



# EXPAN- DING HORI- ZONS.

GETTING FUTURE READY.

BALU FORGE INDUSTRIES LIMITED  
ANNUAL REPORT 2022-23

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Notice

## Reporting scope and boundary


This report covers financial and nonfinancial information and activities of Balu Forge Industries Limited ('the Company' or 'BFIL') during the period April 1, 2022, to March 31, 2023. In this, we aspire to provide an incisive view of our performance and strategy across business segments. The content of this Report depicts both quantitative and qualitative disclosures on our performance.

## Forward-looking statements

This Report contains statements about expected future events and financials of Apollo Micro Systems Limited, which are forward-looking. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate and actual future results and events may differ materially from those expressed in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update these forward-looking statements which reflect events or circumstances, after the publication of this document.

## Precautionary approach

We follow a precautionary approach towards minimising our operational impact on the environment. We have implemented best-in-class technology for our manufacturing operations to limit our ecological footprint, and we continue to enhance our efforts towards the same. At all our plants, we have implemented environment, health, and safety (EHS) management systems to monitor and address any concerns.



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In a world that is ever-evolving and dynamic, the journey towards success is often marked by the ability to anticipate change and adapt proactively.

The theme of this year's Annual Report, encapsulates our commitment to not only embrace change but also to harness it as a catalyst for growth.

As we recount the achievements of the past year, it becomes evident that the landscape in which we operate is in a constant state of flux.

The challenges we face today and those that lie ahead demand more than just conventional approaches – they require foresight, innovation, and an unwavering commitment to being 'future ready.'

Our growth over the years is a testament to our organization's ability to expand its horizons, transcending traditional boundaries and seeking new opportunities. Our resilient business model and long-standing experience have been instrumental in helping us navigate challenges and capitalise on opportunities in the dynamic industry landscape.

We have embraced emerging technologies, reimaged processes, and ventured into uncharted territories, all with the aim of not merely keeping up with the times, but staying ahead of them.

## **Our future readiness is demonstrated by...**

... continuous capacity expansion to address prospective demand

...imbibing new technologies to enhance efficiency and be cost efficient

... superior innovation and rationalisation of costs to stay ahead of the competition

... building strong relationship with our customers to emerge as a preferred supplier

Our incremental progress not only reflect our collective drive to prepare for the future in a holistic and comprehensive manner, but also showcases how we have invested in our people, empowering them with skills and knowledge that are not only relevant today but will also be invaluable in the years to come.

Our collaborations and partnerships have been carefully cultivated to ensure that we remain at the forefront of industry developments.

But being 'future ready' goes beyond technological advancements; it's about cultivating a mindset of agility and adaptability. It's about fostering an environment that encourages innovation and embraces change as an opportunity.

## **Our growth over the years showcases...**

How we've transformed challenges into stepping stones.

How we have converted uncertainties into possibilities.

How we have transformed limitations into launching pads.

Our journey towards '**future readiness**' is a continuous one – a journey that requires vigilance, determination, and an unyielding commitment to expand our horizons, reaching for the uncharted and embracing the unknown with open arms.

Today, we stand on the precipice of what lies ahead, equipped with the wisdom of the past, the tools of the present, and the vision to shape a promising future.



# NUMBERS THAT DEFINE OUR JOURNEY

Building on a  
proud past;  
creating a strong  
future.

## 35+

YEARS OF INDUSTRY EXPERIENCE

EXPORTS PRODUCTS TO MORE THAN  
**80** COUNTRIES ACROSS **6**  
CONTINENTS

## 18,000

MTPA

INTEGRATED MACHINING CAPACITY OF  
OUR STRATEGICALLY LOCATED FULLY  
INTEGRATED MANUFACTURING UNIT

## 1

TECHNOLOGICALLY ADVANCED  
RESEARCH AND DEVELOPMENT UNIT

## 700+

STRONG AND DEDICATED WORKFORCE  
GIVING THE COMPANY PEOPLE EDGE

## 3,60,000

ANNUAL CRANKSHAFTS PRODUCTION  
CAPABILITY

## 6,000

ANNUAL WHEEL AND WHEEL SET  
MANUFACTURING CAPACITY

## About us

### This is the story of Balu Forge Industries Limited

We started our journey as an organisation focused on safeguarding the interest of our stakeholders, Balu Forge Industries Limited (BFIL), through dedicated research and development and product innovation.

But, with each passing year, we grew from strength to strength.

## We did so...

**By** raising our benchmark. | By hiring the best of the people. | By seeking opportunities in uncertainty. | By imbibing the spirit of pushing the boundaries. | By pioneering the development of new products. | By keeping our commitments made to our stakeholders.

Thus, after more than three decades of existence, we have been successful in making a mark of ourselves in the Indian forging and precision engineered products industry.

What resulted was a multi-decadal sustainable performance that allowed us to further cement our position in the industry.

Our relentless focus on adopting sophisticated technology and upholding the highest standards of operational excellence allowed us to create a **name** for ourselves.

## Who we are

Established in 1989, Balu Forge Industries Limited (BFIL) has evolved to emerge as one of India's leading manufacturer and supplier of precision engineered products, crankshafts and forging components which find application across a wide range of end user industries.

With sustainability as an unwavering core value, we have built an integrated facility with end-to-end capabilities for supporting internal combustion engine as well as new age mobility solutions.

Empowered by our strong R&D capabilities, BFIL has meticulously carved a distinctive niche within the intricate tapestry of the industry landscape. This endeavour has culminated in the provision of products finely attuned to cater to the ever-evolving needs of our discerning consumers. Backed by certifications like IATF 16949 accredited by Tuv Nord Cert GMBH, we have established our credentials as a reliable and quality conscious manufacturer and supplier of precision engineered products, crankshafts and forging components.

## Our Mission & Vision

We aim to always **under promise** & **over deliver** in all our ventures.

We continuously strive to be a preferred supplier of Precision Components to OEM's in India and around the world.

We aim to enhance and grow our reputation as one of the world's most respected manufacturing companies by exceeding customer expectations, providing an engaging and supportive work environment, and delivering financial success.

We aim to ensure that we establish a robust management system to enhance customer's experience in dealing with us, satisfaction of all stakeholders and due consideration to the environment.



# OUR CULTURE

## The driving force of our success



### Respect

We value each other, our customers, our business partners, and our environment.



### Honesty

We are genuine and open in our communication.



### Commitment to Quality

We deliver products that exceed our customer's expectations.



### Creativity

We listen, encourage and support different approaches as we continually strive to improve



### Growth

We invest in personal and professional development.



### Teamwork

We work together towards a shared goal.



## About us

# OUR GROUP STRUCTURE

Over the years, we have spread our wing by forming three subsidiaries, one based out of UAE and two based in India. This has helped us acquire new clients and grow sustainably.

**BALU FORGE  
INDUSTRIES  
LIMITED**

**Safa Otomotiv**  
FZ LLC (100%)

**Naya Energy  
Works Pvt Ltd**  
(100%)

**Balu Advanced  
Technologies  
& Systems  
Private Limited**



# What we have on offer

Fuelled by our impressive R&D prowess, profound industry acumen, strong backward integration capabilities, and a profound grasp of customer requisites, we have meticulously crafted an expansive array of specialized products that helps us cater to numerous industries. Additionally, our quality certifications like IATF 16949, ISO 9001:2015, ISO 14001:2015, and ISO 18001:2015, among others, have helped us cater both renowned domestic and international clients.

Product	Capabilities
Crankshafts	-
Railway Wheels	Axles and Wheel Sets
Under Carriage	Track Shoe, Track Link, Track Roller, Carries Roller, Sprocket, Track Chain, Idler
Transmission & Clutches	Drive Shafts, Input & Output Shafts, Main Shafts, Yokes
Chassis	Front Axle Beams, Steering Knuckles, Control Arm, Fork, Steering
Oil, Gas and Flow Control	Stainless Steel Flanges, Valve Components, Stub Ends, Forged Hydraulic Fittings
Hydraulic Motors	Rotor, Track, Body & Piston Brakes
Brake Parts	Hub, Brake Flange, Disc, Caliper
Hooks	Sorting, Snap, Shank, Ramshorn Lifting Hooks
Towing Accessories	Swan Necks, Flange Balls, Tow Bar
Turbine Blades	-
New Generation Vehicles	Shafts, Transmission Shafts, Drive Shafts, Rotor Shafts, Rotor Carrier, Main Drive Shafts, Toothed Shafts

## Industries We cater



**Agriculture**  
(Tractors, Harvesters)



**Heavy Duty**  
(Trucks, Buses, Trailers Automotive)



**Generators**  
(Industrial, Standby, Home backup, Portable)



**Oil & Gas**  
(Pumps & Compressors)



**Refrigeration**  
(Industrial Compressor)



**Off Road & On Road**  
(Motorcycles, Carts, Jet Skis)



**High Performance**  
(Racing Series)



**Locomotive**



**Marine**



**Aerospace**



**Defence**



**Railways**

About us

# WHERE WE ARE

Headquartered in Mumbai, India, we have our one state-of-the-art manufacturing facilities located in the states of Karnataka and one unit in UAE.

In terms of product presence, the Company has its product presence in more than 80 countries spread across 6 continents. The strategic locations of our various facilities enable us to remain well placed and prepared to unlock the untapped potential of the growing end-user markets in India and across the globe.

