02)		-
Property, Plant & Equipment	(33.49)	38.53	-	-	5.04
Remeasurement Defined Benefit Obligation	0.08	-	(0.07)	-	0.01
Disallowances under Income Tax Act, 1961, allowed on payment basis	1.54	(1.47)	-	-	0.07
Lease Liabilities	(18.91)	28.00	-	-	9.09
MAT credit	4.31	-	-	11.27	15.58
Carry forward tax losses	50.40	(50.40)	-	-	-
Total	**18.95**	**14.67**	**(15.10)**	**11.27**	**29.79**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax (A)	22.35	67.57
Enacted tax rate (B)	27.82%	27.82%
Expected Tax Expenses (C=A * B)	6.22	18.80
Adjustments		
Setoff of carry forward losses of earlier years	-	(18.80)
Tax effects of other adjustments	(12.90)	(14.67)
MAT credit utilization	14.56	-
Total Adjustments - D	**1.66**	**(33.47)**
Tax expense recognised in profit or loss (E=C+D)	**7.88**	**(14.67)**

37 The Company has considered the possible effects that may result from the pandemic while assessing the recoverability of receivables, inventory, and other financial assets. The Company has also considered the impacts on Deferred Tax Assets. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions

38 Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification and disclosure.

For and on behalf of the Board of Directors of
Kalyani Rafael Advanced Systems Private Limited

Rudra Kumar Jadeja
Director
DIN: 08486168

Vikram Munje
Director
DIN: 02772991

Place : Texas / Pune
Date : April 28, 2022

Kalyani Strategic Systems Limited

Directors

Mr. K. M. Saletore

Mr. Rajinder Singh Bhatia

Mr. Vikram Manohar Munje

Mr. Mogalpalli Venkata Krishna

Auditors

P V Deo & Associates LLP

Chartered Accountants

604, Jeevan Heights,

Thorat Colony, Erandwana,

Pune 411 004

Registered Office

Pune Cantonment,

Mundhwa,

Pune 411 036 MH

Independent Auditor's Report

To the Members of Kalyani Strategic Systems Limited

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **Kalyani Strategic Systems Limited** ("the Company") which comprises the Standalone Balance Sheet as at 31st March, 2022, the Standalone Statement of Profit and Loss, including the Standalone Statement of Other Comprehensive Income, the Standalone Statement of changes in equity and the Standalone Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and We have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

We have determined that there are no key audit matters to be reported in our report.

Information other than the standalone financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon. The Board's Report including annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including annexures to Board's Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of management and those charged with governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.

    c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including other comprehensive income, the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    e) On the basis of written representations received from the directors as on 31st March, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".

    g) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, reporting requirements under section 197(16) of the Act do not apply to the Company.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

        i. The Company does not have any pending litigations which would impact its financial position;

        ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

        iv. a. The management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place : Pune
Date : 2nd May, 2022

"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, 2022.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.

(B) The Company does not carry any intangible assets.

(b) As explained to us, the property, plant and equipment have been physically verified by the management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the property, plant and equipment.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory comprising stock in trade 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.

(b) The Company is required to submit bi-monthly budgeted cash flow statements to the bank. Since the statements are filed on budgeted basis, the figures mentioned in the statements do not necessarily agree with the books of account.

(ii) (a) The Company has not made any investments in, provided any guarantee or security during the year to companies, firms, limited liability partnerships or any other parties. In respect of the loans or advances in the nature of loans, secured or unsecured, granted by the Company during the year to companies, firms, limited liability partnerships or any other parties, we report as under.

(INR ₹ Lakhs)

	Guarantees ₹	Security ₹	Loan ₹	Advances in the nature of loans ₹
Aggregate amount granted/provided during the year :				
Fellow Subsidiary	NIL	NIL	NIL	NIL
Other related party	NIL	NIL	200.00	NIL
Balance outstanding as at 31st March, 2022 :				
Fellow Subsidiary	NIL	NIL	157.69	NIL
Other related party	NIL	NIL	NIL	NIL

(b) The terms and conditions of the grant of the above loans were not found prima facie prejudicial to the Company's interest.

(c) In respect of the loans or advances in the nature of loans which are repayable on demand, no schedules of repayment of the principal and payment of interest have been stipulated. For other loans or advances in the nature of loans, schedules of repayment of the principal and payment of interest have been stipulated. The repayment or receipts are regular.

(d) There were no amounts overdue in respect of the principal and payment of interest.

(e) No loan or advance in the nature of loan granted and which has fallen due during the year has been renewed or extended or fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(g) Details of loans granted which are repayable on demand or without specifying any terms of repayment are as under.

(INR ₹ Lakhs)

	All parties ₹	Promoters ₹	Related parties ₹
Aggregate amount of loans / advances in the nature of loans :			
Repayable on demand	157.69	NIL	157.69
Agreement does not specify any terms or period of repayment	NIL	NIL	NIL
Total :	**157.69**	**NIL**	**157.69**
Percentage of loans / advances in the nature of loans to the total loans		0%	100%

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made and loans given. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was generally found to be regular in depositing undisputed statutory dues including goods and services tax, provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 do not apply to the Company. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31st March, 2022 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no statutory dues which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest, thereon, to any lender.

(b) According to the information and explanation given to us, the Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed and the information and explanations given to us by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the period.

(b) No report under subsection (12) of section 143 of the Companies Act, 2013 was required to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) The Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to us, the Company has not entered into any transactions with the related parties in contravention of the provisions of section 177 and 188 of the Companies Act, 2013. The details of the related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013.

(xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities requiring a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion and according to the information and explanations given to us, there is no core investment company within the Group.

(xvii) The Company has incurred the following amounts of cash losses during the financial year covered by this report and also in the preceding financial year.

(INR ₹ Lakhs)

	Current Financial Year ₹	Preceding Financial Year ₹
Cash losses incurred	**134.55**	35.04

(xviii) There has been no resignation by the statutory auditors of the Company during the year.

(xix) On the basis of the verification of the financial ratios, ageing and expected dates of the realization of financial assets and payment of financial liabilities and other information accompanying financial statements, and information and explanation given to us, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Provisions of 135 of the Companies Act, 2013 do not apply to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place : Pune
Date : 2nd May, 2022

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2022.

We have audited the internal financial controls over financial reporting of **Kalyani Strategic Systems Limited** ("the Company") as of 31st March, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P V Deo & Associates LLP
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place : Pune
Date : 2nd May, 2022

Standalone Balance Sheet as at 31st March, 2022

(In ₹ Lakhs)

	Notes	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
I. ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**542.12**	556.51
b) Right of use assets	4	**755.24**	731.07
c) Capital work in progress		**85.78**	73.81
d) Investments in subsidiaries and joint ventures	5	**2,000.15**	2,000.15
e) Other non-current assets	6	**653.73**	414.90
f) Income tax assets (net)	7	**3.79**	7.05
		4,040.81	3,783.49
2 Current assets			
a) Inventories	8	**13.81**	13.81
b) Financial assets			
i) Investments	9	**-**	371.08
ii) Trade receivable	10	**542.53**	1.60
iii) Cash and cash equivalents	11	**38.42**	7.66
iv) Bank balances other than (iii) above	11	**3.63**	159.55
v) Loans	12	**157.69**	144.56
vi) Other financial assets	13	**4.00**	4.22
c) Other current assets	14	**9.67**	9.36
		769.75	711.84
Total :		**4,810.56**	4,495.33
II. EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	15	**4,213.26**	4,213.26
b) Other equity	16	**(304.75)**	(145.85)
		3,908.51	4,067.41
2 Non-current liabilities			
a) Long term provisions	17	**3.29**	2.64
		3.29	2.64
3 Current liabilities			
a) Financial liabilities			
i) Borrowings	18	**750.89**	90.76
ii) Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises		**1.93**	1.31
Total outstanding dues of creditors other than micro enterprises and small enterprises		**144.40**	326.09
iii) Other financial liabilities	20	**-**	4.86
b) Short term provisions	21	**0.14**	0.14
c) Other current liabilities	22	**1.40**	2.12
		898.76	425.28
Total :		**4,810.56**	4,495.33
Significant accounting policies and notes forming an integral part of the Standalone Financial Statements	1 to 46		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place: Pune
Date: 2nd May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2022

Standalone Statement of Profit and Loss for the year ended 31st March, 2022

(In ₹ Lakhs)

		Notes	**Year ended 31st March, 2022 ₹**	Year ended 31st March, 2021 ₹
I.	**Revenue from operations**	23	**560.84**	500.68
II.	**Other income**	24	**46.06**	105.94
	Total income		**606.90**	606.62
III.	**Expenses**			
	Cost of material consumed	25	**27.02**	5.42
	Purchases of stock in trade	26	**519.35**	431.84
	Changes in inventories of stock in trade	27	**-**	-
	Employee benefits expenses	28	**67.96**	51.21
	Finance cost	29	**10.87**	107.61
	Depreciation and amortization expense	30	**24.81**	22.67
	Other expenses	31	**116.26**	44.69
IV.	**Total expenses**		**766.27**	663.44
V.	**Loss before tax (III - IV)**		**(159.37)**	(56.82)
VI.	**Tax expenses**			
	Current tax		**-**	(0.02)
	Deferred tax		**-**	(0.86)
			-	(0.88)
VII.	**Loss for the year (V - VI)**		**(159.37)**	(57.70)
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		**0.47**	0.07
IX.	**Total comprehensive income for the year (VII+VIII)**		**(158.90)**	(57.63)
X.	**Earnings per equity share [nominal value of share ₹ 10/-] - fully paid shares**			
	a) Basic (In ₹)	36	**(0.38)**	(0.14)
	B) Diluted (In ₹)	36	**(0.38)**	(0.14)
	Significant accounting policies and notes forming an integral part of the Standalone Financial Statements	1 to 46		

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place: Pune
Date: 2nd May, 2022

On behalf of the Board of Directors,

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Director
DIN: 01705850

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Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2022

a **Equity share capital**

	As at 31st March, 2022		As at 31st March, 2021	
	Nos.	**(In ₹ Lakhs)**	Nos.	(In ₹ Lakhs)
Balance at the beginning of the year	**48,151,576.00**	**4,213.26**	48,151,576.00	4,213.26
Changes in equity share capital due to prior period errors	**-**	**-**	-	-
Restated balance at the beginning of the current reporting period	**48,151,576.00**	**4,213.26**	48,151,576.00	4,213.26
Changes in equity share capital during the current year	**-**	**-**	-	-
Balance at the end of the year	**48,151,576.00**	**4,213.26**	48,151,576.00	4,213.26

b **Other equity**

(In ₹ Lakhs)

	Retained Earnings	**Other Comprehensive Income**	**Total**
	₹	₹	₹
Balance at the end of the year 1st April, 2020	(87.98)	(0.24)	(88.22)
Changes in other equity due to prior period errors	-	-	-
Restated balance at the beginning of the previous reporting period	(87.98)	(0.24)	(88.22)
Add :			
Total comprehensive income for the year	(57.70)	0.07	(57.63)
Balance at the end of the year 31st March, 2021	(145.68)	(0.17)	(145.85)
Changes in other equity due to prior period errors	-	-	-
Restated balance at the beginning of the previous reporting period	(145.68)	(0.17)	(145.85)
Add :			
Total comprehensive income for the year	**(159.37)**	**0.47**	**(158.90)**
Balance at the end of the year 31st March, 2022	**(305.05)**	**0.30**	**(304.75)**

c **Total equity (a+b)** **3,908.51**

Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements 1 to 46

As per my attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place: Pune
Date: 2nd May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2022

Standalone Cash Flow Statement for the year ended 31st March, 2022

(In ₹ Lakhs)

			Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
(A)	**Cash flow from operating activities**			
	Loss before tax		**(159.37)**	(56.82)
	Add :			
	Depreciation		**24.81**	22.67
	Provision for doubtful loans and advances		**-**	-
	Interest paid on borrowings		**10.86**	105.40
	Other borrowing cost paid		**-**	2.02
	Other comprehensive income			
	Remeasurement of the net defined benefit liability/asset		**0.47**	0.07
			(123.23)	73.34
	Less :			
	Interest received on intercorporate loans		**(18.73)**	(13.37)
	Interest received from bank		**(1.88)**	(62.18)
	Interest received on income tax refund		**(0.42)**	(0.25)
	Profit on sale of units of mutual fund		**(6.04)**	-
	Fair value adjustment		**-**	(12.74)
	Operating profit/(loss) before working capital changes		**(150.30)**	(15.20)
	Movements in working capital :			
	Increase / (decrease) in trade payables		**(181.07)**	307.69
	Increase / (decrease) in other current liabilities		**(0.72)**	(0.90)
	Increase / (decrease) in other current financial liabilities		**(4.86)**	(2.92)
	Increase / (decrease) in short term provisions		**-**	0.08
	Increase / (decrease) in long term provisions		**0.65**	1.76
	(Increase) / decrease in other non-current assets		**(238.83)**	(386.93)
	(Increase) / decrease in trade receivable		**(540.93)**	(1.60)
	(Increase) / decrease in other current financial assets		**0.22**	-
	(Increase) / decrease in other current assets		**(0.31)**	10.16
	(Increase) / decrease in inventories		**-**	(0.27)
			(965.85)	(72.93)
	Cash generated from operations		**(1,116.15)**	(88.13)
	Direct taxes paid (net of refunds)		**3.69**	(2.72)
	Net cash from/(used in) operating activities	**(A)**	**(1,112.46)**	(90.85)
(B)	**Cash flows from investing activities**			
	Purchase of Property, Plant and Equipment		**(46.57)**	(56.66)
	Investments in Units of Mutual Funds		**(83.45)**	-
	Sale of Investment in Mutual Funds		**460.57**	-
	(Investments In)/Liquidation of fixed deposits		**155.92**	1,580.17
	Interest received from bank		**1.88**	62.18
	Net cash used in investing activities	**(B)**	**488.35**	1,585.69

			Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
(C)	**Cash flows from financing activities**			
	Proceeds from short term borrowings		**660.13**	90.76
	Inter corporate loans given		**(213.13)**	(12.33)
	Repayment of intercorporate loans		**200.00**	-
	Interest received on Inter corporate loans		**18.73**	13.37
	Inter corporate loans repaid		**-**	(1,500.00)
	Interest paid on borrowings		**(10.86)**	(105.40)
	Other borrowing costs paid		**-**	(2.02)
	Net cash from/(used in) financing activities	**(C)**	**654.87**	(1,515.62)
(D)	**Net increase/(Decrease) in cash and cash equivalents (A+B+C)**		**30.76**	(20.78)
(E)	**Cash and cash equivalents at the beginning of the year**		**7.66**	28.44
(F)	**Cash and cash equivalents at the end of the year**		**38.42**	7.66

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Components of cash and cash equivalents		
Balances with banks		
In Current accounts	**38.42**	7.66
TOTAL :	**38.42**	7.66

Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements 1 to 46

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place: Pune
Date: 2nd May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2022

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2022

1. Corporate information :

Kalyani Strategic Systems Limited was incorporated on 20th December, 2010, as a public limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited, which holds 100% of the issued and subscribed equity share capital of the Company. The Company's CIN is U31902PN2010PLC138025.

The Company has been formed with the object to engage in the business of scientific, technical and other research and development in the field of developing/ deploying advance defence, aerospace and other strategic areas. During the financial year covered by these statements, the Company was engaged in trading activities and in carrying out trial runs of its products.

The Company has identified 12 months as its operating cycle.

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 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.4 Investment in subsidiaries and joint ventures :

The Company has accounted for its investment in subsidiaries and joint ventures at cost less accumulated impairment.

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. 37.

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.

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. 2.16.

f) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

e) 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.

f) Dividend Income

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

g) Profit / Loss on sale of investments

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.7 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 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)	Factory Building	30 Years
ii)	Plant and Machinery	15 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

2.11 Leases :

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i) **Right of use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the Underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful life of asset
i) Leasehold Land	Over the period of lease agreement

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) **Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and Right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

iii) **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.12 Inventories :

Inventories are stated at the lower of cost and net realisable value.