## India offices





# LOOKING BACK AT FY23

Reflecting on a year of  
progress and achievements

**FY23 witnessed BFIL record the highest-ever numbers across some of the key financial parameters**

**₹32,663.89 LAKHS**

REVENUE FROM OPERATIONS IN FY23, INCREASE OF 14.2% FROM FY22

**₹6,242.37 LAKHS**

EBIDTA IN FY23, INCREASE OF 37% FROM FY22

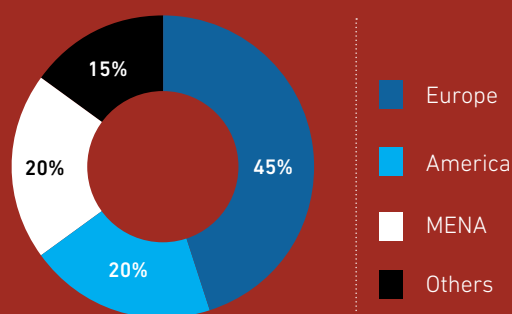
**₹3,891.29 LAKHS**

PAT IN FY23, INCREASE OF 30.40% FROM FY22

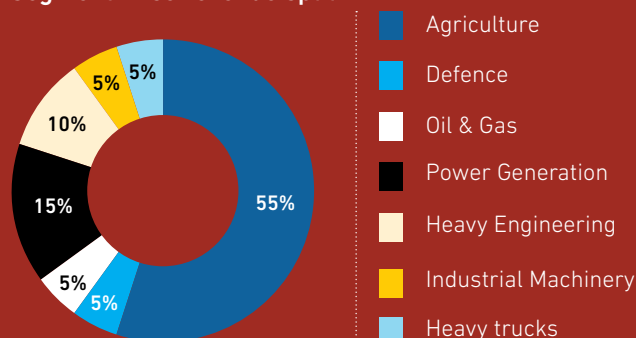
Increase in revenue from operations and profitability for the year can be largely attributed to the expansion in our product offerings, an increase in demand for our key products across various industries, growth in exports, increased contribution from higher margin products and improved operational efficiency.

## Revenue profile in FY23

### Region-wise revenue split



### Segment-wise revenue split



## Acquisition of Mercedes Benz Truck Plant in Mannheim, Germany

During the year, we embarked on acquiring the precision machining unit of the Mercedes Benz Truck Plant in Mannheim, Germany. This expansion propels us to the next level as it enables us to produce precision machined components for Original Equipment Manufacturers (OEMs) in the Class 7 & Class 8 Trucks & Heavy-Duty Vehicle category.

## Planned greenfield capacity expansion

During the year, we embarked on setting up a new 52,000 sq. mt. manufacturing facility in Belgaum, Karnataka. The new facility will feature a state-of-the-art precision engineering center, which will not only increase production efficiency but also allow the company to broaden its product line in ICE and new energy sectors.

## Working towards emerging as a solution provider

Our efforts this year were directed towards improving efficiency and meeting the demand for superior products by adopting a solution focused approach for New Energy Components.



# MESSAGE FROM THE CHAIRMAN



As we continue to grow our presence, we intend to focus on understanding and meeting customer needs through personalized products, efficient customer service, and strong relationships."

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## *Dear Shareholders,*

I am pleased to present BFIL's FY23 performance. On the face of it, the year 2022-23 marked a watershed in our existence. Commencing our voyage in 1989, we have nurtured consistent growth throughout the years, culminating in an accomplished presence spanning over three decades within the precision engineering industry. However, an epiphany has dawned upon us, signalling that the moment is ripe for an accelerated expansion, thereby creating an enhanced value for our esteemed stakeholders.





What made this journey incredible is that we have successfully embarked on our strategic vision and have achieved a majority of the milestones set by the management over the course of our journey. Over the period, we have sincerely worked on our commitments, ensured we kept our promises and thus, today BFIL has emerged as one of the leading players in the Indian precision engineering, crankshaft and forging components industry space.

That being said, the big message that I wish to communicate today is that we are working very hard to sustain such crests and will continue to work tirelessly to create a sustainable future growth strategy for the Company, and our time starts now.

### **There were a number of reasons behind this optimism**

In the face of widespread global uncertainty, the Indian economy demonstrated remarkable determination and strength. It not only managed to recover to levels seen before the pandemic but also showcased its robustness on the international platform. Retaining its position as the second-fastest growing economy within the G20 nations, this achievement was propelled by a combination of heightened consumer expenditures, supported by favorable governmental policies, and substantial investments in infrastructure. These factors collectively fostered a promising environment for conducting business operations within India.

As a domino effect, the Indian automobile industry also showcased consistent growth over the last few years and aims to double the size of the automobile industry to ₹15 lakh crore by 2024. According to the industry experts, the demand for passenger vehicles (PV) and medium to heavy commercial vehicles (MHCV) within the country remained robust in 2023. This was due to strong interest from consumers and increased

activity in industries. As a result, India has now emerged as the third largest automotive market, surpassing Japan. Additionally, the electric mobility sector is experiencing significant growth, particularly with electric two and three-wheelers. This growth can be attributed to the support of FAME II subsidies and tax incentives provided by various state governments.

The India metal forging market is projected to grow from \$4.32 billion in 2022 to \$8.80 billion by 2029, growing at a CAGR of 10.69%.

I am pleased to state that at BFIL we had foreseen this industry optimism a few years back and thus accordingly realigned our business strategy and capabilities to tap on these opportunities. We believe that this prudent approach has led to one best performing year in the history of BFIL, thereby enhancing stakeholder value.

### **A reflection on our performance in FY23**

FY23 was a record year with the Company achieving historical high revenues, EBITDA and PAT in the history of BFIL. In FY23, BFIL clocked total revenue of ₹33,928.48 lakhs, representing a 15.2% increase over the previous year, on the back of an increase in the orders executed. Our EBITDA margins grew to 18.4% from 15.5% in FY22 on the back of lower material cost and continued focus on efficient cost management. Net income for the year stood at ₹3,891.29 lakhs, a 30.4% increase over the prior year and PAT margin stood at 11.5%, an increase of 140 bps compared to the previous year. Our EBITDA for the year stood at ₹6,242.37 lakhs, an increase of 37% compared to the previous year.

### **The next growth phase**

In a competitive and regulated sector like ours, the luxury of standing still does not exist.

Companies that need to enhance their competitiveness need to keep growing all the time, either by enhancing

their manufacturing capacity, or by investing in cutting-edge technologies, or by undertaking strategic alliances or acquisitions that enhance our capability, bolster our product and service offering.

With a strong commitment to maintaining our leadership in the industry, we undertook one of the most significant expansion plans in the history of BFIL. Our primary objective was to boost our machining capabilities. As a result, we successfully acquired the precision machining unit located at the Mercedes Benz Truck Plant in Mannheim, Germany. This strategic acquisition was finalized in FY22, and in FY23, we are currently in the process of seamlessly integrating these newly acquired machines into our existing manufacturing facility situated in Belgaum, Karnataka. We anticipate completing this integration by the second quarter of FY24. Once fully operational, this venture is projected to elevate our capacity to approximately 30,000 tonnes, contributing to our continued growth and success.

On the organic front, we have set our eyes on setting up a new 52,000 sq.mt manufacturing facility in Belgaum, Karnataka. Equipped with state-of-the-art facilities, this precision engineering center would not only enhance our production capability but would also enable us to extend our portfolio in both the ICE & the new energy sphere. We've already taken the first steps towards making this plan a reality during FY23. Our goal is to have the plant up over the next few years. This move not only reflects our commitment to advancement but also our dedication to meeting the evolving needs of our stakeholders.

Additionally, during the year, we are focused on developing solutions across the entire spectrum of New Energy Components. This strategic effort not only enhances our operational efficiency but also bolsters our capabilities, positioning

us to effectively fulfil the rising demand for superior and cutting-edge products. Expanding the new energy components unit will enable BFIL to broaden its presence in the emerging new energy sector. Additionally, we also concentrated on developing essential expertise in fuel-agnostic systems and components, aiming to both diversify and harmonize the overall product range.

We also put our attention on making our internal processes smoother, aiming to boost how well we operate, cut down on unnecessary steps, and make things faster. These changes have not only brought down costs

At BFIL, we foresee India emerging as the shining star of the global economy, poised to sustain an annual GDP growth surpassing 7% well into the foreseeable future.

but also made our customers even happier with our services. We also focused on developing a robust supply chain strategy that predicts potential disruptions and guarantees a smooth and consistent supply of materials. We aimed to diversify our suppliers and establish a contingency plan to enhance our preparedness.

We believe that there is considerable relationship head room available for us to deploy additional manufacturing and technological capacities in servicing the growing needs of our esteemed clients and acquire a larger wallet share.

### **Growing opportunities**

At BFIL, we foresee India emerging as the shining star of the global economy, poised to sustain an annual GDP growth surpassing 7% well into the foreseeable future. Against this backdrop, the realization of the government's vision for India as a military superpower, a global manufacturing hub, and an 'Atmanirbhar' India is within reach. As these aspirations come to fruition, we expect a substantial surge in demand for the products manufactured by us, thereby presenting a captivating opportunity for a forward-looking company like ours.

### **BFIL's preparedness**

At BFIL, we will not only increase our manufacturing and technical capacities to address the markets of the future, but also reinforce our industry position by aggressively engaging in acquisition and collaboration activities. Further, by investing regularly on R&D, we intend to enhance our operating efficiency and build on our capabilities to introduce pioneering products and to assess new material compositions.

As we continue to grow our presence, we intend to focus on understanding and meeting customer needs through personalized products, efficient customer service, and

strong relationships. Proactively collect customer feedback to identify weaknesses and opportunities for improvement. We use this feedback to drive product innovation and improvement.

### **Adopting a responsible approach**

Ensuring responsible business practices remains a top priority for us. Throughout the year, BFIL's senior management dedicated their efforts to setting clear goals and creating a comprehensive roadmap to address environmental, social, and governance (ESG) considerations across all our operations. In our day-to-day activities, we place a strong emphasis on responsible management of resources and continuously explore methods to decrease waste, save energy, and limit our impact on the environment. Through the adoption of streamlined production methods and the use of environmentally friendly materials, our aim is to play a role in shaping a more environmentally sustainable future.

### **Road ahead**

BFIL has reached an exciting turning point, and we are eager to see where it takes us. Thanks to our corporate strategy, we have been able to maintain an EBITDA margin of 15% or higher, regardless of market fluctuations.

Therefore, we believe that our planned capacity expansion and acquisition strategy, combined with positive macroeconomic developments, will allow us to achieve sustainable revenue growth, increased surpluses, and enhanced shareholder value at a faster rate in the near future.

With best wishes

### **Jaspal Singh Chandock**

*Chairman & Managing Director*

# BUILDING ON OUR STRENGTHS

## What justifies BFIL investment proposition?

Our business philosophy has been consistent for many years: investing for the long term while delivering cash-generative profit growth in the near term. Our core competencies have been the driving force behind our success on this philosophical path.

### BFIL's core competencies

- Over three decades of experience in Precision Engineering
- Proficient in identifying and leveraging opportunities by strategically acquiring valuable assets at favorable prices
- Successful in developing a diverse range of product offerings & applications
- Established a dedicated R&D facility to enhance competency
- State-of-the-art manufacturing facility with strong backward integration capabilities
- Strong distribution network in over 80 countries across 6 continents
- Fully Integrated Forging and Machining Capacity
- Ability to provide our customers with end-to-end designing solutions
- In-house capability to manufacture a product from 2 Kgs to 500 Kgs & upto 3 meters long



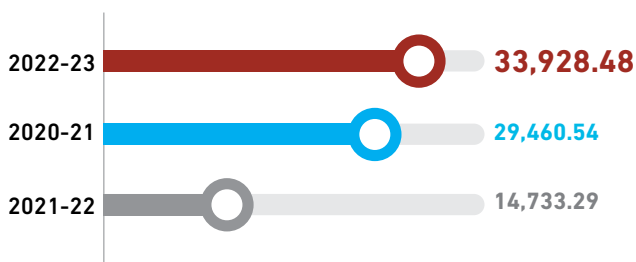


Evaluating our performance, based on key financial metrics

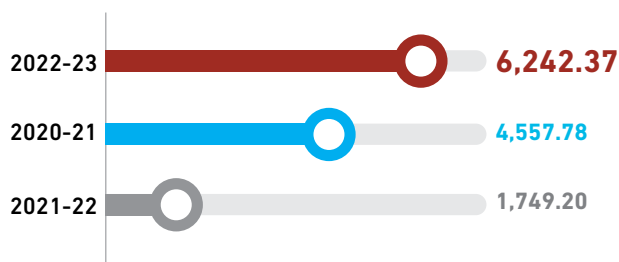
# TRANSFORMING WITH PROFITABLE GROWTH

The various initiatives taken during the year have made BFIL an entity energised for holistic long-term growth. We remain focussed on a continuous increase in both the topline and the bottom-line through fast-paced strategic realignments to the changing business landscape. As we move forward to seize the opportunities of tomorrow across industries, we shall continue to reorient and transform ourselves to emerge sustainable in the near as well as long term.

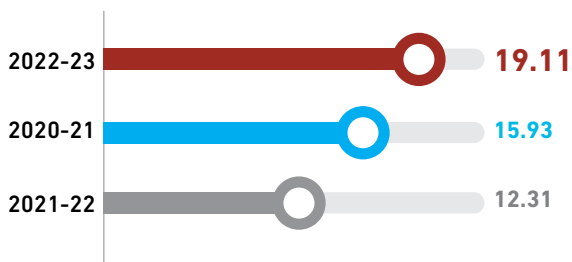
Total revenue (₹ in Lakhs)



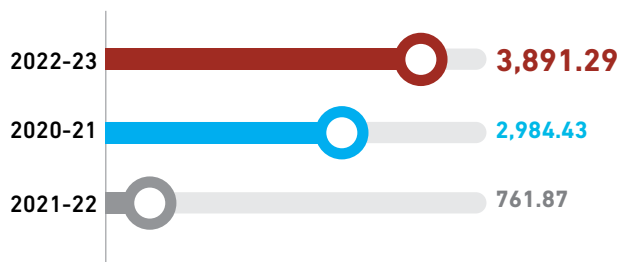
EBIDTA (₹ in Lakhs)



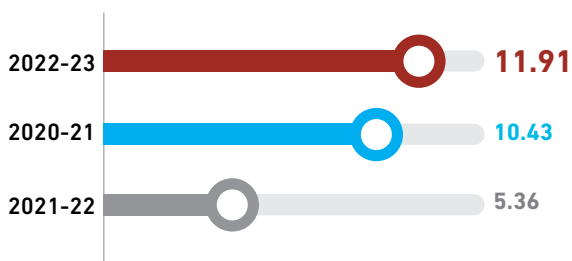
EBIDTA margin (in %)



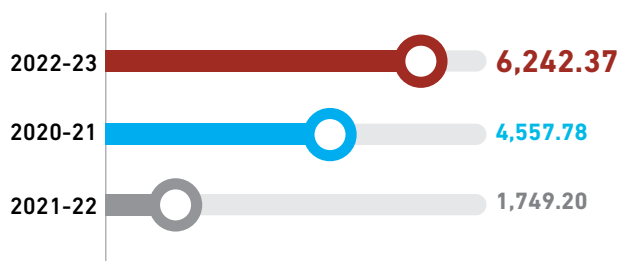
PAT (₹ in Lakhs)



Net profit (PAT) margin (in %)

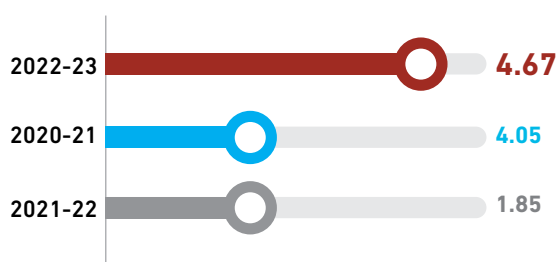


Cash profit (₹ in Lakhs)

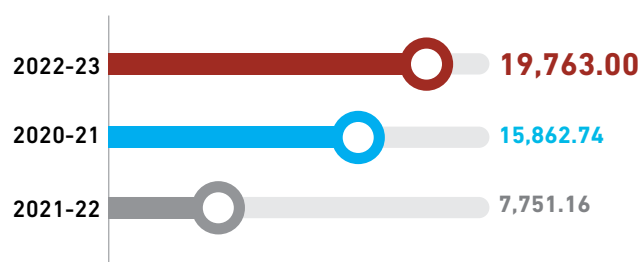




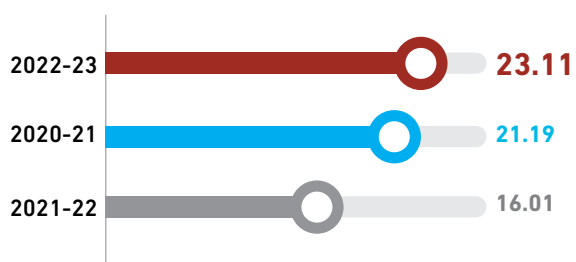
## EPS (₹)



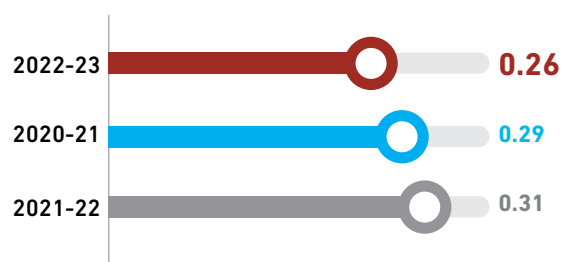
## Net worth (₹ in Lakhs)



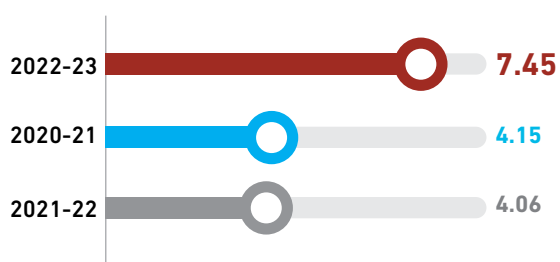
## Return on capital employed (RoCE) (in %)



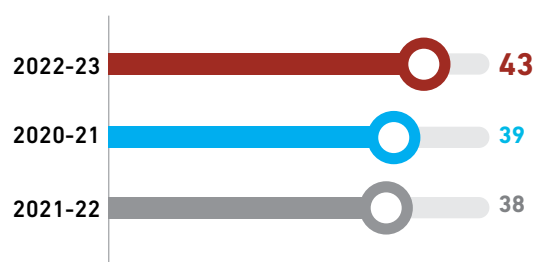
## Debt-equity ratio



## Interest coverage ratio



## Inventory turnover ratio (in days)



## Our business model

# HOW WE ADD VALUE TO OUR BUSINESS



## 1 Inputs

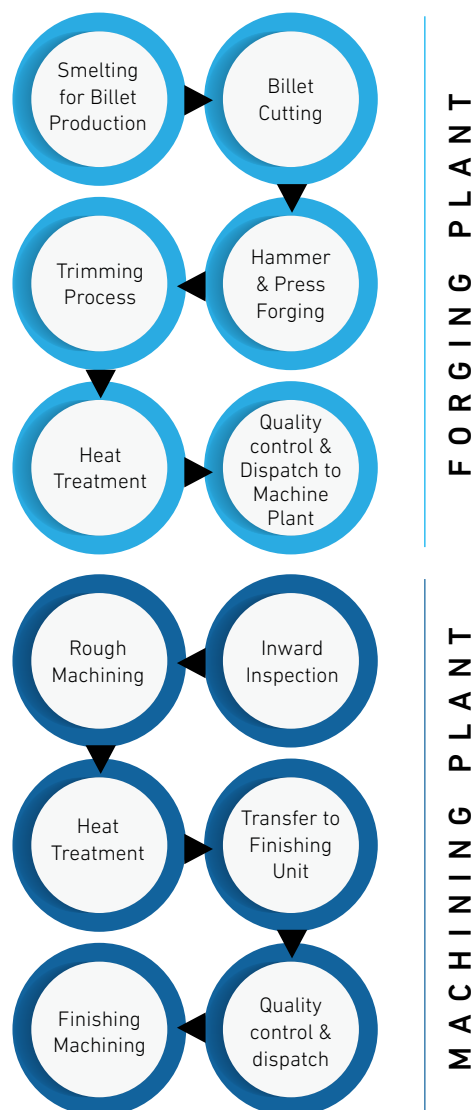


## 2 Value creation process

### Key activities performed

Research and development | Design and simulation | Tools and die making | Forging | Precision machining | Market development | Sales and servicing

### Our integrated machining and forging process



## Functions which help us create value

Manufacturing | Finance and accounts | Human resources and administration | Secretarial and legal | Supply chain management | Sales and marketing | Research and development | IT and digital services | CSR | Energy management

## Key enablers of our business process

Research & development	Quality management	Relationship management	People management
Our deep culture of innovation for technology and product differentiation aids in the development of new products	It helps us ensure the desired product quality at input and output level	Build a deep and nurtured relationship by catering client needs	Technical know-how of people helps build a culture of innovation

## 3 Outputs

We manufacture a wide range of products which help us cater to renowned suppliers and manufacturers across various industries such as automobiles, locomotives, aerospace, defence, oil and gas, railway, marine, prototypes and others.