2.13 Impairment of Non-financial assets :

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.15 Retirement and other employee benefits :

a) Provident Fund :

The Company operates a defined contribution plan.

For all the employees of the Company, portion of provident fund is contributed to the Government administered pension fund which is a defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Gratuity :

The Company operates a defined benefits plan for its employees. The plan is at present unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method. Actuarial valuation is carried out for the plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

c) Privilege leave benefits :

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.16 Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Asset :

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's investments in its subsidiary, associate and joint venture are carried at cost in accordance with Ind AS 27.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

The Company has chosen to account for investments in subsidiaries, joint ventures and associates at cost determined in accordance with IND AS -27.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

h) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 116

iv Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B Financial liabilities :

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

ii Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C Embedded derivatives :

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments :

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term 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 standalone financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying standalone financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the standalone financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying standalone 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 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that 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 ₹ Lakhs)

	Freehold land ₹	Building ₹	Plant and machinery ₹	Furniture ₹	Office equipment ₹	Total ₹	Capital work in progress ₹
Gross block, at Cost :							
As at 31st March, 2020	273.32	289.73	2.87	-	-	565.92	41.08
Additions	-	15.35	7.28	1.30	-	23.93	32.73
Disposals	-	-	-	-	-	-	-
As at 31st March, 2021	273.32	305.08	10.15	1.30	-	589.85	73.81
Additions	**-**	**-**	**-**	**-**	**1.42**	**1.42**	**11.98**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at 31st March, 2022	**273.32**	**305.08**	**10.15**	**1.30**	**1.42**	**591.27**	**85.79**
Depreciation and Amortization :							
Upto 31st March, 2020	-	19.39	0.25	-	-	19.64	-
Disposals	-	-	-	-	-	-	-
For the year	-	13.39	0.21	0.10	-	13.70	-
As at 31st March, 2021	-	32.78	0.46	0.10	-	33.34	-
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	**-**	**14.78**	**0.68**	**0.13**	**0.22**	**15.81**	**-**
As at 31st March, 2022	**-**	**47.56**	**1.14**	**0.23**	**0.22**	**49.15**	**-**
Net Block :							
As at 31st March, 2021	273.32	272.30	9.69	1.20	-	556.51	73.81
As at 31st March, 2022	**273.32**	**257.52**	**9.01**	**1.07**	**1.20**	**542.12**	**85.79**

CWIP Ageing Schedule

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Less than 1 year	**11.98**	32.73
1-2 years	**32.73**	41.08
2-3 years	**41.08**	-
More than 3 years	**-**	-
TOTAL :	**85.79**	73.81

4 Right of use assets :

(In ₹ Lakhs)

	Land	Total
	₹	₹
Gross block, at Cost :		
As at 31st March, 2020.	757.42	757.42
Additions	-	-
Disposals	-	-
Adjustments	-	-
As at 31st March, 2021.	757.42	757.42
Additions	**33.17**	**33.17**
Disposals	**-**	**-**
Adjustments	**-**	**-**
As at 31st March, 2022	**790.59**	**790.59**
Depreciation and Amortization :		
As at 31st March, 2020.	17.38	17.38
Disposals	-	-
Adjustments	-	-
For the year	8.97	8.97
As at 31st March, 2021.	26.35	26.35
Disposals	**-**	**-**
Adjustments	**-**	**-**
For the year	**9.00**	**9.00**
As at 31st March, 2022	**35.35**	**35.35**
NET BLOCK :		
As at 31st March, 2021.	731.07	731.07
As at 31st March, 2022	**755.24**	**755.24**

5 Investments in subsidiaries and joint ventures :

(In ₹ Lakhs)

No of shares held 31st March, 2022	No of shares held 31st March, 2021		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
(At Cost)				
Equity Instruments, Unquoted :				
Investment in a Subsidiary :				
19,901,471	(19,901,471)	Equity shares having Face value of ₹ 10/- each, fully paid up, of Kalyani Rafael Advanced Systems Private Limited[(a)]	**1,990.15**	1,990.15
Investment in a Joint Venture :				
100,000	(100,000)	Equity shares having Face value of ₹ 10/- each, fully paid up, of BF Premier Energy Systems Private Limited	**10.00**	10.00
		Total :	**2,000.15**	2,000.15

(a) On 31st March, 2022 and on 31st March, 2021, 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) (In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Capital advances	**470.99**	266.03
GST input tax credit	**177.07**	138.68
Prepaid expenses	**5.67**	10.19
Total :	**653.73**	414.90

7 Income tax assets :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Taxes paid in advance	**3.79**	7.05
Total :	**3.79**	7.05

8 Inventories

(As taken, valued and certified by the Directors) (In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Raw material	**13.81**	13.81
Total :	**13.81**	13.81

9 Current investments :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
(At fair value through profit and loss)		
In units of mutual funds, Quoted :		
Nil (9,172.597) Units of ₹ 1,000 each of HDFC Liquid Fund - Direct Plan - Growth Option	**-**	371.08
Total :	**-**	371.08

10 Trade receivable :

(Unsecured) (In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Credit impaired	**-**	-
Others	**542.53**	1.60
Total :	**542.53**	1.60

For terms and conditions relating to related party receivable refer Note No. 34

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

Trade Receivables ageing schedule (In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Undisputed Trade Receivables, good		
Not due	**-**	-
Less than 6 months	**542.53**	1.60
6 months - 1 year	**-**	-
1-2 years	**-**	-
2-3 years	**-**	-
More than 3 years	**-**	-
Total :	**542.53**	1.60

11 Cash and bank balances :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Cash and cash equivalents :		
Balances with banks		
In Current accounts	**38.42**	7.66
	38.42	7.66
Other bank balances :		
In fixed deposits[(a)(b)]	**3.63**	159.55
	3.63	159.55
Total :	**42.05**	167.21
(a) Other FDs having maturiy after 3 months but within 12 Months.	**3.63**	159.55
(b) All the FDs are pledged with the banks for issuing bank guarrantees		

12 Loans (Current) :

(Unsecured, good)

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Loans to related parties:		
Inter-corporate loan to a fellow subsidiary[(a)(b)]	**157.69**	144.56
Total :	**157.69**	144.56

(a) Including interest due, thereon

(b) For terms and conditions relating to related party receivable refer Note No. 34

13 Other financial assets :

(Unsecured, Good)

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Deposits	**1.74**	1.74
Other amounts receivable	**2.26**	2.48
Total :	**4.00**	4.22

14 Other current assets :

(Unsecured, Good)

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
GST Input Tax Credit	**3.13**	3.13
Advance to vendors	**0.44**	0.19
Prepaid Expenses	**6.10**	6.04
Total :	**9.67**	9.36

15 Equity share capital

(In ₹ Lakhs)

			As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Authorised				
50,000,000	(50,000,000)	Equity shares of ₹ 10/- each	**5,000.00**	5,000.00
		Total :	**5,000.00**	5,000.00
Issued				
48,151,576	(48,151,576)	Equity shares of ₹ 10/- each	**4,815.16**	4,815.16
		Total :	**4,815.16**	4,815.16
Subscribed				
48,151,576	(48,151,576)	Equity shares of ₹ 10/- each	**4,815.16**	4,815.16
		Total :	**4,815.16**	4,815.16
Paid-up				
36,113,684	(36,113,684)	Equity shares of ₹ 10/- each, fully paid up	**3,611.37**	3,611.37
12,037,892	(12,037,892)	Equity shares of ₹ 10/- each, ₹ 5/- per share paid up	**601.89**	601.89
48,151,576	(48,151,576)		**4,213.26**	4,213.26

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	**As at 31st March, 2022**		As at 31st March, 2021	
	Nos.	**(In ₹ Lakhs)**	Nos.	(In ₹ Lakhs)
At the beginning of the year	**48,151,576**	**4,213.26**	48,151,576	4,213.26
Shares issued during the year	**-**	**-**	-	-
Shares bought back during the year	**-**	**-**	-	-
Outstanding at the end of the year	**48,151,576**	**4,213.26**	48,151,576	4,213.26

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has issued 12,037,892 equity shares of ₹ 10/- each at par to the existing shareholders on rights basis, during the financial year 2019-2020. These shares are partly paid with ₹ 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, 2022		31st March, 2021	
	Nos.	**% of Holding**	Nos.	% of Holding
Equity shares of ₹ 10 each fully paid up				
Bharat Forge Limited, the Holding Company#	**36,113,684**	**100.00**	18,417,978	51.00
Sundaram Trading and Investment Private Limited	**-**	**-**	6,861,600	19.00
Saarloha Advanced Materials Private Limited	**-**	**-**	6,861,600	19.00
Kalyani Global Engineering Private Limited	**-**	**-**	3,972,506	11.00
Equity shares of ₹ 10 each fully paid, ₹ 5/- per share paid up				
Bharat Forge Limited, the Holding Company#	**12,037,892**	**100.00**	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

(d) Shares held by Promoters as at 31st March 2022

Name of the promoter	31st March, 2022		31st March, 2021		% Changes during the year
	No. of Shares	**%**	No. of Shares	%	
i) Equity shares of ₹ 10 each fully paid up					
Bharat Forge Limited#	**36,113,684**	**100**	18,417,978	51	49.00
ii) Equity shares of ₹ 5 each fully paid up					
Bharat Forge Limited#	**12,037,892**	**100**	6,139,324	51	49.00

Including shares held through Nominees

Shares held by Promoters as at 31st March 2021

Name of the promoter	31st March, 2021		31st March, 2020		% Changes during the year
	No. of Shares	**%**	No. of Shares	%	
i) Equity shares of ₹ 10 each fully paid up					
Bharat Forge Limited#	**18,417,978**	**51**	18,417,978	51	-
ii) Equity shares of ₹ 5 each fully paid up					
Bharat Forge Limited#	**6,139,324**	**51**	6,139,324	51	-

Including shares held through Nominees

16 Other equity

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Other comprehensive income		
As per last account	**(0.17)**	(0.24)
Add :		
Other comprehensive income for the year	**0.47**	0.07
	0.30	(0.17)
Surplus in the Statement of Profit and Loss		
As per last account	**(145.68)**	(87.98)
Add :		
Loss for the year	**(159.37)**	(57.70)
	(305.05)	(145.68)
Closing balance	**(304.75)**	(145.85)

17 Long term provisions :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Provisions for employee benefits :		
Gratuity	**1.76**	1.05
Compensated absences	**1.53**	1.59
Total :	**3.29**	2.64

18 Borrowings (Current) :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Secured :		
Overdraft[(a)(b)]	**247.93**	90.76
Unsecured :		
Inter corporate borrowings[(c)]	**502.96**	-
Total :	**750.89**	90.76

(a) Overdraft from Axis Bank Limited is repayable on demand and carries interest at 3 MCLR plus 1%, presently at 7.35% p.a.

(b) Secured by first pari-passu charge on the current assets.

(c) The loan from the Holding Company is repayable in 1 year and carries interest at 7.50% p.a. For balances and terms and conditions relating to related party payable refer Note No. 34

19 Trade payables :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Total outstanding dues of micro enterprises and small enterprises	**1.93**	1.31
Total outstanding dues of creditors other than micro enterprises and small enterprises	**144.40**	326.09
(Including related party payables)		
Total :	**146.33**	327.40

For balances and terms and conditions relating to related party receivable refer Note No. 34

Trade payables are non-interest bearing and are generally settled on 30 to 90 days.

Trade payables ageing schedule (In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Undisputed dues towards MSME creditors		
Not Due	**-**	-
Less than 1 year	**1.62**	1.00
1-2 years	**0.19**	0.19
2-3 years	**0.11**	0.11
More than 3 years	**-**	-
Undisputed dues towards other creditors		
Not Due	**-**	-
Less than 1 year	**98.69**	312.51
1-2 years	**43.29**	2.08
2-3 years	**-**	1.80
More than 3 years	**2.43**	9.71
Total :	**146.33**	327.40

20 Other financial liabilities (Current)

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Creditors for capital expenditure	**-**	4.86
Total :	**-**	4.86

21 Short term provisions :

(In ₹ Lakhs)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Provisions for employee benefits :			
Compensated absences		**0.14**	0.14
	Total :	**0.14**	0.14

22 Other current liabilities :

(In ₹ Lakhs)

		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Statutory liabilities		**1.40**	2.12
	Total :	**1.40**	2.12

23 Revenue from operations

(In ₹ Lakhs)

		Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Sale of products		**560.84**	500.68
	Total :	**560.84**	500.68

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2022 and 31st March, 2021 by offerings and contract type.

Revenue by offerings :			
Sale of products		**560.84**	500.68
	Total :	**560.84**	500.68
Revenue by geographical segment :			
Within India		**560.84**	-
Outside India		**-**	500.68
	Total :	**560.84**	500.68
Revenue by contract type :			
Fixed price contracts		**560.84**	500.68
	Total :	**560.84**	500.68

24 Other income

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Interest received		
On loan to a fellow subsidiary	**14.60**	13.37
On loan to other related party	**4.13**	-
On deposits with bank	**1.88**	62.18
On income tax refund	**0.42**	0.25
Lease rent received	**17.40**	17.40
Profit on sale on short term investments	**6.04**	-
Fair value gain on short term investments	**-**	12.74
Sundry balances written back	**1.59**	-
Total :	**46.06**	105.94

25 Cost of material consumed

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Inventory at the beginning of the year	**13.81**	13.54
Add: Purchases	**27.02**	5.69
Less: Inventory at the end of the year	**(13.81)**	(13.81)
Cost of raw material and components consumed	**27.02**	5.42

26 Purchases of stock in trade

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Purchases of stock in trade	**519.35**	431.84
Total :	**519.35**	431.84

27 Changes in inventories of Stock in trade :

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Inventories at the beginning		
Stock in trade[(a)]	**-**	-
Inventories at the close		
Stock in trade	**-**	-
Total :	**-**	-

(a) These Inventories were carried at a value of ₹ 2

28 Employee benefit expenses :

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Salaries and wages	**58.32**	45.23
Contributions to provident and other funds	**3.83**	2.64
Staff welfare expenses	**5.81**	3.34
Total :	**67.96**	51.21

29 Finance Cost

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Interest on borrowings	**10.86**	105.40
Other interest	**0.01**	0.19
Other borrowing costs	**-**	2.02
Total :	**10.87**	107.61

30 Depreciation and amortization expenses

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
On property, plant and equipment	**15.81**	13.70
On right of use assets	**9.00**	8.97
Total :	**24.81**	22.67

31 Other expenses

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Water charges	**3.16**	3.47
Freight and forwarding charges	**-**	2.05
Legal and professional fees	**25.76**	25.70
Rent, rates and taxes	**40.93**	0.71
Payment to Auditors (Refer details below)	**2.50**	2.50
Travelling and conveyance	**4.52**	1.19
Bank charges	**12.15**	6.57
Advertising and business promotion expenses	**13.84**	-
Miscellaneous expenses#	**13.40**	2.50
Total :	**116.26**	44.69

Miscellaneous expenses include general office expenses, printing and stationery etc.