### Product basket

Crankshafts | Railway Wheels | Under Carriage | Transmission & Clutches | Chassis | Oil, Gas and Flow Control | Hydraulic Motors | Brake Parts | Hooks | Towing Accessories | Turbine Blades

## 4 Outcomes

### FINANCIAL CAPITAL

- Reported record revenue and profits
- Improve working capital management
- Reduce debt and improve debt-equity ratio
- Ensure double-digit revenue growth

### HUMAN CAPITAL

- Prioritising engagement, retention, and effective talent management
- Prioritize employee well-being and promote work-life balance
- Bridging skillset gaps through targeted learning and development programmes

### MANUFACTURING CAPITAL

- Tailored and affordable solutions for the customers and based on regions
- Provide customers with differentiated products, which are highly valued
- Enabling seamless collaboration and borderless growth

### SOCIAL & RELATIONSHIP CAPITAL

- Collaborate with other businesses, NGOs, governmental organizations, and academia to tackle larger social and environmental challenges collectively.
- Prioritize the well-being and development of your employees.
- Foster a positive corporate culture that values inclusivity, diversity, and social responsibility.

### INTELLECTUAL CAPITAL

- Investing in R&D to enhance efficiency
- Product engineering & new product development
- Build on our proprietary knowledge to sustain growth and build on novel innovations

### NATURAL CAPITAL

- Ensure effective usage of natural resources
- Reduce carbon footprint by adopting energy efficient manufacturing process
- Implement sustainable waste management system
- Reduce absolute water consumption



Sustainability at BFIL

# OUR COMMITMENT TO ESG PRACTICES



At BFIL, the environment, social and governance (ESG) framework showcases our intent.

The environmental aspect emphasises the use of sustainable resources, minimising resource consumption, implementing efficient waste management, reducing fossil fuels and reducing our carbon footprint.

The social aspect of our ESG framework focuses on investing in people, nurturing a positive organisational culture, building strong external stakeholder relationships and fulfilling our social responsibilities.

The governance element of our ESG framework outlines how we conduct our business, including strategic direction, ethical values, codes of conduct, and board composition adhering to the requirements of Corporate Governance set out by the governing bodies.

BFIL has minimised environmental impact essentially by adopting environmentally friendly manufacturing practices, technologically advanced machineries, optimum resource utilization, and promoting higher usage of renewable energy. This helped us in reducing carbon emissions and minimising our ecological footprint.

## Our ESG priorities



- Focus on stemming greenhouse gas (GHG) emissions
- Implement efficient inventory and logistics management to reduce carbon emissions
- Promoted material reuse and recycling to reduce waste
- Provided environmental awareness training; promoted technology upgradation
- Implemented urban forest development and saplings plantation

- Our priority has been to prioritize the health and safety of our personnel.
- Implemented risk-based training
- Prioritised safety of employees and communities
- Provided financial help to social and environmental causes
- Promoted women's empowerment; encouraged representation from diverse background and regions



- Strong Board with respected Independent Directors
- Effective Board committee structures and committees
- Policy against sexual harassment



## Expanding our Horizons

# BY BEING A QUALITY CONSCIOUS

At BFIL, we believe that quality is the key to success. We want our customers to be delighted with our products. That's why we work hard to make sure everything we do is of the highest quality.

### Strict quality standards

We have very high standards when it comes to quality. We follow strict rules and guidelines in everything we do. From developing prototypes to incorporating new technologies, we undertake activities with a focus on enhancing quality.

### Top-notch facilities

Our facilities are top-notch. We have the latest technology and equipment to create the best products. This helps us make sure that our products are not only affordable but also of the highest quality.

### Unified standard

Our senior management team guides us in following a unified standard. This means that no matter where our products are sold, they meet the same high-quality standards. This helps us maintain consistency and ensures that our customers are always satisfied.

### Quality management structure

We have a well-defined quality management structure in

place. This means that we have clear rules and processes to make sure everything is done correctly. Our systems, facilities, and processes are aligned with globally accepted standards.

### State-of-the-art R&D facility

Our R&D facility is equipped with advanced instruments. This helps us meet the quality requirements and emerge as a cost-efficient manufacturer. Our machining facilities are also equipped with state-of-the-art infrastructure, such as comprehensive in-house tool room, metallurgical labs, design & process facilities, inspection & tests facilities.

### Prestigious certifications

We are proud to have prestigious certifications such as IATF 16949, ISO 9001:2015, ISO 14001:2015, and ISO 18001:2015. It shows that we are dedicated to maintaining the highest quality standards.

At BFIL, we are committed to providing the best products to our customers. We believe that quality is the foundation of our success, and we will continue to strive for excellence in everything we do.

## Expanding our Horizons

# BACKED BY OUR PEOPLE

At BFIL, our team is our most valuable asset, representing the backbone of our organization. Their combined wisdom, expertise, and experiences are essential for achieving our strategic goals.

We understand the critical role of recruiting, nurturing, and retaining top-tier talent to stay at the forefront of the industry. Over the decades, we have cultivated a skilled and diverse cohort of individuals who embody our principles of innovation, excellence, and integrity.

Empowering our people is a top priority, and we provide a work environment that fosters growth and success. Workplace transformation is a key pillar of our ESG purpose and framework, where we focus on health, safety, diversity, equity, and inclusion initiatives. Our goal is to create an ecosystem of equal opportunities, recognition, and motivation.

This transformative approach is unlocking the full potential of our workforce, resulting in long-term benefits for the organization through a rich blend of skills, experience, and diverse perspectives.





## Board of Directors

# OUR LEADERSHIP



A 2nd generation entrepreneur with decades of investment experience in a vast sphere of industries. The Foundation for BFIL was laid by Mr. Jaspal Singh Chandock under the guidance of late Mr. Prehlad Singh Chandock in the year 1989. The dawn upon himself the responsibility of guiding the company to grow with his enriched experience and technical expertise. The manufacturing of precision components has always been core to the vision of Mr. Jaspal Singh & a presence in over 80 countries has led to the establishment of global brand strong in its values & integrity.

### **Mr. Jaspalsingh Chandock**

Chairman & Managing Director



A young & dynamic leader with a MSc & a BSc in Management studied from H.R College, Mumbai. A 3rd generation entrepreneur who joined the company in 2009. A visionary with a keen interest in innovation in the field of manufacturing. The company has had incremental innovation in the core of its practices since the joining of Mr. Trimaan Chandock. The introduction of the same led to greater productivity, flexibility & speed in the manufacturing plants. The shift to the OEM business had been undertaken after the achievement of the IATF 16949 status under the leadership of Mr. Trimaan Chandock.

### **Mr. Trimaan Chandock**

Executive Director



The youngest & newest recruit who joined the business in 2014 after completion of BSc in Business Management from Cass Business School, London & MSc in Strategic Marketing from Imperial College, London. He has had Previous experience in MNCs such as Reeves & Njoy E-cigs. As entrepreneurship runs in the family, the recent addition has led to application of new technology in the company & further diversification of the product & industry portfolio. The recent setup of the R&D facility under his vision has set a base & laid the path of the company for the future.

### **Mr. Jaikaran Chandock**

Executive Director

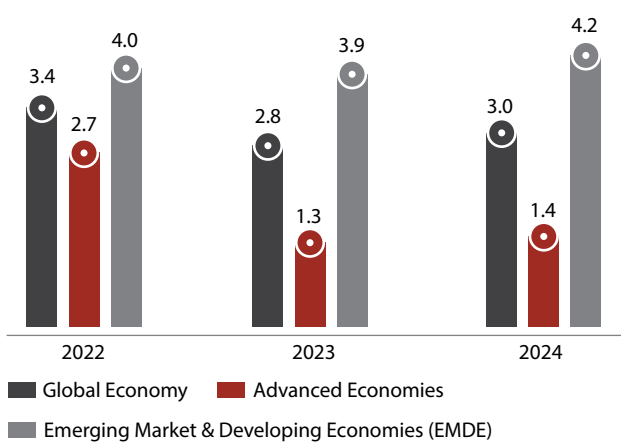
# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMY OVERVIEW

The global economy remains in a precarious state amid the prolonged effects of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation. Over three years after the coronavirus provoked the deepest global recession since World War II, the world economy continues to be unstable, hence it will be necessary to make substantial progress on global ambitions to eliminate extreme poverty, counter climate change, and replenish human capital. Emerging Market and Developing Economies (EMDEs) today are struggling just to manage the wherewithal to create jobs and deliver essential services to their most vulnerable citizens.

After growing 3.1% last year, the global economy is set to slow substantially in 2023, to 2.1%, amid continued monetary policy tightening to prevent high inflation, before a tepid recovery in 2024, to 2.4%. Tight global financial conditions and depressed external demand are expected to weigh on growth across EMDEs.

### Global economic growth (real GDP growth in %)



(Source: <https://www.imf.org/-/media/Images/IMF/Publications/WEO/2023/April/English/growth-projections.ashx?h=2160&w=3841&la=en>)

Inflation is high but expected to gradually decrease due to weaker demand and lower commodity prices. Global financial conditions have tightened due to interest rate hikes and recent instability, leading to unrealized losses for banks. Further, authorities have implemented emergency measures to restore market confidence and limit the impact on the broader financial system. However, unexpected persistence in inflation or commodity price shocks could lead to greater monetary tightening and the risk of another financial crisis.

The global economy is also vulnerable to the impacts of climate change, with more frequent extreme weather events causing significant economic damage. These events could lead to failed harvests, damaged infrastructure, disruptions to activity, and

weakened fiscal positions for governments. Additionally, trade restrictions and growing geopolitical tensions may further harm long-term growth by reducing technological diffusion, efficiency of resource allocation, and market diversification.

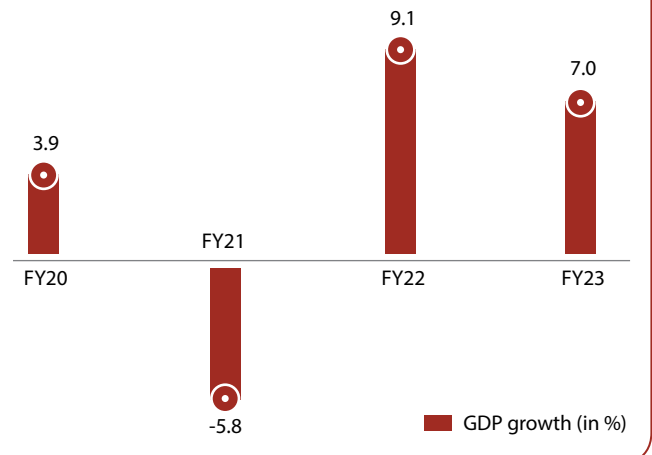
Overall, the global economy is facing challenges from high inflation, financial instability, climate change, and geopolitical tensions. These factors have contributed to a rough state of the global economy, characterized by severe economic shocks and policy misjudgments.

(Source: A World Bank Group Flagship Report)

## INDIAN ECONOMY OVERVIEW

In a world ravaged by multifaceted uncertainties, India emerged as a beacon of hope, registering a strong GDP growth of ~7.0% in FY23. While India has not been completely immune to global volatility, strong private consumption and increased capital creation sustained the economic momentum.

### India's economic growth



(Source: <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>)

While the Central Banks brought down spiralling inflation through gradual monetary tightening, it cast a shadow on industrial activity which dropped considerably. The drop was well cushioned as the agriculture and services sectors reported strong growth in FY23.

India's overall exports (including merchandise and services) defied the global turmoil by registering a handsome growth of 13.84% to a record US\$770.18 billion in 2022-23. Imports on the other hand also scaled by 17.38% to US\$ 892.18 billion.

The Government revenue continued to scale new heights underpinned by strong GST revenue. Gross tax collections grew 10.4% in 2022-23, but this was lower than the nominal GDP growth of 16.1%, resulting in the gross tax-to-GDP ratio

falling marginally to 11.3% from 11.5% the previous year. This was mainly on account of lower excise duty collections following the cuts on fuel last year.

The Budget 2023 is characterised as growth-oriented, progressive, and prudent, with a specific focus on stability and sustainable development. The Budget introduces various policy measures aimed at generating demand for a variety of chemicals, including construction chemicals, emission control catalysts, thermoplastic polyurethane materials TPUs, bio-pesticides, and more.

Additionally, changes in the Basic Customs Duty (BCD) rates for goods such as crude glycerin, denatured ethyl alcohol, acid-grade fluorspar, and specified chemicals for the manufacture of pre-calcined Ferrite Powder are expected to provide impetus to increase domestic manufacturing of these products, aligning with the Make in India initiative.

As India's domestic demand remained steady amidst a global slowdown, import growth in FY23 was estimated at 16.5% to US\$714 billion as against US\$613 billion in FY22. India's merchandise exports were up 6% to US\$447 billion in FY23. India's total exports (merchandise and services) in FY23 grew 14% to a record of US\$775 billion in FY23 and is expected to touch US\$900 billion in FY24. Till Q3 FY23, India's current account deficit, a crucial indicator of the country's balance of payments position, decreased to US\$18.2 billion, or 2.2% of GDP. (Source: Ministry of Trade & Commerce)

The Reserve Bank of India started tightening its policy stance during the spring of 2022 to limit the damage caused by foreign capital outflows, a weakening currency, and inflation risks. Higher financing costs slightly dented buoyant economic activity, while over-leveraging in the corporate sector may become a factor of financial instability.

Low labour productivity is affecting the competitiveness of "Made in India" goods and their participation in global value chains. Employment and wage estimates suggest improving labour market conditions in rural areas, while export-oriented service firms report increasing difficulties filling vacancies. Creating good jobs is the most promising pathway to reduce poverty, which is particularly high in the female population. Increasing investment in education and vocational training, and updating labour laws, would help to achieve this objective.

There are green shoots of economic revival, marked by an increase in rural growth during the last quarter, and an appreciable decline in consumer price index inflation to less than 5% in April 2023. India is expected to grow around 6-6.5% (as per various sources) in FY2024, catalysed in no small measure by the government's 35% capital expenditure growth. The growth could also be driven by broad-based credit expansion, better capacity utilisation, and improving trade deficit. (Source: IMF Data)

Hence, broad-based credit growth, improving capacity utilisation, government's thrust on capital spending and infrastructure should bolster investment activity. Accordingly,

manufacturing, services, and infrastructure sector firms are optimistic about their business outlook. The downside risks are protracted geopolitical tensions, tightening global financial conditions, and slowing external demand.

## GLOBAL AUTOMOBILE INDUSTRY OVERVIEW

The year 2022 witnessed considerable challenges for the global automotive sector. Car sales for the year saw a marginal increase of 0.7%, reaching 67.2 million units largely owing to obstacles, such as disruptions in the supply chain, an energy crisis, inflationary pressures, elevated interest rates, concerns about a potential recession, and a scarcity of magnesium and semiconductors.

The shortage of semiconductors, also known as chips, is anticipated to persist throughout 2023 due to disruptions in the global semiconductor industry, a substantial gap between supply and demand, the Russia-Ukraine war, and bottlenecks in the supply chain. Nevertheless, it is expected that semiconductor supply will gradually stabilize in the latter half of 2023. Automotive manufacturers are actively exploring various strategies to secure semiconductors, and they are likely to benefit from novel procurement models and stronger collaborations among OEMs (original equipment manufacturers), Tier 1 suppliers, and semiconductor providers.

On a global scale, the automotive industry is observing a notable surge in the adoption of electric vehicles (EVs). This trend has led to heightened investments in the development of EV infrastructure, aimed at accommodating the escalating demand for electric vehicles. With increasing concerns regarding fuel costs, sustainability, and stringent regulations aimed at curbing transportation-related emissions, a significant decrease in the sales of fossil-fuel cars is evident. This shift has consequently driven the widespread acceptance of electric and hybrid vehicle models.

In spite of the difficulties encountered over the past few years, the worldwide automotive industry is anticipated to experience robust expansion in 2023 and beyond. The global automotive aftermarket sector is set for substantial growth, with a projected market value of USD 589.01 billion by 2030, reflecting a Compound Annual Growth Rate (CAGR) of 4.0% from 2023 to 2030.

## Outlook

Despite facing macroeconomic headwinds, the global automotive industry's outlook remains positive, albeit with some vulnerability in the near term. This positivity is expected to be supported by consistent production volumes, delayed order backlogs, and low cancellation rates. Additionally, the industry is anticipated to benefit from gradual economic recovery, the easing of the semiconductor crisis and supply chain pressures, moderation in inflation, improved consumer demand, and the development of new technologies in 2023 and beyond.

Projections indicate that new car sales are poised to grow by 0.9%, while commercial vehicle (CV) sales may experience a 1.3% decline in 2023. However, the European automotive market

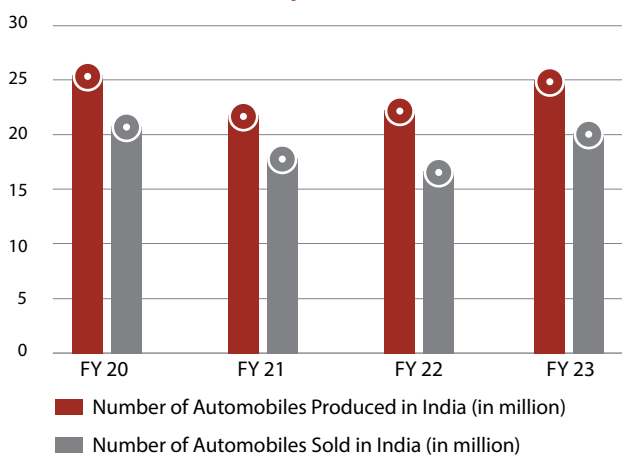
is likely to witness demand softening due to ongoing geopolitical uncertainty and the energy crisis. Despite these challenges, the electric vehicle (EV) segment is expected to remain a bright spot, stimulating growth in the global automotive industry. Moreover, the increasing demand for vehicles in transportation, commercial, and tourism sectors is expected to make a substantial contribution to the industry's growth in 2023.

### INDIAN AUTOMOTIVE INDUSTRY

In FY23, the Indian automobile industry displayed persistent resilience, benefiting from the global supply chain rebalancing and the government's vigorous promotion of domestic manufacturing. According to the Society of Indian Automobile Manufacturers (SIAM), automobile production in FY23 surged to 25.9 million units, a notable increase from the 23 million units recorded in FY22.

Throughout the year, there was a noticeable enhancement in passenger vehicle production due to the alleviation of semiconductor supply constraints. Automotive sales maintained their robust performance across all segments. Notably, the passenger vehicle (PV) segment achieved an unprecedented sales milestone of 3,890,114 units in FY23, driven by sustained consumer demand, improved supplies from automakers, as well as new launches and product upgrades from original equipment manufacturers (OEMs). Meanwhile, the commercial vehicle (CV) segment demonstrated remarkable growth, reaching 9,62,468 units in FY23, marking a 34% year-on-year increase. The medium and heavy commercial vehicles (MHCV) sub-segment experienced an even more impressive growth rate of 49% in FY23.

#### Number of automobiles produced and sold in India



(Source: [https://www.ibef.org/download/169277513\\_Automobile-May-2023.pdf](https://www.ibef.org/download/169277513_Automobile-May-2023.pdf))

### Did you know?

India is the world's largest tractor manufacturer and also the largest manufacturer of two and three wheelers.

### Outlook

In the year 2022, India achieved the status of being the third-largest automobile market globally, following China and the US. Despite facing challenges like rising input costs, elevated ownership expenses due to regulatory concerns, and higher inflation potentially leading to increased vehicle prices, the Indian automotive sector is projected to maintain its growth trajectory in 2023. This projection is supported by several factors, including enhanced consumer demand, readily available credit and financing options, population expansion, the incorporation of wireless technology into vehicles, and the surging popularity of electric vehicles (EVs). Additionally, the automotive industry is expected to benefit from a substantial ₹10 lakh crore capital investment in infrastructure development. Government initiatives like Make in India, the Production Linked Incentive (PLI) scheme, the Foreign Trade Policy (FTP), and programs such as Advance Authorization and the Export Promotion Capital Goods Scheme are anticipated to provide a boost to automobile manufacturing and exports.