Payment to auditors

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
As auditor:		
- Audit fees	**2.50**	1.70
- Tax audit fees	**-**	0.50
- Certification	**-**	0.30
Reimbursement of out of pocket expenses#	**-**	-
Total :	**2.50**	2.50

Paid to the previous auditor

32 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized approx ₹ 3.83 Lakhs (Previous Year: approx ₹ 2.64 Lakhs) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

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) Unfunded Plan Risk

The liability is unfunded as on 31st March, 2022.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended 31st March, 2022	Year ended 31st March, 2021
Mortality table	**IALM 2012-14 Ult**	IALM 2012-14 Ult
Discount rate	**7.30%**	6.90%
Expected rate of return on plan assets	**0.00%**	0.00%
Salary Growth Rate	**8.00%**	7.00%
Expected average remaining working lives (in years)	**14.18**	15.95
Withdrawal rate	**6.00%**	5.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Present value of obligation as at the beginning of the year	**1.05**	0.24
Interest expense	**0.07**	0.02
Current service cost	**1.11**	0.86
Benefits (paid)	**-**	-
Remeasurements on obligation [Actuarial (Gain) / Loss]	**(0.47)**	(0.07)
Present value of obligation as at the end of the year	**1.76**	1.05

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Fair value of plan assets at the beginning of the year	**-**	-
Interest Income	**-**	-
Contributions	**-**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**-**	-
Fair value of plan assets at the end of the year	**-**	-
Actual return on plan assets	**-**	-

Net Interest (Income/Expense) (In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Interest (Income) / Expense – Obligation	**0.07**	0.02
Interest (Income) / Expense – Plan assets	**-**	-
Net Interest (Income) / Expense for the period	**0.07**	0.02

Remeasurement for the period [Actuarial (Gain)/loss] (In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Experience (Gain) / Loss on plan liabilities	**(0.58)**	(0.06)
Demographic (Gain) / Loss on plan liabilities	**-**	-
Financial (Gain) / Loss on plan liabilities	**0.12**	(0.02)
Experience (Gain) / Loss on plan assets	**-**	-
Financial (Gain) / Loss on plan assets	**-**	-

Amount recognised in Statement of Other comprehensive Income (OCI)

(In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Opening amount recognised in OCI outside profit and loss account	**0.17**	0.24
Remeasurement for the period-Obligation (Gain)/Loss	**(0.47)**	(0.07)
Remeasurement for the period-Plan assets (Gain)/Loss	**-**	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**(0.47)**	(0.07)
Closing amount recognised in OCI outside profit and loss account	**(0.30)**	0.17

The amounts to be recognised in the Balance Sheet (In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Present value of obligation as at the end of the period	**(1.76)**	(1.05)
Fair value of plan assets as at the end of the period	**-**	-
Net Asset / (liability) to be recognised in balance sheet	**(1.76)**	(1.05)

Expense recognised in the statement of profit and loss (In ₹ Lakhs)

	Year ended 31st March, 2022 ₹	Year ended 31st March, 2021 ₹
Current service cost	**1.11**	0.86
Net Interest (Income) / Expense	**0.07**	0.02
Net periodic benefit cost recognised in the statement of profit and loss	**1.18**	0.88

Reconciliation of Net Asset/(Liability) recognised:		(In ₹ Lakhs)
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Net asset / (liability) recognised at the beginning of the period	**(1.05)**	(0.24)
Company contributions	**-**	-
Expense recognised at the end of period	**(1.18)**	(0.88)
Amount recognised outside profit & loss for the period	**0.47**	0.07
Net asset / (liability) recognised at the end of the period	**(1.76)**	(1.05)

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(In ₹ Lakhs)

Discount rate	**Present value of obligation**	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in discount rate by 100 basis points	**1.54**	0.91
Decrease in discount rate by 100 basis points	**2.04**	1.23

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

(In ₹ Lakhs)

Salary growth rate	**Present value of obligation**	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in salary growth rate by 100 basis points	**2.01**	1.21
Decrease in salary growth rate by 100 basis points	**1.56**	0.92

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

(In ₹ Lakhs)

Withdrawal rate	**Present value of obligation**	
	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Increase in withdrawal rate by 100 basis points	**1.75**	1.05
Decrease in withdrawal rate by 100 basis points	**1.78**	1.05

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

(In ₹ Lakhs)

Year Ending	31st March, 2022 ₹	31st March, 2021 ₹
Within the next 12 months (next annual reporting period)	**-**	-

Amount for the current and previous three years are as follows: (In ₹ Lakhs)

	31st March, 2022 ₹	31st March, 2021 ₹
Present Value of Defined Benefit Obligation	**1.76**	1.05
Fair Value of Plan Asset	**-**	-
Funded Status [Surplus/ (Deficit)]	**(1.76)**	(1.05)
Experience gain / (loss) adjustments on plan liabilities	**(1.76)**	(1.05)
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.

(In ₹ Lakhs)

Sr. No.		As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
1	Present Value of Obligation	**1.67**	1.72
2	Fair Value of Plan Assets*	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**(1.67)**	(1.72)

* The Company has not funded the liability as on 31st March, 2022.

33 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.

34 Related party disclosures :

(i) Names of the related parties and related party relationship

Key Management Personal :	i)	Mr. Rajesh Khurana - Chief Executive Officer (Appointed w. e. f. 27th June, 2020)[a]
	ii)	Mr. Pramod Madhukar Puranik - Chief Executive Officer (Since resigned w. e. f. 26th June, 2020) [a]
	iii)	Mr. Yogendra Thakar - Chief Financial officer[a]
	iv)	Ms. Jenny Chhabada - Company Secretary (Since resigned w.e.f. 7th January, 2022) [a] (a) On deputation from Bharat Forge Limited, the Holding Company
Holding Company :		Bharat Forge Limited
Subsidiary Company :	i)	Kalyani Rafael Advanced Systems Private Limited
	ii)	Kalyani Strategic Systems Australia Pty Ltd
	iii)	Sagar-Manas Technologies Limited
Fellow Subsidiary Companies :	i)	BF Elbit Advanced Systems Private Limited
	ii)	Analogic Controls India Limited
Joint Venture :		BF Premier Energy Systems Private Limited
Enterprises significantly influenced by the Holding Company:		Aeron 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		Enterprises signidicantly influenaced by the Holding Company	Total
			Yogendra Thakar	Bharat Forge Limited	Sagar Manas Technologies Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	Aeron Systems Private Limited	
			₹	₹	₹	₹	₹	₹	₹
1	Repayment of intercorporate loan	(a)	-	-	-	-	-	-	-
			(-)	(1,500.00)	(-)	(-)	(-)	(-)	(1,500.00)
2	Intercorporate loan taken	(a)	-	500.00	-	-	-	-	**500.00**
			(-)	(-)	(-)	(-)	(-)	(-)	-
3	Interest paid on intercorporate loan	(a)	-	**3.29**	-	-	-	-	**3.29**
			(-)	(103.98)	(-)	(-)	(-)	(-)	(103.98)
4	Rent income received	(b)	-	-	-	-	**17.40**	-	**17.40**
			(-)	(-)	(-)	(-)	(17.40)	(-)	(17.40)
5	Lease rent paid	(b)	-	**1.44**	-	-	-	-	**1.44**
			(-)	(-)	(-)	(-)	(-)	(-)	-
6	Intercorporate loan given	(c)	-	-	-	-	-	**200.00**	**200.00**
			(-)	(-)	(-)	(-)	-	(-)	-
7	Repayment of intercorporate loan received	(c)	-	-	-	-	-	**200.00**	**200.00**
			(-)	(-)	(-)	(-)	-	(-)	-
8	Interest received on intercorporate loans	(c)	-	-	-	**14.60**	-	**4.13**	**18.73**
			(-)	(-)	(-)	(13.37)	(-)	(-)	(13.37)
9	Expenses incurred/ payments made by related parties on behalf of the Company	(d)	**0.67**	**337.85**	-	-	-	-	**338.52**
			(0.63)	(262.31)	(-)	(-)	(-)	(-)	(262.94)
10	Expenses incurred/ payments made by the Company on behalf of the related parties	(d)	-	-	**0.41**	-	-	-	**0.41**
			(-)	(-)	(-)	(-)	(-)	(-)	-
11	Sale of traded goods	(e)	-	-	-	-	-	**560.84**	**560.84**
			(-)	(-)	(-)	(-)	(-)	(-)	-
12	Corporate guarantee provided to bank	(g)	-	-	-	-	-	-	-
			(-)	(5,000.00)	(-)	(-)	(-)	(-)	(5,000.00)

(a) The loan accepted from the related party is unsecured and repayable within 1 year (Previous year : 10 months) from the date of disbursement. The loan carried interest at the rate of 7.50% p.a. (Previous year : 7.25% p.a.) Since repaid.

(b) The Company has entered into a leave and license agreements with the related parties to grant/obtain licence to use and occupy the premises during the lease period. The leases are in the nature of operating leases.

(c) The loans given to the related parties is unsecured and repayable on demand and the same are compliant with the provisions of section 186 of the Companies Act, 2013. The loans carried interest in the range of of 9.70% p.a. to 10% p.a. The Company has made a provision for doubtful loans and advance against the loan given to fellow subsidiary. Refer note no. 32.

(d) Expenses incurred/payments made by related parties on behalf of the Company and expenses incurred/payments made by the Company on behalf of the related parties are reimbursable at cost on demand.

(e) The Company has sold goods to the related party at arm's length price.

(g) The Holding Company has provided corporate guarantee to Axis Bank Limited as per the terms of sanction of credit facilities, to secure bank guarantee limit of ₹ 50 Crores sanctioned by the said bank to the Company. The balance of bank guarantees outstanding on 31st March, 2022 was ₹ 1502.48 Lakhs (Previous year : ₹ 1502.48 Lakhs).

(iii) Balances outstanding

(In ₹ Lakhs)

Sr. No.	Nature of transaction	Key Management Personnel	Holding Company	Subsidiary Company	Fellow Subsidiary Company		Enterprises signidicantly influenaced by the Holding Company	Total
		Yogendra Thakar	Bharat Forge Limited	Sagar Manas Technologies Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	Aeron Systems Private Limited	
		₹	₹	₹	₹	₹	₹	₹
1	Intercorporate Loan receivable (including interest due thereon)	**-**	**-**	**-**	**157.69**	**-**	**-**	**157.69**
		(-)	(-)	(-)	(144.56)	(-)	(-)	(144.56)
2	Intercorporate Loan payable (including interest due thereon)	**-**	**502.96**	**-**	**-**	**-**	**-**	**502.96**
		(-)	(-)	(-)	(-)	(-)	(-)	-
3	Trade payable	**-**	**54.32**	**-**	**-**	**-**	**-**	**54.32**
		(-)	(300.51)	(-)	(-)	(-)	(-)	(300.51)
4	Trade receivables	**-**	**-**	**-**	**-**	**-**	**542.53**	**542.53**
		(-)	(-)	(-)	(-)	(1.60)	(-)	(1.60)
5	Other receivables	**-**	**-**	**0.41**	**-**	**-**	**-**	**0.41**
		(-)	(-)	(-)	(-)	(-)	(-)	-
6	Corporate guarantee provided to bank	**-**	**5,000.00**	**-**	**-**	**-**	**-**	**5,000.00**
		(-)	(5,000.00)	(-)	(-)	(-)	(-)	(5,000.00)

(Figures in bracket indicate previous year)

35 Earnings per share (EPS)

(In ₹ Lakhs)

	Year ended 31st March, 2022	Year ended 31st March, 2021
	₹	₹
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders as at 31st March 2022	**(159.37)**	(57.70)
I Basic Earning Per Share		
Earnings per equity share [nominal value of share ₹ 10/-]		
Weighted Average Number of Shares (In Lakhs)	**421.33**	421.33
Basic Earning Per Share (In ₹)	**(0.38)**	(0.14)
The paid up equity share capital of the Company includes 12,037,892 partly paid up equity shares having face value of ₹ 10/-, ₹ 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 (In Lakhs)	**421.33**	421.33
a) **Diluted Earnings per equity share [nominal value of share ₹ 10/-] - fully paid shares**	**(0.38)**	(0.14)

Partly paid shares that are not entitled to participate in dividends during the year are excluded from the calculation of weighted average number of shares since these were anti dilutive.

36 Interest in Joint Venture

a)	Name of the investee :	BF Premier Energy Systems Private Limited
b)	Principal place of business :	Mundhwa, Pune Cantonment, Pune - 411036, Maharashatra, India
c)	Proportion of the ownership interest :	50%
d)	Description of the method used to account for the investments	Cost

37 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

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 38 and 39 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.

38 Fair values : (In ₹ Lakhs)

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, 2022 ₹	As at 31st March, 2021 ₹	**As at 31st March, 2022 ₹**	As at 31st March, 2021 ₹
I) Financial assets				
Investments				
In Units of Mutual Fund	**-**	371.08	**-**	371.08
Loans				
Inter-corporate loan to a fellow subsidiary	**157.69**	144.56	**157.69**	144.56
Other current financial assets				
Deposits	**1.74**	1.74	**1.74**	1.74
Other amounts receivable	**2.26**	2.48	**2.26**	2.48
Total :	**161.69**	519.86	**161.69**	519.86

	Carrying value		Fair value	
	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹	**As at 31st March, 2022 ₹**	As at 31st March, 2021 ₹
II) Financial liabilities				
Borrowings (Current)				
Overdraft	**247.93**	90.76	**247.93**	90.76
Inter corporate borrowings	**502.96**	-	**502.96**	-
Other financial liabilities (Current)				
Creditors for capital expenditure	**-**	4.86	**-**	4.86
Total :	**750.89**	95.62	**750.89**	95.62

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:

39 Fair value hierarchy :

(In ₹ Lakhs)

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		₹	₹	₹	₹
Assets for which fair value has been disclosed					
Inter-corporate loan to a fellow subsidiary	**3/31/2022**	**-**	**-**	**157.69**	**157.69**
Deposits	**3/31/2022**	**-**	**-**	**1.74**	**1.74**
Other amounts receivable	**3/31/2022**	**-**	**-**	**2.26**	**2.26**
Assets for which fair value has been disclosed					
Investment in Units of Mutual Fund	3/31/2021	371.08	-	-	371.08
Inter-corporate loan to a fellow subsidiary	3/31/2021	-	-	144.56	144.56
Deposits	3/31/2021	-	-	1.74	1.74
Other amounts receivable	3/31/2021	-	-	2.48	2.48
Liabilities for which fair value has been disclosed					
Overdraft	**3/31/2022**	**-**	**-**	**247.93**	**247.93**
Intercorporate borrowings	**3/31/2022**	**-**	**-**	**502.96**	**502.96**
Liabilities for which fair value has been disclosed					
Overdraft	3/31/2021	-	-	90.76	90.76
Creditors for capital expenditure	3/31/2021	-	-	4.86	4.86

40 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2022 and 31st March, 2021.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2022, 31st March, 2021 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 approx ₹ 2,000 Lakhs (for previous year ended 31st March, 2021 - approx ₹ 2000 Lakhs)

ii) Foreign Currency Sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2022 and 31st March, 2021 is the carrying amounts as illustrated in Note 11.

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.

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	₹	₹	₹	₹	₹	₹
Year ended 31st March, 2022						
Overdraft	**247.93**	**-**	**-**	**-**	**-**	**247.93**
Inter corporate borrowings	**502.96**	**-**	**-**	**-**	**-**	**502.96**
	750.89	**-**	**-**	**-**	**-**	**750.89**
Year ended 31st March, 2021						
Overdraft	90.76	-	-	-	-	90.76
Creditors for capital expenditure	-	4.86	-	-	-	4.86
	90.76	4.86	-	-	-	95.62

41 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**1.61**	5.85
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0.01**	0.19
(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	**3.13**	1.26
(iv) The amount of interest due and payable for the year	**0.01**	0.19
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**0.32**	0.31
(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	**0.01**	0.06

42 Contingent liabilities not provided for

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Stamp duty exemption under Package Scheme of Incentive, 2013.(a)	**-**	33.17
Additional premium payable to MIDC for lease extension(b)	**324.34**	-

(a) The Company had availed exemption from stamp duty amounting to approx ₹ 33.17 Lakhs, in respect of agreement to lease executed on 17th January, 2018. The said exemption was availed in accordance with the Package Scheme of Incentives, 2013 of the Government of Maharashtra. As per the conditions attached, the Company was 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. Appropriate provision has been recognised in the current financial year.

(b) The Company is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC has approved the building construction plan on 9th March, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC has given the time limit for obtaining buiding completion certificate/ocupancy certificate and commecement of production till 10th June, 2022. The Company is planning to approach MIDC for further extension of the time limit for completion of contruction and commencement of activities without payment of additional premium. If MIDC does not accept the Company's proposal, additional premium of approx ₹ 324.34 Lakhs is required to be paid.

43 Capital and other commitments :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**413.38**	582.96
Commitment to invest in Kalyani Strategic Systems Australia Pty. Ltd.[a]	**0.00**	-
Commitment to invest in Sagar Manas Technologies Limited[b]	**0.08**	-

(a) The Company has promoted and incorporated a wholly owned subsidiary in Australia namely Kalyani Strategic Systems Australia Pty. Ltd. ("KSSAPL") on 10th November, 2021. The issued and subscribed share capital of KSSAPL is of AUD 1. KSSAPL has been incorporated with and objective of exploring new business opportunities and diversifying existing product portfolio in defence and aerospace. KSSAPL has not yet commenced its business operations.

(b) The Company has incorporated a wholly owned subsidiary namely Sagar Manas Technologies Limited. ("SMTL") on 7th March, 2022. SMTL has been incorporated pursuant to a Joint Venture Agreement ("Agreement") executed between KSSL and Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan") with an aim to participate in joint upgradation and manufacturing/ providing solutions for marine and defence products which will be undertaken through SMTL as a special purpose vehicle.

Initially, the Company will invest ₹ 0.08 Lakhs by subscribing to 750 equity share of SMTL. Upon completion of conditions precedent as envisaged in the Agreement, Dastan will acquire 49% of stake in SMTL. Consequently, KSSL will hold 51 % and Dastan will hold 49% equity in SMTL.

44 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:

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Reclassified on account of adoption of Ind AS 116		
Gross Block, At Cost :	**757.42**	757.42
Less : Depreciation And Amortization :	**(26.35)**	(17.38)
Carrying value as at the beginning of the year	**731.07**	740.04
Additions	**33.17**	**-**
Depreciation	**(9.00)**	(8.97)
As at 31st March, 2022.	**755.24**	731.07

ii) The amounts recognised in Statement of profit and loss :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Depreciation expense of right-of-use assets	**9.00**	8.97
Payments towards short term leases	**0.96**	-
	9.96	8.97

iii) The Company has not incurred any cash outflow for leases in current year. The right of use asset has been acquired from the Bharat Forge Limited, the holding Company by making one time payment of approx ₹ 757.42 Lakhs. 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, PO 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, 2021. This lease is of the nature of operating lease. The lease contract includes extension and termination options to both the parties. Both the parties reserve the right to terminate the agreement by giving 30 days' written notice.

Future minimum rentals receivable under cancellable operating leases are as follows:

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Within one year	**17.40**	17.40
After one year but not more than five years	**17.40**	34.80
More than five years	**-**	-

45 Income Tax :

a) The major components of income tax expense for the years ended 31st March, 2022 and 31st March, 2021 are

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Current income tax		
Current income tax charge	**(0.00)**	(0.04)
Taxes for earlier years	**0.00**	0.02
Deferred tax		
Relating to origination and reversal of temporary differences	**-**	(0.86)
	-	(0.88)

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2022 and 31st March 2021 :

(In ₹ Lakhs)

	As at 31st March, 2022 ₹	As at 31st March, 2021 ₹
Accounting profit/(loss) before tax	**(159.37)**	(56.82)
At India's enacted tax rate of 26% (31st March 2020: 26%)	**-**	-
Deferred tax savings at India's enacted tax rate of 26% (31st March 2020: 26%)	**40.58**	14.78
Deferred tax asset not recognised on the basis of prudence	**19.80**	(15.44)
Tax effect due to non-taxable income for Indian tax purposes	**2.93**	4.76
Tax effect of non-deductible expenses	**(63.30)**	(4.94)
Current tax for earlier years	**(0.01)**	(0.04)
At effective income tax rate of (0.00%) (31st March 2021: -1.55%)	**-**	(0.88)
Income tax expense reported in the statement of profit and loss	**-**	(0.88)

c) Reconciliation of deferred tax liabilities/(Asset) (net)

Opening balance	**-**	(0.86)
Tax income/(expense) during the period recognised in profit or loss	**-**	0.86
Closing balance	**-**	-

46 Ratio analysis :

		Numerator	Denominator	31st March 2022	31st March 2021	Variance %
(a)	Current ratio (Refer note no. (i) below)	Current assets	Current liabilities	**0.86**	1.67	-48.83%
(b)	Debt - equity ratio (Refer note no. (ii) below)	Total debt	Shareholder's equity	**0.19**	0.02	760.97%
(c)	Debt service coverage ratio (Refer note no. (iii) below)	Earnings available for debt services	Debt service	**(11.38)**	0.05	-25303.96%
(d)	Return on equity ratio (Refer note no. (iv) below)	Loss for the year	Average shareholders' equity	**-4.00%**	-1.41%	184.05%
(e)	Inventory turnover ratio	Cost of goods sold	Average Inventory	**39.56**	31.97	23.73%
(f)	Trade receivables turnover ratio (Refer note no. (v) below)	Revenue	Average trade receivable	**2.06**	625.85	-99.67%
(e)	Trade payables turnover ratio (Refer note no. (i) below)	Purchases + Other expenses	Average trade payables	**2.80**	2.78	0.68%
(f)	Net capital turnover ratio (Refer note no. (i) below)	Revenue	Working capital	**(4.35)**	1.75	-348.81%
(g)	Net profit ratio (Refer note no. (ii) below)	Loss for the year	Revenue	**-28.42%**	-11.51%	146.88%
(h)	Return on capital employeed (Refer note no. (iv) below)	Earning before interest and taxes	Capital Employed	**-3.79%**	1.23%	-408.65%
(i)	Return on investment in mutual funds (Refer note no. (vi) below)	Income generated from investment	Time weighted average investments	**1.63%**	3.56%	-54.07%

Notes :

(i) The Company has borrowed funds from the Holding Company which has resulted in the increase in the current liabilities. Hence, it has resulted in deterioration of various financial ratios.

(ii) The Company has borrowed money for working capital requirements during the year. Hence, there is increase in the debt - equity ratio.

(iii) The Company has incurred losses during the year. Hence, the debt service coverage ratio has been deteriorated.

(iv) Since the Company was engaged in the trial runs of its products during the year, the Company has incurred losses during the year. Hence, it has resulted in deterioration of various financial ratios.

(v) Revenue from sale goods by the Company during the year are due for payment in April, 2022 whereas revenue from sale of goods in previous year were collected by the Company in the same year. Hence, trade receivables turnover has been deteriorated.

(vi) The Company had invested in the mutual funds which has under performed.

As per our attached report of even date,
For P V Deo & Associates LLP,
Chartered Accountants
FRN : W100637

Sunit S. Shaha
Partner
Membership No. 142953
UDIN : 22142953AIUTQH3038

Place: Pune
Date: 2nd May, 2022

On behalf of the Board of Directors,

Kishore Saletore
Director
DIN: 01705850

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Rajesh Khurana
Chief Executive Officer

Place: Pune
Date: 2nd May, 2022

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Lycan Electric Private Limited

Directors

Mrs. Meera Chandrakant Shelke

Mrs. Sonia Kapil Shelke

Auditors

BS & Co LLP

Chartered Accountants

#9, 2nd Floor, Pradeep Chambers,

Bhandarkar Institute Road,

Pune 411 004

Registered Office

Plot No. 4/25 Sector No.10,

PCNTDA, Bhosari,

Pune 411 026

Independent Auditor's Report

To the Members of Lycan Electric Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Lycan Electrics Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, and the statement of Profit and Loss, *statement of changes in equity* and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true 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, 2022 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those 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 (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 there under, 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. We report no key audit matters related to our audit of the consolidated financial statements and in forming our opinion thereon.

Information Other than the Financial Statements and Auditor's Report

Thereon The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone 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 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, changes in equity 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 implementation and maintenance of 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 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the 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) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For BS & Co. LLP
Chartered Accountants
FRN: W100072

Ashwin Umarji
Partner
Membership No.138209
UDIN : 22138209AIXQJM8868

Place : Pune
Date : May 12, 2022

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 to the Members of Lycan Electric Private Limited 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 LYCAN ELECTRIC PRIVATE LIMITED(the “Company”) as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Management of the Company 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 (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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 ICAI 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, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

For BS & Co. LLP
Chartered Accountants
FRN: W100072

Ashwin Umarji
Partner
Membership No.138209
UDIN : 22138209AIXQJM8868

Place : Pune
Date : May 12, 2022

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF LYCAN ELECTRIC PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2022

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) All the fixed assets (Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held by the Company.

ii. The Company does not have any inventory as on March 31, 2022, accordingly the clause is not applicable.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties* covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') during the year. Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made and no transaction has been made by the Company during the year.

v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2022 and the Company has not accepted any deposits during the year.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us and the records of the Company examined by us, statutory dues have been deposited properly and no amounting is pending on account of any dispute.

viii. The Company does not have any transactions which are not recorded in books of accounts and no tax assessment under Income Tax Act, 1961 is going on.

ix. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the, Order is not applicable to the Company.

x. 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, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

xi. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices ln India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. 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 sections 177 and 18'8 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. In our opinion and according to the information and explanations given to us, Internal audit is not applicable to the Company considering the size of the business. Accordingly, the provisions stated in paragraph 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

xvii. According to the information and explanations given to us, Company has incurred cash losses amounting to Rs. 41,404/- in current year and Rs. 25,000/- in last year.

xviii. According to the information and explanations given to us, resignation has been received during the year from last statutory auditor and no issues, objections or concerns has been raised by the outgoing auditors.

xix. In our opinion and according to the information and explanations given to us, no material uncertainty exists as on the date of the audit report.

xx. In our opinion and according to the information and explanations given to us, the provision of sec 135 is not applicable to the Company. Accordingly, the provisions stated in paragraph 3(xx) of the Order are not applicable to the Company.

xxi. The provisions stated in paragraph 3(xxi) of the Order are not applicable to the Company.

For BS & Co. LLP
Chartered Accountants
FRN: W100072

Ashwin Umarji
Partner
Membership No.138209
UDIN : 22138209AIXQJM8868

Place : Pune
Date : May 12, 2022

Balance Sheet as at March 31, 2022

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	107,739	130,639
(b) Capital work-in-progress		646,082	646,082
(c) Other intangible assets	3	697,974	813,874
(d) Deferred tax assets (net)	4	-	-
(e) Other non-current assets	5	270,513	269,655
		1,722,308	**1,860,250**
II. Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	6	48,406	73,840
(b) Other current assets	5	253,759	270,587
		302,165	**344,427**
Total assets		**2,024,473**	**2,204,677**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	7	1,333,330	1,333,330
(b) Other equity	8	(2,906,818)	(2,726,614)
Equity attributable to equity holders of the parent		**(1,573,488)**	**(1,393,284)**
Non-controlling interests		-	-
Total equity		**(1,573,488)**	**(1,393,284)**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	9	3,582,961	3,582,961
(ii) Lease Liabilities	9		
(ii) Other non-current liabilities		-	-
(b) Provisions	10	-	-
(c) Deferred tax liabilities (net)		-	-
(d) Other non-current liabilities		-	-
		3,582,961	**3,582,961**
II. Current liabilities			
(a) Provisions	10	15,000	15,000
(c) Other current liabilities		-	-
(d) Current tax liabilities (net)		-	-
		15,000	**15,000**
Total liabilities		**3,597,961**	**3,597,961**
Total equity and liabilities		**2,024,473**	**2,204,677**

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of Lycan Electric Private Limited

Sonia Shelke
Director
DIN : 08226739
Place: Pune
Date: May 12, 2022

Meera Shelke
Director
DIN : 08226738
Place: Pune
Date: May 12, 2022

Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Continuing operations			
Income			
Revenue from operations		-	-
Total income [i]		**-**	**-**
Expenses			
Depreciation, amortisation and impairment expense	11	138,800	143,908
Finance costs	12	12,465	-
Other expenses	13	28,939	25,000
Total expenses [ii]		**180,204**	**168,908**
Profit before tax		**(180,204)**	**(168,908)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		**-**	**-**
Profit for the year		**(180,204)**	**(168,908)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Other comprehensive income for the year (net of tax)		**-**	**-**
Total comprehensive income for the year		**(180,204)**	**(168,908)**
Of the total comprehensive income above,			
Attributable to:			
Owners of the parent		(180,204)	(168,908)
Non-controlling interests		-	-

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209
Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of Lycan Electric Private Limited

Sonia Shelke
Director
DIN : 08226739
Place: Pune
Date: May 12, 2022

Meera Shelke
Director
DIN : 08226738
Place: Pune
Date: May 12, 2022

Cash flow Statement for the year ended March 31, 2022

Particulars	As at March 31, 2022	As at March 31, 2021
Operating activities		
Profit before tax	**(180,204)**	**(168,908)**
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	**-**	**-**
	(180,204)	**(168,908)**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	138,800	143,908
Operating profit before working capital changes	**(41,404)**	**(25,000)**
Movements in working capital :		
(Increase)/Decrease in other assets	15,970	10,000
Increase/(Decrease) in provisions	-	
Increase/ (Decrease) in other payables	-	-
Cash generated from operations	**(25,434)**	**(15,000)**
Direct taxes paid (net of refunds)	-	-
Net cash flow from operating activities (A)	**(25,434)**	**(15,000)**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital	-	-
Net cash (used) in investing activities (B)	**-**	**-**
Financing activities		
Acquisition of Loan	-	-
Repayment of borrowings	-	-
Issue of share capital (including Securities Premium, ESOP and Preference Shares)	-	-
Repayment of Preference Shares	-	-
Changes in other equity	-	-
Net cash (used) in financing activities (C)	**-**	**-**
Net (decrease) in cash and cash equivalents (A + B + C)	**(25,434)**	**(15,000)**
Net foreign exchange difference	-	-
Cash and cash equivalents at the beginning of the year	73,840	88,840
Cash and cash equivalents at the end of the year	**48,406**	**73,840**
Foreign currency translation reserve movement	**-**	**-**
Cash and cash equivalents at the end of the year	**48,406**	**73,840**

Cash and Cash equivalents for the purpose of cash flow statement

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks:		
In cash credit and current accounts	48,406	73,840
Other balances	-	-
Cash on hand	-	-
Total	**48,406**	**73,840**

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of
Lycan Electric Private Limited

Sonia Shelke
Director
DIN : 08226739

Place: Pune
Date: May 12, 2022

Meera Shelke
Director
DIN : 08226738

Place: Pune
Date: May 12, 2022

Consolidated Statement of changes in equity for the period ended March 31, 2022

A. Equity share capital:

Equity shares of Rs. 10/- each issued, subscribed and fully paid

Particulars	No.
As at March 31, 2021	133,333
Add: Share issued during the year	-
As at March 31, 2022	**133,333**

B. Other equity

Particulars	Reserves and Surplus Retained Earnings	Non Controlling interests	Total
Balance at the April 1, 2020	**(2,357,315)**	**-**	**(2,357,315)**
- Profit for the period	(168,908)	-	**(168,908)**
- Other Comprehensive Income	-	-	**-**
	(168,908)	**-**	**(168,908)**
Acquisition of additional shares	-	-	**-**
Balance as at March 31, 2021	**(2,526,223)**	**-**	**(2,526,223)**
Balance at the April 1, 2021	**(2,526,223)**	**-**	**(2,526,223)**
- Profit for the period	(180,204)	-	**(180,204)**
- Other Comprehensive Income	-	-	**-**
	(180,204)	**-**	**(180,204)**
Acquisition of additional shares	-	-	**-**
Balance as at March 31, 2022	**(2,706,427)**	**-**	**(2,706,427)**

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209
Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of Lycan Electric Private Limited

Sonia Shelke
Director
DIN : 08226739
Place: Pune
Date: May 12, 2022

Meera Shelke
Director
DIN : 08226738
Place: Pune
Date: May 12, 2022

Notes forming part of Financial Statements for year ended on March 31, 2022

1. CORPORATE INFORMATION

Lycan Electric Private Limited was incorporated as a private company domiciled in India on July 31, 2015 (incorporated as Tork Electric Private Limited, name changed since January 31, 2017). The company is engaged in the business of designing, manufacturing and distribution of electric powered battery operated vehicles.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of Financial Statements

These standalone financial statements are prepared in accordance with Indian Accounting Standard (IndAS), under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013('the Act') and guidelines issued by the Securities and Exchange Board of India(SEBI).The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current & non – current classification of assets & liabilities.

2.2 Use of Estimates

The preparation of financial statements, in conformity with Indian Accounting Standard (IndAS), requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates and differences between actual results and estimates are recognized in the financial statements in the period(s) in which the results are known/materialise.