### INDIAN DEFENCE INDUSTRY

The Indian defence industry is pivotal for the government and stands out as one of the world's fastest-growing military forces. Key sectors include military aircraft, naval vessels, and missiles. Recent emphasis on modernization and self-reliance has boosted the defence manufacturing sector. The government actively encourages defence exports to enhance the economy while striving to develop indigenous technologies and manufacturing. This aligns with the Make in India initiative, bolstered by reforms like increased foreign investment and defence corridors in specific states. Over the past nine years, policy initiatives and streamlined export procedures have propelled defence exports. In FY23, the Ministry of Defence's efforts led to a historic milestone, with defence production surpassing ₹1 lakh crores, a 12% growth from ₹95,000 crores in FY22.

#### Budget 2023-24 allocations for the Indian defence sector

- Indian defence sector was allocated ₹5.94 lakh crores in Budget 2023-24, a jump of 13% over the previous year.
- Allocated ₹1.38 lakh crores for the Defence Pensions
- Capital outlay pertaining to modernisation & infrastructure development of the defence sector increased to ₹1.62 lakh crores; 57% rise since 2019-20
- Capital budget of BRO enhanced by 43% to ₹5,000 crores
- Allocation to DRDO increased by 9% to stand at ₹23,264 crores



	MoD (Civil)	Pension	Defence Services	Total MoD
2022-23 (BE) (INR billion)	201.00 (4%)	1,196.96 (23%)	3,853.70 (73)	5,251.66 (100%)
2022-23 (RE) (INR billion)	218.76 (4%)	1,534.14 (26%)	4,095.00 (70%)	5,847.91 (100%)
2023-24 (BE) (INR billion)	226.13 (4%)	1,382.05 (23%)	4,327.20 (73%)	5,935.38 (100%)
% Increase in 2021-22 (BE) over 2020-21	3.4	-9.9	5.7	1.5

(Source: <https://www.orfonline.org/research/high-on-revenue-low-on-capital-indias-defence-budget-2023-24/>)

[Note: BE and RE represent Budget Estimates and Revised Estimates, respectively; Percentage figures in parentheses show the respective shares in MoD's total.]

In FY23, India achieved an unprecedented milestone in defence exports, with figures surging from ₹686 crores (\$82 million) in FY14 to an impressive ₹16,000 crore (\$1.9 billion). This 23-fold increase highlights India's strides in global defence manufacturing. It now exports defence equipment to 80+ countries, including Sri Lanka, Nepal, Maldives, Italy, France, Russia, Saudi Arabia, and more. This diverse portfolio underscores India's growing prowess in the international defence market.

## COMPANY OVERVIEW

Established in 1989, Balu Forge Industries Ltd (BFIL) specializes in the manufacturing and supply of finished and semi-finished forged crankshafts and precision engineering components. The company boasts the capability to produce components in compliance with the latest emission regulations and energy vehicle standards. Operating as a fully integrated forging and machining unit, BFIL offers an extensive product range, catering to customers with forging requirements ranging from 1 Kg to 500 Kgs. The facility is equipped with closed die forging hammers and presses, collectively possessing a monthly production capacity of 5,000 tons. Impressively, the company has the capacity to manufacture 3.6 lakh crankshafts annually. With a global distribution network spanning over 80 countries, BFIL serves both domestic and international markets. Its clientele encompasses renowned suppliers and manufacturers across

diverse industries including prototypes, vehicles, commercial vehicles, off-highway vehicles, ships, locomotives, aerospace, defense, oil and gas, railway, marine, and others.

Over the years, BFIL has amassed an extensive knowledge and technology base, which serves as a strong foundation for outpacing competitors and maintaining a leading position in the market. The company has proactively embraced the integration of the latest technologies, resulting in an enhanced product offering, remarkable efficiency improvements, cost reductions, and the creation of new markets for their products.

## Our growth drivers

- Machining capacity to increase by ~15,000 tonnes post Mercedes Benz Plant commercialization
- Developing solutions across the entire spectrum of New Energy Component
- Developing components for railway and defence industry
- Developing Powertrain sub-assemblies which will be used in the production of engines
- Expanding the wheel production capacity to 48,000 wheels per year
- Integrating Precision Engineering with Forging to provide end-to-end capabilities and increase EBITDA margin sharply

## Key strategic priorities for the Company



Grow and strengthen network advantage



Deliver operational and organisational efficiencies



Disciplined allocation of capital and improved cash flow generation



Innovate offerings through focused R&D



Build a talented workforce

## Our core strengths

**Understanding client needs:** BFIL is committed to grasping and addressing evolving customer needs. We collect feedback consistently and listen attentively to suggestions, enabling us to adapt our offerings to remain pertinent.

**Research focused:** Adapting to change and fostering innovation are vital. BFIL invests in an R&D facility to develop products, services, and solutions for emerging trends and challenges.

**Product portfolio:** The product portfolio comprises niche products assuring integration and synergy in operating facilities.

**Strong brand name:** BFIL stands out with a robust brand identity that sets it apart from rivals, emphasizing alignment with customer values and emotions.

**Cost-competitive:** BFIL focuses on periodical assessment of business processes, products, and services to drive continual enhancements, ensuring long-term competitiveness and relevance.

## RESEARCH AND DEVELOPMENT

BFIL's dynamic R&D center of excellence upholds innovation and quality to fuel our business aspirations. We drive innovation, optimize processes, enhance product ingenuity, and boost manufacturing efficiency in line with our values. This strong R&D commitment supports flawless business strategy execution.

Our R&D drives progress across diverse product segments, pioneering new technologies, product engineering, and additive manufacturing. Our experienced team thrives at the heart of R&D, supported by top-notch infrastructure for specialized products, including in-house tools, labs, design, and testing capabilities.

### Key focus areas of our R&D

- Exploring the use of new materials, such as lightweight alloys or advanced composites, to enhance the product offering.
- Investigating cutting-edge manufacturing methods, such as additive manufacturing (3D printing) or advanced Machining, to achieve higher precision and tighter tolerances.
- Analysing and optimizing product designs using computer simulations and finite element analysis to maximize performance and minimize stress concentrations.
- Building a robust platform for the product expansion into the Railway & Defence Industry by way rapid prototyping & increase the speed of New product development
- Successful Prototyping of some key components for the New Energy Mobility sphere to ensure the long-term vision of building strong capabilities in Fuel Agnostic solutions.
- Investigating new heat treatment methods to enhance the strength and fatigue resistance of our products.

## QUALITY ASSURANCE

We maintain an integrated system to standardise manufacturing processes and ensure strict adherence to quality parameters. Minimising defects through quality management tools has not only helped us grow our continuously but has also helped customer trust.

All our manufacturing facilities are ISO certified for quality, environment, health, and safety. We have implemented six sigma, quality check mechanism and effect analysis, along with other quality tools to easily identify defects and improve processes across various disciplines. With the aim to become a zero-defect organisation, we are developing training and development programmes to set stringent safety standards and minimises deviation from norms.

The core focus of our company centers around delivering excellence in quality, service, and unwavering commitment. Our relentless dedication lies in consistently exceeding the expectations, adhering to specifications, and fulfilling the unique requirements of our esteemed customers. This dedication drives us to uphold these principles across all our operations, ensuring unwavering stability in both quality and service. As a result, our ultimate goal is to achieve nothing short of complete customer satisfaction.

## FINANCE REVIEW

### Consolidated Financial Performance

- I. **Total Revenue:** During the Financial Year 2022-23, the total revenue of the Company is increased by 15% from ₹29,460.54 Lakhs to ₹33,928.48 Lakhs as compared to the previous Financial Year 2021-22. The revenue has increased mainly on account of the expansion of our product range and a rising demand for our key offerings across diverse industries.
- II. **Cost of material consumed:** During the year, cost of material consumed (including a change in inventory) has decreased by 7% from ₹22,027.09 Lakhs in FY 2021-22 to ₹22,679.74 Lakhs in current FY 2022-23. Decrease in cost of material consumed was largely on account of a decrease in commodity price and better negotiations with the vendors.
- III. **Employee benefits expenses:** During the year under review, the Employee benefits expenses increased by 52% from ₹523.63 Lakhs to ₹797.78 Lakhs as compared to the previous Financial Year. The key reason for the increase is increase in workforce and annual increments.
- IV. **Finance Cost:** The finance cost increased by 101% to ₹1,053.16 Lakhs in FY 2022-23 from ₹523.37 Lakhs as compared to the previous FY 2021-22 mainly owing to the increase in both interest rates and the amount of bank borrowings.
- V. **Other Expenses:** Other expenses increased by 79% from ₹2,352.04 Lakhs to ₹4,208.61 Lakhs as compared to the previous FY 2021-22 mainly on account of increase in allowance for expected credit loss and loss on account of foreign exchange fluctuations.

VI. **Net Profit after tax:** During the year, we recorded our highest-ever profit of ₹3,891.29 Lakhs as compared to a net profit of ₹2,984.43 Lakhs in the previous FY 2021-22 on account of improved operational margins and various cost reduction initiatives undertaken by the company.

VII. **Non-Current Liabilities:** The non-current liabilities have increased by 44% from ₹870.68 Lakhs to ₹1,253.14 Lakhs as compared to the previous FY 2021-22 owing to increase in bank borrowings.

VIII. **Current Liabilities:** The current liabilities have increased by 37% from ₹11,709.96 Lakhs to ₹16,059.56 Lakhs as compared to the previous FY 2021-22.

IX. **Non-Current Assets:** The non-current assets have increased by 44% from ₹4,981.71 Lakhs to ₹7,189.67 Lakhs as compared to the previous FY 2021-22 on account of addition to Property Plant and Equipments and Capital advance given to vendors.

X. **Current Assets:** The current assets have increased by 27% from ₹23,461.67 Lakhs to ₹29,886.03 Lakhs as compared to the previous FY 2021-22.