2.3 Fixed Assets and Depreciation

Tangible Fixed Assets

Tangible assets are stated at cost, less accumulated depreciation. Cost of acquisition includes all expenditure necessary to bring the asset to its working condition for its intended use.

Intangible Fixed Assets

All intangible assets are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed.

Depreciation

Depreciation on tangible fixed assets has been charged using Straight Line Method based on useful lives stated in and in manner prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions/deletions is provided on pro-rata basis having regard to the date of addition/deletion.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss if any is recognized whenever carrying amount exceeds recoverable amount.

2.4 Revenue Recognition

Interest income is accounted on an accrual basis at contracted rates.

Dividend income is recognized when right to receive the same is established.

2.5 Investments

Long term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long term investments are classified as current investments and valued at cost or fair value whichever is less.

2.6 Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are neither recognized nor disclosed in the financial statements.

2.7 Employee Benefits

Defined Contribution Plans

Company's contributions paid / payable during the year to Provident Fund are charged to the Statement of Profit & Loss on accrual basis

Defined Benefit Plans

Liability on account of gratuity and leave encashment is provided on actuarial basis using the Projected Unit Credit Method

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date having maturity periods approximating to the terms of related obligations.

Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

Past Service Liability is computed with reference to the service put in by each employee till the date of valuation as also the projected terminal salary at the time of exit.

2.8 Taxation

Tax expense for a year comprises of current tax and deferred tax.

Current tax is measured after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.9 Foreign Currency Translations

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period end rates. The exchange differences between the rate prevailing on the date of transaction and on the date of settlement / translation of monetary items at the end of the period is recognised as income or expense, as the case may be, in the statement of profit and loss.

2.10 Financial Instruments

Initial recognition

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument Financial liabilities are measured at amortised cost using the effective interest method Financial liabilities at FVTPL are stated at fair value, with gains and losses arising on remeasurement recognized

2.12 Earning Per Share

Basic earning per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.13 Cash and Cash equivalent comprise of cash at bank and in hand.

3. Property, Plant and Equipment

(Amount in Rs.)

Particulars	Plant & Equipments	Leasehold Improvements	Computers & Peripherals	Total Tangible Assets
Opening Gross carrying amount as on April 1, 2021	24,170	241,046	337,606	602,822
Additions	-	-	-	-
Disposals	-	-	-	-
Gross carrying amount as on March 31, 2022	**24,170**	**241,046**	**337,606**	**602,822**
Opening Gross carrying amount as on April 1, 2020	24,170	241,046	337,606	602,822
Additions	-	-	-	-
Disposals	-	-	-	-
Gross carrying amount as on March 31, 2021	**24,170**	**241,046**	**337,606**	**602,822**
Opening Accumulated Depreciation as on April 1, 2021	24,170	127,287	320,726	472,183
Charge for the Period	-	22,900	-	22,900
Disposals	-	-	-	-
Closing Accumulated Depreciation as at March 31, 2022	**24,170**	**150,187**	**320,726**	**495,083**
Opening Accumulated Depreciation as on April 1, 2020	19,062	104,387	320,726	444,175
Charge for the Period	5,108	22,900	-	28,008
Disposals	-	-	-	-
Closing Accumulated Depreciation as at March 31, 2021	**24,170**	**127,287**	**320,726**	**472,183**
Net carrying amount as on March 31,2022	**-**	**90,859**	**16,880**	**107,739**
Net carrying amount as on March 31, 2021	**-**	**113,759**	**16,880**	**130,639**

Capital Work in Progress

Particulars	Amount Rs.
Net carrying amount as on April 1, 2021	646,082
Additions	-
Disposals/Capitalisations	-
Net carrying amount as on March 31, 2022	**646,082**
Net carrying amount as on April 1, 2020	646,082
Additions	-
Disposals/Capitalisations	-
Net carrying amount as on March 31, 2021	**646,082**

Ageing of Capital Work in Progress	As at March 31, 2022	As at March 31, 2021
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	282,777
More than 3 years	646,082	363,305
Total	**646,082**	**646,082**

Intangibles

Particulars	Softwares
Opening Gross carrying amount as on April 1, 2021	1,220,000
Additions	-
Disposals	-
Gross carrying amount as on March 31, 2022	**1,220,000**
Opening Gross carrying amount as on April 1, 2020	1,220,000
Additions	-
Disposals	-
Gross carrying amount as on March 31, 2021	**1,220,000**
Opening Accumulated Depreciation as on April 1, 2021	406,126
Charge for the period	115,900
Disposals	-
Closing Accumulated Depreciation as at March 31, 2022	**522,026**
Opening Accumulated Depreciation as on April 1, 2020	290,226
Charge for the period	115,900
Disposals	-
Closing Accumulated Depreciation as at March 31, 2021	**406,126**
Net carrying amount as on March 31, 2022	**697,974**
Net carrying amount as on March 31, 2021	**813,874**

4. Deferred tax assets

The Company has recognised deferred tax asset to the extent of deffered tax liability for the year ended 31 March 2022 due to non-existence of probability of taxable income against which the assets can be realised. The same shall be reassessed at subsequent balance sheet date.

5. Other Assets

Particulars		As at March 31, 2022	As at March 31, 2021
Non-current			
Balances with government authorities		270,513	269,655
	Total	**270,513**	**269,655**
Current			
Advance to suppliers		253,759	270,587
	Total	**253,759**	**270,587**
	Total	**524,272**	**540,242**

6. Cash and Bank Balances

Particulars		As at March 31, 2022	As at March 31, 2021
Cash & Cash Equivalent			
Cash on hand		-	-
Balances with banks			
In cash credit and current accounts		48,406	73,840
	Total	**48,406**	**73,840**

7 Equity Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Capital		
1,50,000 (1,50,000) Equity Shares of Rs. 10 each	1,500,000	1,500,000
Total	**1,500,000**	**1,500,000**
Issued, Subscribed and Fully Paid-Up		
1,33,333 (1,33,333) Equity Shares of Rs. 10 each	1,333,330	1,333,330
Total issued, subscribed and fully paid-up share capital	**1,333,330**	**1,333,330**

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	Amount Rs.	No.	Amount Rs.
At the beginning of the year	133,333	1,333,330	133,333	1,333,330
Issued during the year	-	-	-	-
Outstanding at the end of the year	133,333	1,333,330	133,333	1,333,330

(c) Details of shareholders holding more than 5% equity shares in the Company

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	% of Holding	No.	% of Holding
Tork Motors Private Limited	133,332	100.00%	133,332	100.00%
Kapil Shelke (Nominee of Tork Motors)	1	0.00%	1	0.00%

d) None of the shares of the company is held by the promoters of the Company

8 Other Equity

Particulars		As at March 31, 2022	As at March 31, 2021
Surplus in the statement of profit and loss			
Balance as per the last financial statements		(2,726,614)	(2,557,706)
Add: Net profit for the year		(180,204)	(168,908)
Closing balance		**(2,906,818)**	**(2,726,614)**
	Total	**(2,906,818)**	**(2,726,614)**

9. Borrowings

Particulars		As at March 31, 2022	As at March 31, 2021
Non-current			
Unsecured, Considered Good		3,582,961	3,582,961
	Total	**3,582,961**	**3,582,961**

10. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Provision for Expenses	15,000	15,000
Total	**15,000**	**15,000**

11. Depreciation, Amortisation and Impairment Expense

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation on tangible assets	22,900	28,008
Amortisation on intangible assets	115,900	115,900
Total	**138,800**	**143,908**

12. Finance Costs

Particulars	As at March 31, 2022	As at March 31, 2021
Bank Charges	12,465	-
Total	**12,465**	**-**

13. Other Expenses

Particulars	As at March 31, 2022	As at March 31, 2021
Rates and taxes	1,800	-
Professional fees	10,400	10,000
Payment to Auditors (Statutory Audit Fees)	15,000	15,000
Miscellaneous expenses	1,739	-
Total	**28,939**	**25,000**

14 Ratios as per Schedule III

			March 31, 2022			March 31, 2021			
	Particulars	Formulae used for calculation of ratio	Numerator	Denomintor	Ratio	Numerator	Denomintor	Ratio	% Change in Ratio
a)	Current ratio	Current Assets/Current Liabilities	302,165	15,000	20.14	344,427	15,000	22.96	-13.99%
b)	Debt-Equity Ratio	(Non-current borrowings+ Current borrowings)/Total Equity	3,582,961	(1,573,488)	(2.28)	3,582,961	(1,393,284)	(2.57)	-12.93%
c)	Debt Service Coverage Ratio	EBIDTA/Debt obligaion	(28,939)	3,582,961	(0.01)	(25,000)	3,582,961	(0.01)	13.61%
d)	Return on Equity Ratio	Total comprehensive income/ Shareholders Equity	(180,204)	(1,573,488)	0.11	(168,908)	(1,393,284)	0.12	-5.85%
e)	Trade Receivables turnover ratio	Revenue from operations/Average trade receivables	-	-	NA	-	-	NA	NA
f)	Trade payables turnover ratio	(COGS + Other expenses)/Average trade payables	28,939	-	NA	25,000	-	NA	NA
g)	Net capital turnover ratio	Revenue from operations/(Current assets- Current liabilities)	-	287,165	-	-	329,427	-	NA
h)	Net profit ratio	Profit after tax/ Revenue from operations	(180,204)	-	NA	(168,908)	-	NA	NA
i)	Return on Capital employed	Profit after tax/ Capital employed	(180,204)	(1,573,488)	0.11	(168,908)	(1,393,284)	0.12	-5.85%
j)	Return on investment	Net profit after Tax/Average total assets	(180,204)	2,114,575	(0.09)	(168,908)	2,289,131	(0.07)	13.42%

15 Related Party Disclosures

A Names of Related Parties and Related Party Relationship

Sr. No.	Nature of Relationship	Name of the Party
1	Ultimate Holding Company	Bharat Forge Limited (from 22.11.2021)
2	Entity having significant influence	Bharat Forge Limited (till 22.11.2021)
3	Holding Company	Kalyani Powertrain Limited (from 22.11.2021)
4	Immediate Holding Company	Tork Motors Pvt. Ltd.
5	Key Management Personnel (KMP)	Soniya Shelke
		Meera Shelke
6	Entities owned by KMP and their Relatives	Tirupati Engineers
		Siddhatech Enterprises

B Transactions with Related Parties

Sr. No.	Nature of Transaction	As at March 31, 2022	As at March 31, 2021
1	**Balances Payable**		
	Tork Motors Private Limited	3,329,202	33,03,285

16 Earnings Per Share (EPS)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
a	Net Profit attributable to shareholders	(180,204)	(168,908)
b	Weighted Average No. of shares	133,333	133,333
c	Face value per share	10	10
d	Basic EPS	(1.35)	(1.27)

17 Significant Accounting Judgements, Estimates And Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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.

18 Fair value

There are no financial instruments which are measured at fair value as at period end. The management assessed that fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/loans, movements in interest rates from the recognition of such financial instrument till period end not being material.

19 Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time.

The Company's principal sources of liquidity are cash and cash equivalents and the borrowing from holding Company. The Company believes that the working capital is sufficient to meet its current requirements.

As at March 31, 2022, the Company had a working capital of ₹2,87,165 including cash and cash equivalents of ₹48,406.. As at March 31,2021, the Company had a working capital of ₹3,29,427/- including cash and cash equivalents of ₹ 73,840. Accordingly, no liquidity risk is perceived.

20 Information as regards status of suppliers/vendors under Micro, Small and Medium Enterprises Development Act, 2006 is not available and hence disclosures, if any, in respect of names of the small scale undertaking(s) to whom the entity owes a sum exceeding Rs.1,00,000 together with interest which is outstanding for more than 30 days have not been disclosed.

21 The Company is primarily engaged in the business of manufacuting of electrical vehicles, which as per Indian Accounting Standard 108 on "Operating Segments "is considered to be the only reportable business segment. The Company is primarily operating in India which is considered as a single geographical segment.

22 The Company does not have any Foreign Currency Expenditure, Earnings and Exposure as at March 31, 2022 (PY – NIL).

23 The Company does not have any Contingent Liabilities as at March 31, 2022 (PY – NIL).

24 The Company does not have any Outstanding Capital Commitment as at March 31, 2022 (PY – NIL).

25 The other requirements of the Schedule III of the Companies Act, 2013 not specifically disclosed are either NIL or not applicable to the Company.

26 Previous year figures have been regrouped, wherever necessary, to confirm the classification for the year ended on March 31, 2022.

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of
Lycan Electric Private Limited

Sonia Shelke
Director
DIN : 08226739

Place: Pune
Date: May 12, 2022

Meera Shelke
Director
DIN : 08226738

Place: Pune
Date: May 12, 2022

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Tork Motors Private Limited

Directors

Mr. Kapil Chandrakant Shelke

Mr. Chandrakant Nivarttirao Shelke

Mr. K. P. Dixit

Mr. Sanjeev Ramachandra Kulkarni

Mr. Premanand Mahesh Risbud

Mr. Keerthi Kiran Gautham

Auditors

BS & Co LLP

Chartered Accountants

#9, 2nd Floor, Pradeep Chambers,

Bhandarkar Institute Road,

Pune 411 004

Registered Office

Plot No. 4/25 Sector No.10,

PCNTDA, Bhosari,

Pune 411 026

Independent Auditor's Report

To the Members of Tork Motors Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Tork Motors Private Limited ("the Company"), which comprise the Balance sheet as at 31st March 2022, and the statement of Profit and Loss, *statement of changes in equity* and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone 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. We report no key audit matters related to our audit of the consolidated financial statements and in forming our opinion thereon.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the consolidated financial statements, standalone financial statements, and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the 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) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) ased on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For BS & Co. LLP
Chartered Accountants
FRN: W100072

Ashwin Umarji
Partner
Membership No.138209
UDIN : 22138209AIXSVK7338

Place : Pune
Date : May 12, 2022

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 to the Members of Tork Motors Private Limited 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 TORK MOTORS PRIVATE LIMITED(the "Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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 ICAI 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, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

For BS & Co. LLP
Chartered Accountants
FRN: W100072

Ashwin Umarji
Partner
Membership No.138209
UDIN : 22138209AIXSVK7338

Place : Pune
Date : May 12, 2022

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TORK MOTORS PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2022

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) All the fixed assets (Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held in the name of the Company.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties* covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') during the year. Accordingly, the provisions stated in paragraph 3 (iii) (a) to (f) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made and no transaction has been made by the Company during the year.

v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2022 and the Company has not accepted any deposits during the year.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us and the records of the Company examined by us, statutory dues have been deposited properly and no amounting is pending on account of any dispute.

viii. The Company does not have any transactions which are not recorded in books of accounts and no tax assessment under Income Tax Act, 1961 is going on.

ix. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(ix) of the, Order is not applicable to the Company.

x. (a) 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, the provisions stated in paragraph 3 (x) (a) of the Order are not applicable to the Company.

(b) The Company has made the preferential allotment of the shares during the year and the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with, and the funds raised have been used for the purposes for which the funds were raised.

xi. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices ln India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. 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 sections 177 and 18'8 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. In our opinion and according to the information and explanations given to us, Internal audit is not applicable to the Company considering the size of the business. Accordingly, the provisions stated in paragraph 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

xvii. According to the information and explanations given to us, Company has incurred cash losses amounting to Rs. 6,32,32,940/- in current year and Rs. 1,00,23,276/- in last year.

xviii. According to the information and explanations given to us, resignation has been received during the year from last statutory auditor and no issues, objections or concerns has been raised by the outgoing auditors.

xix. In our opinion and according to the information and explanations given to us, no material uncertainty exists as on the date of the audit report.

xx. In our opinion and according to the information and explanations given to us, the provision of sec 135 is not applicable to the Company. Accordingly, the provisions stated in paragraph 3(xx) of the Order are not applicable to the Company.

xxi. The provisions stated in paragraph 3(xxi) of the Order are not applicable to the Company.