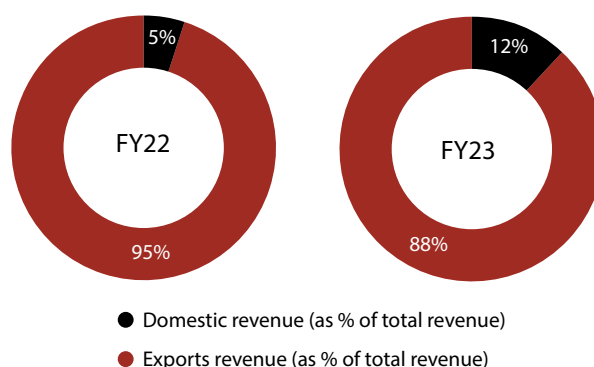
### Export business overview

Revenue contribution from the domestic market stood at 12% while 88% came in from exports. The Company witnessed robust demand from key end-user industries. Steady demand in key export geographies resulted in higher export revenues.

Domestic revenues for FY23 stood at ₹3,766.64 Lakhs, compared to ₹1,391.33 Lakhs in FY22.

Revenue contribution from exports stood at ₹28,897.25 Lakhs, up by 6.18% compared to ₹27,216.59 Lakhs in the previous financial year.

Steady revival in economic activity, combined with cost excellence initiatives undertaken by the Company, helped increase market share in the international markets.



### Details of Key Financial Ratios:

In compliance with the requirement of the listing regulations, the key financial ratios were examined and the ratios with significant changes of 25% or more as compared to the immediately previous financial year have been provided hereunder along with the explanation for the changes, if any.

	FY 2022-23	FY 2021-22	Reason for Significant Change, if any
Inventory Turnover Ratio (in days)	43	39	Inventory days increased on account of the increase in inventory.
Interest Coverage Ratio (times)	7.45	4.15	Ratio improved due to an increase in profitability.
Current Ratio (times)	1.86	2.00	Current ratio improved due to better working capital management.
Debt-Equity Ratio (times)	0.26	0.29	Ratio improved due to an increase in profitability.
Net Profit Margin	11.91%	10.43%	improved operational margins and various cost reduction initiatives undertaken by the company.
Return on Net Worth (RoNW)	20%	19%	Ratio improved due to an increase in profitability.



## RISK MANAGEMENT

A thorough risk-management framework allows us to pre-emptively monitor risks emanating from the internal and external environment. As a result, we have been able to consistently create value for all our stakeholders, despite industry cycles and economic headwinds.

### Our risk management process



### Our risk mitigation plan

The Board takes the following steps as a part of its risk management and mitigation plan:

- Defines the roles and responsibilities of the Risk Management Committee
- Participates in major decisions affecting the organization's risk profile
- Integrates risk-management reporting with the Board's overall reporting framework

The Company functions under a well-defined organization structure. Flow of information is well defined to avoid any conflict or communication gap between two or more departments. Second-level positions are created in each department to continue the work without any interruption in case of nonavailability of functional heads. Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programmes. Effective steps are being taken to reduce the cost of production on a continuing basis, taking various changing scenarios in the market.

### OUR ESG FOCUS AREAS

BFIL aims to substantially lower its absolute greenhouse gas emissions stemming from its operations, ultimately striving to achieve Carbon Neutrality by the year 2030. This positive change can be attributed to enhanced productivity and efficiency measures.

Furthermore, BFIL is committed to a significant 30% reduction in absolute water consumption between 2021 and 2030. This water conservation goal aligns with the company's dedication to responsible resource management.

As part of its comprehensive environmental policy, BFIL is actively implementing a sustainable waste management system. This initiative is geared towards minimizing the company's environmental impact and optimizing resource utilization. Through the integration of energy-saving techniques and efficiency-enhancing measures, BFIL aims to not only reduce its environmental footprint but also make a positive contribution to its sustainability objectives.

### HUMAN RESOURCE

Our business's core asset is our intellectual capital, and the satisfaction of our employees greatly influences our success. BFIL believes that our people are the driving force behind the company, and our prosperity hinges on their growth. We are dedicated to fostering personal development in a secure and inviting environment, while valuing diversity and individual contributions. Our ability to identify, onboard, and retain talent has fueled our expansion. Human capital plays a pivotal role in shaping our Company's future and ensuring smooth operations.

Collaborative teamwork defines our strength as a group. Training and skill development are vital for individual and organizational growth. Through training sessions, we empower our workforce to reach their full potential. Our transparent communication structure encourages employees to share their views with management. These efforts enhance recruitment and retention of top talent, nurturing a committed and satisfied human capital base. Effective HR initiatives and people management practices have been implemented, and BFIL's workforce has exceeded 700 employees as of March 31, 2023 (includes workforce on contract basis).

## HEALTH AND SAFETY MEASURES

The well-being and safety of our personnel is our utmost priority. We understand that a secure and healthy work environment is not only crucial for our employees' welfare but also vital for the sustainable success of our Company. With this in mind, we have established comprehensive health and safety policies and procedures, accompanied by regular training and awareness programs for all our staff. We actively strive to identify and minimize any potential occupational health and safety risks across our operations. By placing a strong emphasis on occupational health and safety, we are cultivating a safety-centric culture that enhances the well-being of our employees.

To effectively identify and address health and safety hazards while elevating our performance in these areas, we have implemented a range of safety measures throughout our corporate office and manufacturing facilities.

## INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has established Internal Financial Controls tailored to its operations' size, scale, and complexity. The Board of Directors ensures their adequacy and effectiveness. These controls aim to ensure accurate financial and operational information, legal compliance, asset protection, proper transaction authorization, and policy adherence. The Company's internal financial control framework aligns with the Companies Act, 2013, and suits its size and operations. Standard Operating

Procedures guide functions, overseen by business heads for compliance.

The Internal Audit function is defined, reporting directly to the Audit Committee's Chairman for objectivity. Annually, the team creates an approved audit plan based on business risk. The Audit Committee monitors its compliance, effectiveness, and sufficiency in evaluating internal control systems, operating and accounting procedures, and policies. Corrective actions are taken based on Internal Audit reports to enhance controls.

## CAUTIONARY STATEMENT

The MDA section contains forward-looking statements concerning the Company's future prospects. These statements entail various known and unknown risks and uncertainties that could significantly impact actual results. Additionally, the Company faces unforeseen and ever-evolving risks in its operating environment. The report's assumptions rely on both internal and external information, forming the basis for specific facts and figures. However, it is crucial to acknowledge that these assumptions may change over time, leading to corresponding adjustments in the estimates. These forward-looking statements represent the Company's current intentions, beliefs, or expectations and are applicable as of their original date. Please note that the Company is under no obligation to revise or update these forward-looking statements, regardless of any new information, future events, or changing circumstances.

# DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the 34<sup>th</sup> Annual Report of Balu Forge Industries Limited ("the Company") together with the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2023.

## 1. FINANCIAL RESULTS

The Financial Highlights for the year Under report are as under:

₹ in crore

Description	Standalone		Consolidated	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Other Income	12.81	8.52	12.65	8.53
<b>Total Revenue</b>	<b>281.87</b>	<b>293.58</b>	<b>339.29</b>	<b>294.61</b>
Total Expenses	238.22	253.70	288.72	255.32
(Loss) / Profit before tax and exceptional items	43.65	39.88	50.57	39.29
Profit before tax	43.65	39.68	50.57	39.09
Tax expense	11.66	9.24	11.66	9.24
Net Profit after tax	31.99	30.44	38.91	29.85
Other Comprehensive expense/ (Income), net of Income tax	0.9	0.17	0.9	0.17
Balance Transfer to Reserve	32.08	30.61	39.00	30.02

The Financial Statements for the year ended 31, March 2023 have been prepaid as per the Indian Accounting Standards (Ind AS)

## 2. REVIEW OF OPERATIONS

During the financial year ended 31<sup>st</sup> March, 2023, the Company has recorded, on standalone basis, total revenue of ₹281.87 crores and the Company has earned Net Profit of ₹31.99 crores as compared to previous year Net Profit of ₹30.44 crores.

On consolidated basis, the Company achieved total revenue of ₹339.29 crores and the Company has earned Net Profit of ₹38.91 crores as compared to previous year Net Profit of ₹29.85 crores.

There was no change in nature of Business of the Company, during the year under review.

## 3. CREDIT RATING:

Your Company has been rated by Crisil Ratings Limited vide its letter dated 15<sup>th</sup> February, 2023 for its bank facilities as follows

Sr. No.	Instruments	Rating
1	Packing Credit	BBB-/Stable
2	Post Shipment Credit	A3

The above rating indicates moderate degree of safety regarding timely servicing of financial obligations, The Company was not identified as a "Large Corporate" for financial year 2022-23 as per the criteria under SEBI Circular No. SEBI/ HO/DDHS/CIR/P/2018/144 dated 26<sup>th</sup> November, 2018.

## 4. TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire profit generated during the year under review, in the profit and loss reserve account. Accordingly, the Company has

not transferred any amount to the 'Reserves' for the year ended 31<sup>st</sup> March, 2023.

## 5. ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company as on 31<sup>st</sup> March, 2023 is available on the Company's website at <https://www.baluindustries.com>.

## 6. DIVIDEND

With a view to conserve the resources, the Board of Directors have not recommended any dividend during the year under review.

The Company has adopted Dividend Distribution Policy in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the Company's website at <https://www.baluindustries.com/corporategovernance.php>.

## 7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER THE CLOSING OF FINANCIAL YEAR:

### Increase in Authorised Share Capital of the Company

The Authorised Share Capital of the Company was increased from ₹ 90,00,00,000/- (Rupees Ninety Crores only) divided into 9,00,00,000 (Nine Crore) Equity Shares of ₹ 10/- (Rupees Ten) each to ₹ 1,10,00,00,000/- (Rupees one Hundred and Ten Crore Only) divided into 11,00,00,000/- (Eleven Crore) Equity Shares ₹ 10/- (Rupees Ten only).

## Directors' Report (Contd.)

### **Alteration of Object Clause of Memorandum of Association of the Company**

The Company had with the approval of the members altered its Main Objects by inserting Clauses in the Main Objects and Objects incidental and ancillary to the attainment of the main objects. The Company has received approval of the Ministry of Corporate Affairs to the said alterations.