For BS & Co. LLP
Chartered Accountants
FRN: W100072

Ashwin Umarji
Partner
Membership No.138209
UDIN : 22138209AIXSVK7338

Place : Pune
Date : May 12, 2022

Standalone Balance Sheet as at March 31, 2022

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	111,702,219	19,738,378
(b) Capital work-in-progress		156,096,668	96,784,305
(c) Right of Use of Asset	3	57,973,713	2,267,379
(d) Other intangible assets	3	39,467,395	47,763,799
(e) Financial assets			
(i) Investments	4	1,333,330	1,333,330
(ii) Loans	5	3,582,961	3,582,961
(iii) Other non-current financial assets	6	5,679,502	814,633
(f) Deferred tax assets (net)	7	-	-
(g) Other non-current assets	8	84,047,632	38,070,511
		459,883,420	**210,355,296**
II. Current assets			
(a) Inventories	9	22,557,803	6,699,715
(b) Financial assets			
(i) Investments	4	74,539,781	4,505,094
(ii) Trade receivables	10	9,721,905	3,971,016
(iii) Cash and cash equivalents	11	14,296,823	3,140,571
(iv) Other bank balances	11	-	-
(c) Other current assets	8	39,630,119	6,756,098
		160,746,431	**25,072,494**
Total assets		**620,629,851**	**235,427,790**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	417,460	290,780
(b) Other equity	13	461,832,882	129,201,052
Equity attributable to equity holders of the parent		**462,250,342**	**129,491,832**
Non-controlling interests		-	-
Total equity		**462,250,342**	**129,491,832**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	15,000,000	29,000,000
(ii) Lease Liabilities	14	47,283,603	2,093,071
(ii) Other non-current liabilities		-	-
(b) Provisions	15	2,877,901	1,920,619
(c) Deferred tax liabilities (net)		-	-
(d) Other non-current liabilities	17	-	-
		65,161,504	**33,013,690**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	13,000,000	9,000,000
(i) Trade payables	16	52,319,562	12,608,159
(ii) Lease Liabilities	14	8,771,940	428,133
(iv) Other current liabilities	17	16,157,407	46,013,942
(b) Provisions	15	2,969,096	4,872,034
		93,218,005	**72,922,268**
Total liabilities		**158,379,509**	**105,935,958**
Total equity and liabilities		**620,629,851**	**235,427,790**

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of
Tork Motors Private Limited

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: May 12, 2022

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: May 12, 2022

Standalone Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	Year ended on March 31, 2022	Year ended on March 31, 2021
Continuing operations			
Income			
Revenue from operations	18	44,618,753	43,090,462
Other income	19	5,633,586	820,577
Total income [i]		**50,252,339**	**43,911,039**
Expenses			
Cost of raw materials and components consumed	20	28,320,256	10,528,099
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	21	(3,265,072)	(959,928)
Employee benefits expense	22	51,098,635	20,972,175
Depreciation, amortisation and impairment expense	23	19,116,203	31,017,629
Finance costs	24	4,900,926	3,253,533
Other expenses	25	33,317,539	20,140,436
Total expenses [ii]		**133,488,487**	**84,951,944**
Profit before share of profit/(loss) of associates, joint ventures, exceptional items and tax from continuing operations [i - ii]		**(83,236,148)**	**(41,040,905)**
Share of (loss)/profit of associates and joint ventures		-	-
Tax expense		-	-
Share of (loss)/profit of associates and joint ventures		**-**	**-**
Profit before exceptional items and tax from continuing operations		**(83,236,148)**	**(41,040,905)**
Exceptional items (loss)/gain		-	-
Profit before tax from continuing operations		**(83,236,148)**	**(41,040,905)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		**-**	**-**
		(83,236,148)	**(41,040,905)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
- Net movement on cash flow hedges		-	-
- Foreign Currency Monetary Items Translation Difference Account		-	-
- Foreign Currency Translation reserve		-	-
Share of OCI of Equity in Associates and Joint Ventures, to the extent to be classified into profit or loss		-	-
		-	**-**
Tax effect		-	-
(A)		**-**	**-**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods			
- Re-measurement gains / (losses) of defined benefit plans		(272,549)	2,935,050
- Re-measurement of Leased Premises Obligations		(4,990)	(37,306)
- Net gain on FVTOCI equity securities		-	-
- Share of other comprehensive income in associates and joint ventures		-	-
- Share of other comprehensive income arising from discontinued operations		-	-
		(277,539)	**2,897,744**
Tax effect		-	-
		(277,539)	**2,897,744**
Other comprehensive income for the year (net of tax)		**(277,539)**	**2,897,744**
Total comprehensive income for the year		**(83,513,687)**	**(38,143,161)**
Of the total comprehensive income above,			
Attributable to:			
Owners of the parent		(83,513,687)	(38,143,161)
Non-controlling interests		-	-

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of Tork Motors Private Limited

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: May 12, 2022

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: May 12, 2022

Standalone Cash Flow Statement for the year ended March 31, 2022

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
Operating activities		
Profit before tax	**(83,513,687)**	**(38,143,161)**
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	**-**	**-**
	(83,513,687)	**(38,143,161)**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	19,116,203	31,017,629
Unrealised foreign exchange loss/(gain)/MTM etc. (net)	(1,646,941)	(15,944)
Interest income on fixed deposit and others	(37,319)	(13,198)
Net (gain) on fair valuation of financial instruments (FVTPL)	-	-
Finance costs	3,754,468	1,360,564
(Profit)/loss on sale of property, plant and equipment (net)	-	1,088,370
Net (gain) on sale of investment	(3,949,326)	(29,981)
Operating profit before working capital changes	**(66,276,602)**	**(4,735,721)**
Movements in working capital :		
(Increase)/Decrease in trade receivable	(5,750,889)	(3,730,704)
(Increase) in inventories	(15,858,088)	(6,699,715)
(Increase) in loans	-	-
Decrease/(Increase) in other financial assets	(4,864,869)	4,940,473
(Increase)/Decrease in other assets	(78,851,142)	2,990,862
Increase/(Decrease) in provisions	(945,656)	(1,039,632)
Increase/(Decrease) in trade payables	39,711,403	(8,165,355)
Increase/ (Decrease) in other payables	53,534,339	(46,153,498)
(Decrease)/Increase in other financial liabilities	-	-
(Decrease) in other liabilities	(29,856,535)	(14,972,043)
Cash generated from operations	**(109,158,039)**	**(77,565,333)**
Direct taxes paid (net of refunds)	-	-
Net cash flow from operating activities (A)	**(109,158,039)**	**(77,565,333)**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital	(217,802,337)	36,987,286
work-in-progress and capital advances)	-	-
Proceeds from sale of property, plant and equipment and intangible assets	-	109,323
Investments in associates/joint ventures	-	-
Investments in Fixed Deposits with Banks	(3,100,000)	-
Investments in financial instruments	(350,000,000)	(32,300,000)
Proceeds from sale of financial instruments	285,561,580	27,340,831
Interest received	37,319	13,198
Net cash (used) in investing activities (B)	**(285,303,438)**	**32,150,638**

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
Financing activities		
Receipt of ICD	-	50,000,000
Repayment of borrowings (including interest)	(13,754,468)	(13,360,564)
Issue of share capital (including ESOP and conversion of other liabilities)	126,680	-
Securities Premium (relevant to issue of share capital)	401,056,212	-
Conversion of Preference Shares	(1,000,000)	-
Premium paid on conversion of preference shares into equity	(203,422)	-
Changes in other equity	16,292,727	446,595
Net cash (used) in financing activities (C)	**402,517,729**	**37,086,031**
Net (decrease) in cash and cash equivalents (A + B + C)	**8,056,252**	**(8,328,664)**
Net foreign exchange difference	-	-
Cash and cash equivalents at the beginning of the year	2,640,571	10,969,235
Cash and cash equivalents at the end of the year	**10,696,823**	**2,640,571**
Foreign currency translation reserve movement	**-**	**-**
Cash and cash equivalents at the end of the year	**10,696,823**	**2,640,571**

Cash and Cash equivalents for the purpose of cash flow statement

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
Balances with banks:		
In cash credit and current accounts	10,696,823	2,640,571
Other balances	-	-
Cash on hand	-	-
Total	**10,696,823**	**2,640,571**

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of
Tork Motors Private Limited

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: May 12, 2022

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: May 12, 2022

Statement of changes in equity for the period ended March 31, 2022

A. Equity share capital:

Equity shares of Rs. 10/- each issued, subscribed and fully paid

Particulars	Nos.
As at March 31, 2021	29,078
Add: Share issued during the year	12,668
As at March 31, 2022	**41,746**

B. Other equity

Particulars	Preference Shares	Reserves and Surplus				Total
		Security premium account	Employees Stock Option Reserve	Retained Earnings	Non Controlling interests	
Balance at the April 1, 2020	**1,000,000**	**287,985,126**	**455,105**	**(122,542,613)**	**-**	**166,897,618**
- Profit for the period	-	-	-	(41,040,905)	-	**(41,040,905)**
- Other Comprehensive Income	-	-	-	2,897,744	-	**2,897,744**
	-	**-**	**-**	**(38,143,161)**	**-**	**(38,143,161)**
Acquisition of additional shares	-	-	446,595		-	**446,595**
Balance as at March 31, 2021	**1,000,000**	**287,985,126**	**901,700**	**(160,685,774)**	**-**	**129,201,052**
Balance at the April 1, 2021	**1,000,000**	**287,985,126**	**901,700**	**(160,685,774)**	**-**	**129,201,052**
- Profit for the period	-	-	-	(83,236,148)	-	**(83,236,148)**
- Other Comprehensive Income	-		-	(277,539)	-	**(277,539)**
- Other adjustments		(203,422)				**(203,422)**
	-	**(203,422)**	**-**	**(83,513,687)**	**-**	**(83,717,109)**
Acquisition/(Redemption) of additional shares	(1,000,000)	401,056,212	16,292,727		-	**416,348,939**
Balance as at March 31, 2022	**-**	**688,837,916**	**17,194,427**	**(244,199,461)**	**-**	**461,832,882**

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of
Tork Motors Private Limited

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: May 12, 2022

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: May 12, 2022

Notes forming part of the Financial Statements for the period ended March 31, 2022

1 Corporate Information:

Tork Motors Private Limited (referred to as "Tork" or the "Company") is engaged in the business of design, development, manufacture and distribution of electric motorcycles and three wheeler electric drive train.

2 Significant Accounting Policies & Notes to Accounts

2.1 Basis of preparation of Financial Statements

The financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current & non – current classification of assets & liabilities.

2.2 Use of Estimates

The preparation of financial statements, in conformity with Ind AS, requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates and differences between actual results and estimates are recognized in the financial statements in the period(s) in which the results are known/materialise.

2.3 Fixed Assets and Depreciation

Tangible Fixed Assets

Tangible assets are stated at cost, less accumulated depreciation. Cost of acquisition includes all expenditure necessary to bring the asset to its working condition for its intended use.

Intangible Fixed Assets

All intangible assets are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed.

Depreciation

Depreciation on tangible fixed assets has been charged using Straight Line Method based on useful lives stated in and in manner prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions/deletions is provided on pro-rata basis having regard to the date of addition/deletion.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss if any is recognized whenever carrying amount exceeds recoverable amount.

2.4 Revenue Recognition

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the customer, usually on delivery of the goods.

Revenues from services are recognized as and when services are rendered.

All the revenues are accounted for net of applicable taxes on completion of work and billing to the customers.

Interest income is accounted on an accrual basis at contracted rates.

Dividend income is recognized when right to receive the same is established.

2.5 Investments

Long term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long term investments are classified as current investments and valued at cost or fair value whichever is less.

2.6 Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are neither recognized nor disclosed in the financial statements.

2.7 Employee Benefits

Defined Contribution Plans

Company's contributions paid / payable during the year to Provident Fund are charged to the Statement of Profit & Loss on accrual basis

Defined Benefit Plans

Liability on account of gratuity and leave encashment is provided on actuarial basis using the Projected Unit Credit Method

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date having maturity periods approximating to the terms of related obligations.

The net interest cost is calculated applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expenses in the Statement of Profit and Loss.

Re-measurement gains and loss arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

Past Service Liability is computed with reference to the service put in by each employee till the date of valuation as also the projected terminal salary at the time of exit.

2.8 Taxation

Tax expense for a year comprises of current tax and deferred tax.

Current tax is measured after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.9 Foreign Currency Translations

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period end rates. The exchange differences between the rate prevailing on the date of transaction and on the date of settlement / translation of monetary items at the end of the period is recognised as income or expense, as the case may be, in the statement of profit and loss.

2.10 Financial Instruments

Initial recognition

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument Financial liabilities are measured at amortised cost using the effective interest method Financial labilities at FVTPL are stated at fair value, with gains and losses arising on remeasurement recognized

2.11 Earning Per Share

Basic earning per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.12 Cash and Cash equivalent comprise of cash at bank and in hand, it also include prepaid balances used for staff welfare expenses.

2.13 Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at 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. Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a welghted average basis.

Traded goods are valued at lower of Costs are determined on weighted average basis and net realizable value.

Dies are valued at cost or net realizable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a wei d average basis.

2.14 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee :

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease {i.e., the date the Underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated Depreciation and impairment losses, and adjusted for any 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.

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

2.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company 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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development are tested for impairment annually.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For 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 and loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or

Company of CG Us) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3. Property, Plant and Equipment

(Amount in Rs.)

Particulars	Plant & Equipments	Leasehold Improvements	Office Equipments	Furniture & Fixtures	Computers & Peripherals	Motor Vehicles	Lease Asset	Total Tangible Assets
Opening Gross carrying amount as on April 1, 2021	18,826,346	2,063,320	1,090,092	1,515,321	6,715,016	-	23,457,492	53,667,587
Additions	86,387,625	3,110,149	352,792	3,517,464	3,469,664	3,226,881	60,045,686	160,110,261
Disposals	-	-	-	-	-	-	(23,493,398)	(23,493,398)
Gross carrying amount as on March 31, 2022	**105,213,971**	**5,173,469**	**1,442,884**	**5,032,785**	**10,184,680**	**3,226,881**	**60,009,780**	**190,284,450**
Opening Gross carrying amount as on April 1, 2020	19,174,210	1,938,320	1,090,092	1,515,321	7,120,485	-	58,874,241	89,712,669
Additions	937,136	125,000	-	-	25,000	-	4,515,702	5,602,838
Disposals	(1,285,000)	-	-	-	(430,469)	-	(39,932,451)	(41,647,920)
Gross carrying amount as on March 31, 2021	**18,826,346**	**2,063,320**	**1,090,092**	**1,515,321**	**6,715,016**	**-**	**23,457,492**	**53,667,587**
Opening Accumulated Depreciation as on April 1, 2021	3,282,803	758,790	807,929	530,068	5,092,127	-	21,190,113	31,661,830
Charge for the Period	6,311,681	223,032	147,517	207,176	1,107,761	103,567	4,339,352	12,440,086
Disposals	-	-	-	-	-	-	(23,493,398)	(23,493,398)
Closing Accumulated Depreciation as at March 31, 2022	**9,594,484**	**981,822**	**955,446**	**737,244**	**6,199,888**	**103,567**	**2,036,067**	**20,608,518**
Opening Accumulated Depreciation as on April 1, 2020	1,742,889	572,731	608,487	386,112	3,805,450	-	12,264,247	19,379,916
Charge for the Period	1,739,306	186,059	199,442	143,956	1,605,061	-	9,026,032	12,899,856
Disposals	(199,392)	-	-	-	(318,384)	-	(100,166)	(617,942)
Closing Accumulated Depreciation as at March 31, 2021	**3,282,803**	**758,790**	**807,929**	**530,068**	**5,092,127**	**-**	**21,190,113**	**31,661,830**
Net carrying amount as on March 31,2022	**95,619,487**	**4,191,647**	**487,438**	**4,295,541**	**3,984,792**	**3,123,314**	**57,973,713**	**169,675,932**
Net carrying amount as on March 31, 2021	**15,543,543**	**1,304,530**	**282,163**	**985,253**	**1,622,889**	**-**	**2,267,379**	**22,005,757**

Capital Work in Progress

Particulars	March 31, 2022	March 31, 2021
Net carrying amount as on April 1, 2021	96,784,305	156,297,496
Additions	59,312,363	-
Disposals/Capitalisations	-	(59,513,191)
Net carrying amount as on March 31, 2022	**156,096,668**	**96,784,305**

Intangibles

Particulars	Softwares	Vehicle Development Expenses
Opening Gross carrying amount as on April 1, 2021	11,968,034	47,114,334
Additions	1,381,028	1,200,000
Disposals	-	
Gross carrying amount as on March 31, 2022	**13,349,062**	**48,314,334**
Opening Gross carrying amount as on April 1, 2020	11,968,034	-
Additions	-	47,114,334
Disposals	-	-
Gross carrying amount as on March 31, 2021	**11,968,034**	**47,114,334**
Opening Accumulated Depreciation as on April 1, 2021	4,251,418	7,067,151
Charge for the period	1,394,564	9,482,868
Disposals	-	
Closing Accumulated Depreciation as at March 31, 2022	**5,645,982**	**16,550,019**
Opening Accumulated Depreciation as on April 1, 2020	2,841,814	-
Charge for the period	1,409,604	7,067,151
Disposals	-	
Closing Accumulated Depreciation as at March 31, 2021	**4,251,418**	**7,067,151**
Net carrying amount as on March 31, 2022	**7,703,080**	**31,764,315**
Net carrying amount as on March 31, 2021	**7,716,616**	**40,047,183**

4. Investments

Particulars		As at March 31, 2022	As at March 31, 2021
A. Non-Current Investments			
Investments at fair value			
Investment in Wholly Owned Subsidiaries		1,333,330	1,333,330
	Total	**1,333,330**	**1,333,330**
B. Current investments			
Investments at fair value			
Investments in Unquoted Mutual Funds		74,539,781	4,505,094
		74,539,781	**4,505,094**
	Total	**75,873,111**	**5,838,424**
Aggregate value of unquoted investments		**75,873,111**	**5,838,424**

5. Loans

Particulars		As at March 31, 2022	As at March 31, 2021
Non-current (Unsecured, considered good)			
Loan to related parties		3,582,961	3,582,961
	Total	**3,582,961**	**3,582,961**

6. Other Financial Assets

Particulars		As at March 31, 2022	As at March 31, 2021
A. Non-Current			
Security Deposits		5,679,502	814,633
	Total	**5,679,502**	**814,633**

7. Deferred tax assets

The Company has recognised deferred tax asset to the extent of deffered tax liability for the year ended 31 March 2020 due to non-existence of probability of taxable income against which the assets can be realised. The same shall be reassessed at subsequent balance sheet date.

8. Other Assets

Particulars		As at March 31, 2022	As at March 31, 2021
Non-current			
Capital advances		36,415,307	21,222,793
Balances with government authorities		44,525,545	16,847,718
Prepaid Expenses		3,106,780	-
		84,047,632	**38,070,511**
Current			
Advance to suppliers		36,625,032	6,668,649
Prepaid Expenses		2,380,487	84,949
Advance to Employees		614,878	-
Others		9,722	2,500
		39,630,119	**6,756,098**
	Total	**123,677,751**	**44,826,609**

9. Inventories

Particulars		As at March 31, 2022	As at March 31, 2021
Raw Material & Components		16,303,495	5,739,787
Finished Goods		4,225,000	959,928
Goods in Transit		2,029,308	-
	Total	**22,557,803**	**6,699,715**

10. Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Secured		
Considered good	9,721,905	3,971,016
Total	**9,721,905**	**3,971,016**

11. Cash and Bank Balances

Particulars	As at March 31, 2022	As at March 31, 2021
Cash & Cash Equivalent		
Cash on hand	-	-
Balances with banks		
In cash credit and current accounts	10,696,823	2,640,571
In deposit accounts	3,600,000	500,000
Total	**14,296,823**	**3,140,571**

12. Equity Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Capital		
10,000 (10,000) 0.1% Cumulative Compulsory Convertible Preference Shares of Rs. 100 each	1,000,000	1,000,000
50,000 (40,000) Equity Shares of Rs. 10 each	500,000	400,000
Total	**1,500,000**	**1,400,000**
Issued, Subscribed and Fully Paid-Up		
41,746 (29,078) Equity Shares of Rs. 10 each	417,460	290,780
Total issued, subscribed and fully paid-up share capital	**417,460**	**290,780**

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company converted 10,00,000 0.1% CCPS of Rs.100/- each Equity Shares of Rs.10/- each as per the terms of issue vide EOGM hed on 20/11/2021 and allotted 38 Equity Shares of Rs.10/- each on 22/11/2021.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	Amount Rs.	No.	Amount Rs.
At the beginning of the year	29,078	290,780	29,078	290,780
Issued during the year	12,668	126,680	-	-
Outstanding at the end of the year	41,746	417,460	29,078	290,780

(c) Details of shareholders holding more than 5% equity shares in the Company

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	% of Holding	No.	% of Holding
Kalyani Powertrain Limited*	26,838	64.29%	-	0.00%
Bharat Forge Limited*	-	0.00%	14,208	48.86%
Kapil Shelke*	9,936	23.80%	9,936	34.17%
Bhavish Aggarwal*	1,756	4.21%	1,756	6.04%

* The shareholding information has been extracted from the records of the Company including register of shareholders/ members and is based on legal ownership of shares.

(d) Details of Promoters holding equity shares in the Company

Equity Shares	No.		% Change in holding	
	No.	% of Holding	No.	% of Holding
1 Kapil Shelke	9,936	23.80%	0.00%	-30.35%
2 Chandrakant Shelke	1,328	3.18%	0.00%	-30.42%

13 Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Preference Shares		
10,000 (10,000) of Rs. 100 each	1,000,000	1,000,000
Issued during the year	-	-
Redeemed/Converted during the year	1,000,000	-
Closing balance	**-**	**1,000,000**
Securities premium account		
Balance as per the last financial statements	287,985,126	287,985,126
Add: Addition during the year	401,056,212	-
Less: Premium paid on conversion of preference shares into equity	(203,422)	-
Closing balance	**688,837,916**	**287,985,126**
Employees Stock Option Reserve		
Balance as per the last financial statements	901,700	455,105
Add: Addition during the year	16,292,727	446,595
Closing balance	**17,194,427**	**901,700**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	(160,685,774)	(122,542,613)
Add: Net profit for the year	(83,236,148)	(41,040,905)
Items of other comprehensive income :		
Re-measurement of defined benefit obligations	(272,549)	2,935,050
Re-measurement of Leased Premises Obligations	(4,990)	(37,306)
Closing balance	**(244,199,461)**	**(160,685,774)**
Total	**461,832,882**	**129,201,052**

14. Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Unamortised Leased Liability	47,283,603	2,093,071
Borrowings - Intercorporate Deposit	15,000,000	29,000,000
	62,283,603	**31,093,071**
Current		
Unamortised Leased Liability	8,771,940	428,133
Borrowings - Intercorporate Deposit	13,000,000	9,000,000
	21,771,940	**9,428,133**
Total	**84,055,543**	**40,521,204**

15. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
A. Provision for employees benefits		
Non-current		
Provision for Gratuity	2,877,901	1,920,619
	2,877,901	**1,920,619**
Current		
Provision for Gratuity	415,540	368,301
Provision for Expenses	2,553,556	4,503,733
	2,969,096	**4,872,034**
Total	**5,846,997**	**6,792,653**

16. Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Due to Micro, Small and Medium Enterprises	-	-
Trade payables (including acceptances and related parties payables)	52,319,562	12,608,159
Total	**52,319,562**	**12,608,159**

17. Other Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Employee contributions and recoveries payable	308,862	179,558
Statutory dues payable including tax deducted at source	875,344	1,664,609
Interest accrued on Intercorporate Deposit	268,822	641,164
Employee Benefits Payable	12,250,350	40,436,111
Advance from Customers	2,454,029	3,092,500
Total	**16,157,407**	**46,013,942**

18. Revenue from Operations

Particulars		Year ended on March 31, 2022	Year ended on March 31, 2021
Sale of goods		17,490,463	9,617,832
Sale of Services		27,128,290	33,472,630
	Total	**44,618,753**	**43,090,462**

Disaggregated revenue information

Revenue by offering		Year ended on March 31, 2022	Year ended on March 31, 2021
Revenue as per Contracted price		44,618,753	43,090,462
	Total	**44,618,753**	**43,090,462**

19. Other Income

Particulars		Year ended on March 31, 2022	Year ended on March 31, 2021
Fair Value gain on mark to market investments		1,646,941	15,944
Net gain on sale of financial investments		3,949,326	29,981
Interest on Term Deposits with Banks		37,319	13,198
Liabilities no longer payable written back		-	761,454
	Total	**5,633,586**	**820,577**

20. Cost of Raw Materials and Components Consumed

Particulars		Year ended on March 31, 2022	Year ended on March 31, 2021
Inventories of Raw Materials at the beginning of the period/year		5,739,787	-
Purchases		39,441,524	16,267,886
Direct Labour Charges		1,471,748	-
Inventories of Raw Materials at the end of the period/year		18,332,803	5,739,787
	Total	**28,320,256**	**10,528,099**

21. (Increase)/Decrease in Inventories of Finished Ggoods, Work-in-Progress, Traded Goods, Dies and Scrap

Particulars		Year ended on March 31, 2022	Year ended on March 31, 2021
Inventories at the beginning of the year			
Finished Goods		959,928	-
		959,928	**-**
Inventories at the end of the year			
Finished Goods		4,225,000	959,928
		4,225,000	**959,928**
	(Increase)/Decrease in Inventories	**(3,265,072)**	**(959,928)**

22. Employee Benefit Expenses

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
Salaries, wages and bonus (including managing and director's remuneration)	32,461,499	17,604,371
Contributions to provident and other funds / scheme	987,929	972,932
Share Based Payments	16,292,727	446,595
Gratuity expense (Refer note 27)	803,625	1,895,418
Staff welfare expenses	552,855	52,859
Total	**51,098,635**	**20,972,175**

23. Depreciation, Amortisation and Impairment Expense

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
Depreciation on tangible assets	8,100,734	3,873,824
Amortisation on intangible assets	10,877,432	8,476,755
Amortisation of Leased Asset	4,339,352	18,667,050
Transferred to CWIP Vehicle Development	(4,201,315)	-
Total	**19,116,203**	**31,017,629**

24. Finance Costs

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
Bank Charges	196,890	51,415
Interest - Leased Premises	949,568	1,841,554
Interest on ICD	3,754,468	1,360,564
Total	**4,900,926**	**3,253,533**

25. Other Expenses

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
Power, fuel and water	1,044,721	371,330
Repairs and maintenance		
Building, Plant & Machinery	3,007,370	3,673,909
Rent	1,967,256	134,500
Rates and taxes	1,153,888	95,567
Insurance	311,715	145,625
Legal and professional fees	9,807,707	2,482,575
Travelling expenses	1,728,556	405,620
Exchange difference (net)	243,461	859,154
Payment to Auditors		
Audit Fees	150,000	105,000
Communication Expenses	1,328,630	774,152
Printing & Stationery	277,212	10,572
Advertising & Marketing Expenses	7,512,120	9,575
Miscellaneous expenses	2,174,252	707,164
Plant Agreement Termination Expenses	-	8,707,823
Loss on sale/discard of Fixed Asset	-	1,088,370
Freight & Transportation	1,760,651	569,500
Commission and Brokerage	850,000	-
Total	**33,317,539**	**20,140,436**

26 Related Party Disclosures

A Names of Related Parties and Related Party Relationship

Sr. No.	Nature of Relationship	Name of the Party
1	Ultimate Holding Entity	Bharat Forge Limited (from 22.11.2021)
2	Entity having significant influence	Bharat Forge Limited (till 21.11.2021)
3	Immediate Holding Entity	Kalyani Powertrain Limited (From 22.11.2021)
4	Subsidiary Company	Lycan Electric Pvt. Ltd.
5	Key Management Personnel (KMP)	Kapil Shelke
		Premanand Risbud
6	Relatives of KMP	Chandrakant Shelke
		Meera Shelke
7	Entities owned by relative of KMP	Tirupati Engineers
		Siddhatek Enterprises
		M J Risbud & Co.
		H M Risbud & Co.

B Transactions with Related Parties

Sr. No.	Nature of Transaction	Year ended on March 31, 2022	Year ended on March 31, 2021
1	**Loan Accepted & Repaid**		
	Key Management Personnel (KMP)	-	1,500,000
	Relatives of KMP	-	1,750,000
	Ultimate Holding Entity (ICD)	-	40,000,000
2	**Loan Repaid**		
	Ultimate Holding Entity (ICD)	10,000,000	2,000,000
3	**Interest payment on Inter Corporate Deposit**		
	Ultimate Holding Entity (ICD)	3,754,468	1,360,564
4	**Zero Coupon Optionally Convertible Debentures (ZOCD) Issued**		
	Immediate Holding Entity	400,000,000	-
5	**Conversion of ZOCD into Equity Shares**		
	Immediate Holding Entity	399,979,470	-
6	**Repayment of ZOCD**		
	Immediate Holding Entity	20,530	-
7	**Salaries and Incentives**		
	Key Management Personnel (KMP)	5,460,000	4,860,000
8	**Labour Charges**		
	Immediate Holding Entity	134,914	
	Entities owned by relative of KMP	671,566	-
9	**Office Rent**		
	Entities owned by relative of KMP	2,033,898	2,033,898
10	**Professional Fees**		
	Entities owned by relative of KMP	251,400	263,000
11	**Raw Materials Purchased**		
	Ultimate Holding Entity	3,358,918	480,048
12	**Repairs & Maintenance**		
	Entities owned by relative of KMP	42,000	-
13	**Fixed Assets Purchased**		
	Entities owned by relative of KMP	1,548,696	-
14	**ESOP**		
	Key Management Personnel (KMP)	2,468,768	-
15	**Balances Payable/(Receivable)**		
	Ultimate Holding Entity	6,348,108	2,048,665
	Immediate Holding Entity	156,501	-
	Entities owned by relative of KMP	1,940,082	346,454
	Subsidiary Company	(3,303,285)	(3,303,285)

27 Leases

The Company has lease contracts for various items of buildings used in its operations. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. 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 Land & Building recognised and the movements during the period:

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
At the beginning of the previous year	2,267,379	46,609,994
Add: Additions	60,045,686	-
Less:Depreciation	-	-
At the beginning of the year	**62,313,065**	**46,609,994**
Add: Additions		
Less: Deletion	-	35,416,749
Less: Depreciation	4,339,352	8,925,866
As at end of the year	**57,973,713**	**2,267,379**

Below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
At the beginning of the previous year	2,521,204	48,674,702
Add: Additions	60,045,686	4,681,539
Add: Previous year impact	(2,443,573)	
Add: Accretion of Interest	1,035,130	2,940,425
Less: Payments	5,102,904	53,775,462
As at end of the year	**58,499,116**	**2,521,204**
Current	8,771,940	428,133
Non - Current	49,727,176	2,093,071

The following are the amounts recognised in profit or loss:

Particulars		Year ended on March 31, 2022	Year ended on March 31, 2021
a	Depreciation expense of right-of-use assets	4,339,352	8,925,866
b	Interest expense on lease liabilities	1,035,130	2,940,425
c	Expense relating to short-term leases (included in administrative expenses)		-
Total amount recognised in profit or loss		**5,374,482**	**11,866,291**

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

Sr. No.	Particulars	Within five years	More than five years	Total
A	**Financial Year 2019-20**			-
1	Extension options expected not to be exercised	59,433,429	-	59,433,429
2	Termination options expected to be exercised	-	-	-
3	Obligations under leases not yet commenced	-	-	-
B	**Financial Year 2020-21**			-
1	Extension options expected not to be exercised	2,753,904	-	2,753,904
2	Termination options expected to be exercised	-	-	-
3	Obligations under leases not yet commenced	-	-	-
B	**Financial Year 2021-22**			-
1	Extension options expected not to be exercised	13,800,000	-	13,800,000
2	Termination options expected to be exercised	-	-	-
3	Obligations under leases not yet commenced	-	-	-

28. Share Based Payments

The company provides share-based payment schemes to its employees. During the year ended 31 March 2022, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

The Company had introduced Tork Motors Private Limited – Employee Stock Option Plan I (TMPL ESOP SCHEME I) in the FY 2018-19 pursuant to approval of Shareholders at its meeting held on 25th January, 2019. In order to make the said ESOP more flexible and beneficial to the Employees to ensure wide coverage of the Employees; to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance thereby acting as a preservation tool and to attract the best talent available in the market, the Company amended the said TMPL ESOP SCHEME I in its General Meeting held on 12/11/2020 and introducted the Tork Motors Private Limited – Amended Employee Stock Option Plan – 2020 (TMPL Amended Employee Stock Option Plan – 2020). The said ESOP Plan 2020 was further amended and approved by the Board in its meeting held on 23/10/2021 resolving thereby few discrepancies, ambiguities etc.

The fair value of the share options is estimated at the grant date using fair value taken for issue of share to Bharat Fordge Limited, taking into account the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. Rs 10. The contractual term of each option granted is till the time employee is in employment.

	31 March 2022	31 March 2021
Expense arising from equity-settled share-based payment transactions	16,292,727	446,595
Total expense arising from share-based payment transactions	**16,292,727**	**446,595**

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	31 March 2022		31 March 2021	
	Number	**WAEP**	**Number**	**WAEP**
Outstanding at 1 April	650	10	69	-
Granted during the year	573	-	617	10
Forfeited during the year	-	-	-	
Exercised during the year	-	-	-	-
Expired during the year	25	10	36	
Outstanding at 31 March	1,198	10	650	10
Exercisable at 31 March	650	-	69	-

The weighted average share price at the date of exercise of these options would be Rs. 10

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

29. Ageing Schedule

a) Trade Receivables

Outstanding for following period from due date of payment as at March 31, 2022

Particulars	Not due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
Trade Receivables -Considered Good	-	8,393,837	185,784	901,972	240,312	-	9,721,905

Outstanding for following period from due date of payment as at March 31, 2021

Particulars	Not due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
Trade Receivables -Considered Good	-	3,383,998	346,706	112,804	127,508	-	3,971,016

b) Trade Payables

Outstanding for following period from due date of payment as at March 31, 2022

Particulars	Not due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	-	-	-	-	-	-
Others	-	46,754,217	1,427,169	857,759	2,503,833	776,584	52,319,562

Outstanding for following period from due date of payment as at March 31, 2021

Particulars	Not due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	-	-	-	-	-	-
Others	-	2,193,891	1,297,532	8,758,756	248,976	109,004	12,608,159

c) Capital WIP

As at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
CWIP	59,312,363	-	81,725,844	15,058,461	156,096,668

As at March 31, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
CWIP	-	81,725,844	15,058,461	-	96,784,305

30. Ratios as per Schedule III

	Particulars	Formulae used for calculation of ratio	March 31, 2022			March 31, 2021			% Change in Ratio	Reason for Variartion
			Numerator	Denomintor	Ratio	Numerator	Denomintor	Ratio		
a)	Current ratio	Current Assets/Current Liabilities	160,746,431	93,218,005	1.72	25,072,494	72,922,268	0.34	80.06%	Salary of Rs 3Cr was payable last year and paid in current year so major decrease in current liability. Also investment made in mutual fund during the year Approx 7.45 Cr so increase in Current assets.
b)	Debt-Equity Ratio	(Non-current borrowings+ Current borrowings)/Total Equity	28,000,000	462,250,342	0.06	38,000,000	129,491,832	0.29	-384.46%	Increase in total equity on account of revaluation of Techincal advancement amounting to Rs 34.4 Cr. Also Additional issue of Shares amounting to Rs 40 Cr. Repayment of Borrowing during the year of Rs 1 Cr
c)	Debt Service Coverage Ratio	EBIDTA/Debt obligaion	(59,219,019)	28,000,000	(2.11)	(6,769,743)	38,000,000	(0.18)	91.58%	Increase in expenses during the year on account of issue of ESOP amounting to Rs 1.62Cr. Repayment of Borrowing during the year of Rs 1 Cr
d)	Return on Equity Ratio	Total comprehensive income/Shareholders Equity	(83,513,687)	462,250,342	(0.18)	(38,143,161)	129,491,832	(0.29)	-63.04%	Increase in total equity on account of revaluation of Techincal advancement amounting to Rs 34.4 Cr. Also Additional issue of Shares amounting to Rs 40 Cr.
e)	Trade Receivables turnover ratio	Revenue from operations/Average trade receivables	44,618,753	6,846,461	6.52	43,090,462	2,245,502	19.19	-194.45%	Revenue amounting to Rs 40 lakhs entered in month of March and susbquently amount received in April, However the closing debtor balance increased and accordingly the average receivables.
f)	Trade payables turnover ratio	(COGS + Other expenses)/Average trade payables	58,372,723	32,463,861	1.80	29,708,607	14,524,000	2.05	-13.76%	NA
g)	Net capital turnover ratio	Revenue from operations/(Current assets- Current liabilities)	44,618,753	67,528,426	0.66	43,090,462	(47,849,774)	(0.90)	236.29%	Major variation in change of working capital as Salary of Rs 3Cr was payable last year and paid in current year so major decrease in current liability. Also investment made in mutual fund during the year Approx 7.45 Cr so increase in Current assets.
h)	Net profit ratio	Profit after tax/ Revenue from operations	(83,236,148)	44,618,753	(1.87)	(41,040,905)	43,090,462	(0.95)	48.94%	Increase in expenses during the year on account of issue of ESOP amounting to Rs 1.62Cr.
i)	Return on Capital employed	Profit after tax/ Capital employed	(83,236,148)	462,250,342	(0.18)	(41,040,905)	129,491,832	(0.32)	-76.01%	Increase in total equity on account of revaluation of Techincal advancement amounting to Rs 34.4 Cr. Also Additional issue of Shares amounting to Rs 40 Cr.
j)	Return on investment	Net profit after Tax/ Average total assets	(83,236,148)	428,028,821	(0.19)	(41,040,905)	385,571,395	(0.11)	45.26%	NA

31. Fair value measurements

Financial instruments by category

Particulars	March 31, 2022 FVPL	March 31, 2022 Amortised cost	March 31, 2021 FVPL	March 31, 2021 Amortised cost
Financial assets				
Non-current assets				
Investments	-	1,333,330	-	1,333,330
Loans	-	3,582,961	-	3,582,961
Other non-current financial assets	-	5,679,502	-	814,633
Current assets				
Investments	74,539,781	-	4,505,094	-
Trade receivables		9,721,905	-	3,971,016
Cash and cash equivalents		14,296,823	-	3,140,571
Total financial assets	**74,539,781**	**34,614,521**	**4,505,094**	**12,842,511**
Financial liabilities				
Non-current liabilities				
Borrowings	-	15,000,000	-	29,000,000
Lease Liabilities	-	47,283,603	-	2,093,071
Current liabilities				
Borrowings	-	13,000,000	-	9,000,000
Trade payables	-	52,319,562	-	12,608,159
Lease Liabilities	-	8,771,940	-	428,133
Other current financial liabilities	-	16,157,407	-	46,013,942
Total financial liabilities	**-**	**152,532,512**	**-**	**99,143,305**

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts, largely due to the short term nature of these balances.

The fair value of the financial assets and liabilities is 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 management assessed that the carrying amounts of its financial instruments are reasonable approximations of fair values.

32. i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2022

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets				
Non-current assets				
Investments	-	-	1,333,330	1,333,330
Loans	-	-	3,582,961	3,582,961
Other non-current financial assets	-	-	5,679,502	5,679,502
Current assets				
Investments	-	74,539,781	-	74,539,781
Trade receivables	-	-	9,721,905	9,721,905
Cash and cash equivalents	-	-	14,296,823	14,296,823
Total financial assets	**-**	**74,539,781**	**34,614,521**	**109,154,302**
Financial liabilities				
Non-current liabilities				
Borrowings	-	-	15,000,000	15,000,000
Lease Liabilities	-	-	47,283,603	47,283,603
Current liabilities				
Borrowings	-	-	13,000,000	13,000,000
Trade payables	-	-	52,319,562	52,319,562
Lease Liabilities	-	-	8,771,940	8,771,940
Other current financial liabilities	-	-	16,157,407	16,157,407
Total financial liabilities	**-**	**-**	**152,532,512**	**152,532,512**

As at March 31, 2021

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets				
Non-current assets				
Investments	-	-	1,333,330	1,333,330
Loans	-	-	3,582,961	3,582,961
Other non-current financial assets	-	-	814,633	814,633
Current assets				
Investments	-	4,505,094	-	4,505,094
Trade receivables	-	-	3,971,016	3,971,016
Cash and cash equivalents	-	-	3,140,571	3,140,571
Total financial assets	**-**	**4,505,094**	**12,842,511**	**17,347,605**
Financial liabilities				
Non-current liabilities				
Borrowings	-	-	15,000,000	15,000,000
Lease Liabilities	-	-	47,283,603	47,283,603
Current liabilities				
Borrowings	-	-	13,000,000	13,000,000
Trade payables	-	-	52,319,562	52,319,562
Lease Liabilities	-	-	8,771,940	8,771,940
Other current financial liabilities	-	-	16,157,407	16,157,407
Total financial liabilities	**-**	**-**	**152,532,512**	**152,532,512**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of derivatives is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Fair value of financial assets and liabilities measured at amortised cost

The fair value of all financial instruments carried at amortised cost are not materially different from their carrying amounts, since they are either short-term in nature or the interest rate applicable are equal to the current market rate of interest.

33. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time.

The Company's principal sources of liquidity are cash and cash equivalents ,cash flow that is generated from operations and the borrowing from holding Company. The Company believes that the working capital is sufficient to meet its current requirements.

As at March 31, 2022, the Company had a working capital of ₹ 6,75,28,426 including cash and cash equivalents of ₹ 1,42,96,823. As at March 31,2021, the Company had a working capital of ₹ -4,78,49,774/- including cash and cash equivalents of ₹ 31,40,571. Accordingly, no liquidity risk is perceived.

The table below summarises the maturity profile of the Company’s financial liabilities :

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2022				
Borrowings	13,000,000	15,000,000	-	28,000,000
Trade payables	52,319,562	-	-	52,319,562
Lease Liabilities	8,771,940	47,283,603	-	56,055,543
Other liabilities	16,157,407	-	-	16,157,407
Total	**90,248,909**	**62,283,603**	**-**	**152,532,512**
March 31, 2021				
Borrowings	9,000,000	29,000,000	-	38,000,000
Trade payables	12,608,159	-	-	12,608,159
Lease Liabilities	428,133	2,093,071	-	2,521,204
Other liabilities	46,013,942	-	-	46,013,942
Total	**68,050,234**	**31,093,071**	**-**	**99,143,305**

34. Loans and advances in the nature of loans given to subsidiaries / associates and firms / companies in which directors are interested

Partculars	March 31, 2022	March 31, 2021
Lycan Electric Private Limited		
Balance outstanding	3,303,285	3,303,285
Maximum amount outstanding during the year	3,303,285	3,303,285

35. Disclosures required under Sec 186(4) of the Companies Act, 2013

Name of Loanee	Purpose	Rate of Interest	March 31, 2022	March 31, 2021
Lycan Electric Private Limited	Working Capital*	Interest Free	3,303,285	3,303,285

* Repayable on demand

36. Earnings Per Share (EPS)

	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	Net Profit attributable to shareholders	(83,513,687)	(38,143,161)
b	Weighted Average No. of shares	28,752	29,078
c	Face value per share	10	10
d	Basic EPS	(2,904.64)	(1,311.75)

37. Expenditure in Foreign Currency

	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	Travelling Expenses	-	-
b	Capital Goods	3,545,316	-
c	Raw Material	3,968,102	3,850,930
d	Testing Fees	-	-

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.

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.

39. Gratuity

The Company has a defined benefit gratuity plan which is managed by the Company. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Changes in the present value of the defined benefit obligation are as follows:

Sr. No.	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	Defined benefit obligation at the beginning of the year	2,288,920	3,328,551
b	Interest Cost	144,202	203,042
c	Current service cost	587,769	1,692,376
d	Actuarial (gain)/loss due to change in financial Assumption	-	-
e	Actuarial (gain)/loss on obligation	272,549	(2,935,049)
f	Present Value of Benefit Obligation at the end of the Period	3,293,440	2,288,920

Details of defined benefit obligation

Sr. No.	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	Present value of defined benefit obligation	3,293,440	2,288,920
b	Fair value of plan assets	-	-
	Plan liability	**3,293,440**	**2,288,920**

Net employee benefit expense recognised in the statement of profit and loss:

Sr. No.	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	Current service cost	587,769	1,692,376
b	Interest cost on benefit obligation	144,202	203,042
c	Expected return on plan assets	-	-
d	Contribution by employer	-	-
e	Net benefit expense	731,971	1,895,418

Expenses recognized in the Other Comprehensive Income (OCI) for Current Period

Sr. No.	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	OCI recognised during previous periods	(1,282,584)	1,652,465
b	Remasurement for the year	272,549	(2,935,049)
c	Change in Asset Ceiling	-	-
d	Net (Income)/Expense for the period recognized in OCI	(1,010,035)	(1,282,584)

Amounts for the current and previous periods are as follows:

Sr. No.	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	Defined benefit obligation	3,293,440	2,288,920
b	Plan assets	-	-
c	Surplus / (deficit)	(3,293,440)	(2,288,920)
d	Current liability	415,540	368,301
e	Non - Current liability	2,877,900	1,920,619
f	Amount not recognised due to asset ceiling	-	-
g	Net asset / (liability) recognised in balance sheet	**(3,293,440)**	**(2,288,920)**

The principal assumptions used in determining defined benefit obligation are shown below:

Sr. No.	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
a	Discount rate	7.00%	6.30%
b	Rate of increase in compensation levels	10.00%	10.00%
c	Expected rate of return on plan asset	NA	NA
d	Expected average remaining working life	9.31	9.30
e	Retirement Age	60 years	60 years
f	Actual rate of return on plan assets	NA	NA

40. Information as regards status of suppliers/vendors under Micro, Small and Medium Enterprises Development Act, 2006 is not available and hence disclosures, if any, in respect of names of the small scale undertaking(s) to whom the entity owes a sum exceeding Rs.1,00,000 together with interest which is outstanding for more than 30 days have not been disclosed.

41. The Company is primarily engaged in the business of manufacuting of electrical vehicles, which as per Indian Accounting Standard 108 on "Operating Segments "is considered to be the only reportable business segment. The Company is primarily operating in India which is considered as a single geographical segment.

42. The other requirements of the Schedule III of the Companies Act, 2013 not specifically disclosed are either NIL or not applicable to the Company.

43. Consumption of Import and Indiginous Goods

Sr. No.	Particulars	Year ended on March 31, 2022	Year ended on March 31, 2021
1	Imported Goods	3,968,102	3,850,930
2	Indiginous Goods	34,586,417	12,416,956
	Total	**38,554,519**	**16,267,886**

44. The Company does not have any Foreign Currency Exposure as at March 31, 2022 (PY – NIL).

45. The Company does not have any Contingent Liabilities as at March 31, 2022 (PY – NIL).

46. The Company has Outstanding Capital Commitment to the extent of Rs 3,84,85,708 as at March 31, 2022 (PY – Rs. 9,70,36,954).

47. Previous year figures have been regrouped, wherever necessary, to confirm the classification for the year ended on March 31, 2022.

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For BS & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: W100072

Ashwin Umarji
Partner
Membership Number: 138209

Place: Pune
Date: May 12, 2022

For and on behalf of the Board of Directors of
Tork Motors Private Limited

Kapil Shelke
Managing Director
DIN : 02880431

Place: Pune
Date: May 12, 2022

Chandrakant Shelke
Director
DIN : 06676000

Place: Pune
Date: May 12, 2022

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