### **Allotment of Equity Shares and Convertible Warrants on Preferential Basis**

The Company had issued and allotted 1,37,27,000 Equity Shares of ₹ 10/- each for cash at premium of ₹ 105.45 aggregating to ₹ 1,58,47,82,150/- to the Non-Promoters (Public Category). and 30,00,014 warrants convertible into 30,00,014 Equity Shares of ₹ 10/- each for cash at premium of ₹ 105.45 aggregating to ₹ 34,63,51,616.30/- to the persons forming part of the Promoters Group. An amount equivalent to 25% of the Warrant Price was payable at the time of subscription and allotment of each warrant and the balance 75% of the Warrant Price shall be payable by the Warrant holder against each Warrant at the time of allotment of Equity Shares pursuant to exercise of the right attached to Warrants to subscribe to Equity Shares.

The amount raised through the said preferential issue will be utilized for the objects stated in the Notice of Extra-Ordinary General Meeting dated 21<sup>st</sup> June, 2023.

## **8. MAINTENANCE OF COST RECORDS**

Pursuant to the provisions of section 148 read with Rule 4 of Companies (Cost Records and Audit) Rules, 2014, the Company falls under the category of Non-Regulated Sectors whose revenue from export in foreign exchange exceeds 75% of its total revenue. Therefore, the Company is exempted from the provisions of the Companies Act, 2013 related to Cost Audit. Therefore, the appointment of Cost Auditors would not be applicable for the FY 2023-2024.

## **9. CONSOLIDATED FINANCIAL STATEMENTS**

In compliance with the applicable provisions of the Companies Act, 2013, including the relevant Indian Accounting Standards (Ind AS) as issued by the Institute of Chartered Accountants of India and notified under Section 133 of the Companies Act, 2013 and as required under Regulation 34 of the Listing Regulations, this Annual Report includes Consolidated Financial Statements for the financial year 2022-23.

## **10. SHARE CAPITAL**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2023 was ₹ 83,36,48,860/- divided into 8,33,64,886 Equity Shares of ₹ 10/- each.

The Company had in terms of Chapter V of SEBI (ICDR) Regulations, 2018 on preferential basis issued and allotted 1,37,27,000 Equity Shares of ₹ 10/- each for cash at premium of ₹ 105.45 aggregating to ₹ 1,58,47,82,150/-

to the Non-Promoters (Public Category). Further, issued and allotted 30,00,014 warrants convertible into 30,00,014 Equity Shares of ₹ 10/- each for cash at premium of ₹ 10/- aggregating to ₹ 34,63,51,616.30/- to the persons forming part of the Promoters Group.

Accordingly, as on the date of signing of Directors Report the paid up Equity Share Capital has been increased to ₹ 97,09,18,860/- (₹ Ninety Seven Crores Nine Lakhs Eighteen Thousand Eight Hundred Sixty only) divided into 9,70,91,886 (Nine Crores Seventy Lakhs Ninety One Thousands Eight Hundred Eighty Six) Equity Shares of ₹ 10/- Each.

The Company has neither issued any shares with differential rights as to dividend, voting or otherwise nor issued any sweat equity shares and issue shares under Employees Stock Option Scheme as per provisions of Section 62 (1) (b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules 2014. during the year under review.

## **11. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION & PROTECTION FUND**

During the year under review, there was no transfer of equity shares to the Investor Education and Protection Fund in terms of Section 125 of the Companies Act, 2013.

## **12. INTERNAL CONTROL SYSTEM**

The Company's internal control system has been established on values of integrity and operational excellence and it supports the vision of the Company "To be the most sustainable and competitive Company in our industry". The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations.

Internal Audit – The Company has in place a robust Internal Control System and ably supported by reputed independent firms i.e. Mehta Singhvi & Associates, Chartered Accountants, Mumbai as the Internal Auditors. The audit conducted by the Internal Auditors is based on an internal audit plan, which is reviewed each year in consultation with the Audit Committee. These audits are based on risk based methodology and inter-alia involve the review of internal controls and governance processes, adherence to management policies and review of statutory compliances. The Internal Auditors share their findings on an ongoing basis during the year for corrective action. Report of the Internal Auditors for the FY 2022-23 does not contain any qualification, reservation, disclaimer or adverse remarks.

## **13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The particulars of loan given, investments made, guarantees given and securities provided during the year



## Directors' Report (Contd.)

under review and as covered under Section 186 of the Companies Act, 2013 has been disclosed in the note no. 10 and 18 of Standalone financial statements.

### 14. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, in relation to audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2023 with respect to Directors Responsibilities Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2023 and of the profit of the Company for the year under review.
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and,
- d) The Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2023 on a going concern basis.
- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 15. REPORT ON PERFORMANCE OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has in total 4 Subsidiaries of which 2 are Indian and 2 are Overseas namely:-

1. Naya Energy Works Private Limited (WOS)
2. Balu Advanced Technologies & Systems Private Limited (WOS)
3. Safa Otomotiv FZ – LLC in Dubai (as a WOS)
4. Kelmarsh Technologies FZ-LLC in Dubai (the Company is yet to make Capital contribution in the said subsidiary). Now the Company has decided to independently conduct all anticipated

operations, either through its own operations or via subsidiary companies.

The Company does not have any Joint Venture or Associate Company within the meaning of Section 2(6) of the Companies Act, 2013. No material change has taken place in the nature of business of the subsidiaries.

Statement containing salient features of financials of subsidiaries pursuant to Section 129 of the Act read with Rule 5 and 8(1) of the Companies (Accounts) Rules, 2014, is annexed in the **Form AOC-1 as "Annexure A" to this Report.**

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the standalone and consolidated financial statements of the Company, and separate audited financial statements in respect of subsidiaries are available on the website of the Company under web link <https://www.baluindustries.com/financial-information.php>

The financial statement of the subsidiaries shall also be sent to Members electronically who request for the same.

The Company has formulated a Policy for determining material subsidiaries. The said policy is available on the website of the Company at <https://www.baluindustries.com/corporate-governance.php>

### 16. DEPOSITS

The Company has not accepted any deposits within the meaning of sub-section (31) of Section 2 and Section 73 of the Companies Act, 2013 ("the Act") and the Rules framed thereunder. As on 31 March 2023, there were no deposits lying unpaid or unclaimed.

### 17. DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP)

#### (i) Composition of the Board of Directors and KMP

The Board of Directors and Key Managerial Personnel is duly constituted. The details of the directors are given in the Corporate Governance Report forming part of the Annual Report.

#### (ii) Changes in Composition of Board and Key Managerial Personnel

- a) Mr. Amit Todkari was appointed as Chief Financial Officer of the company w.e.f 10 May 2023.
- b) Ms. Tabassum Begum was appointed as Company Secretary and Compliance Officer of the company w.e.f 10 June 2023.

## Directors' Report (Contd.)

### Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The Board of Directors has adopted a Nomination and Remuneration Policy in terms of the provisions of sub-section (3) of Section 178 of the Act and SEBI Listing Regulations dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The policy covers criteria for determining qualifications, positive attributes, independence and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

The Nomination and Remuneration Policy of the Company is hosted on the Company's website under the web link <https://www.baluindustries.com/corporate-governance.php>

### Retirement of Directors by Rotation

As per the Companies Act, 2013, Mr. Trimaan Chandock, (DIN: 02853445), Whole time Director, being longest in the office retire by rotation and being eligible, offers himself for reappointment.

### MEETINGS OF BOARD & COMMITTEES

#### • Meetings of Board of Directors

The Board of Directors duly meets 6 (Six) times during the financial year ended 31<sup>st</sup> March, 2023 as under:

29 April 2022, 24 May 2022, 09 August 2022, 05 September 2022, 14 November 2022 and 14 February 2023.

The periodicity between two Board Meetings was within the maximum time gap as prescribed in the SEBI (LODR) Regulations, 2015 / Companies Act, 2013. The details of the Board meetings and attendance of each Director thereat are provided in the Corporate Governance Report forming part of the Annual Report.

#### • Committee Meetings: Audit Committee:

The Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company.

The Audit Committee of the Company is constituted/re-constituted in line with the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

During the financial year 2022-23, the Audit Committee of the Company met 4 times on 24 May 2022, 09 August 2022, 14 November 2022 and 14 February 2023. The gap was not more than one hundred and twenty days between two Audit Committee meetings.

The Statutory Auditors, Internal Auditor and Whole Time Directors/Chief Financial Officer are being invited to the meeting as and when required.

The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise. The terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

The Composition of the Audit Committee is as under:

Sr. No.	Member's Name	Category	Designation
1	Mr. Raghvendra Raj Mehta	Independent Director	Chairman
2	Mr. Radheshyam Soni	Independent Director	Member
3	Ms. Shalu Bhandari	Independent Director	Member
4	Mr. Trimaan Chandock	Whole Time Director	Member

### Nomination & Remuneration Committee

The Nomination and Remuneration Committee recommends the appointment of Directors and remuneration of such Directors. The level and structure of appointment and remuneration of all Key Managerial personnel and Senior Management Personnel of the Company, as per the Remuneration Policy, is also overseen by this Committee.

The Nomination & Remuneration Committee is duly constituted, during the year under review, the committee met Once on 14 February, 2023.

The terms of reference of the Nomination and Remuneration Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

The Composition of the Nomination & Remuneration Committee is as under:

Sr. No.	Member's Name	Category	Designation
1	Mr. Radheshyam Soni	Independent Director	Chairman
2	Mr. Raghvendra Raj Mehta	Independent Director	Member
3	Ms. Shalu Bhandari	Independent Director	Member

### Stakeholders' Relationship Committee

The scope of the Shareholders/ investors Grievance Committee is to review and address the grievance of the shareholders in respect of share transfers, transmission, non-receipt of annual report, non-receipt of dividend etc, and other related activities. In addition, the Committee also looks into matters which can facilitate better investor's services and relations.

## Directors' Report (Contd.)

The Stakeholders' Relationship Committee is duly constituted, during the year under review, the committee met 3 times on 24 May 2022, 09 August 2022, and 14 February 2023

The Composition of the Stakeholders' Relationship Committee is as under:

Sr. No.	Member's Name	Category	Designation
1	Mr. Raghvendra Raj Mehta	Independent Director	Chairman
2	Mr. Radheshyam Soni	Independent Director	Member
3	Ms. Shalu Bhandari	Independent Director	Member

The brief terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

### Risk Management Committee

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness.

The Risk Management Committee is duly constituted, during the year under review, the committee met 2 times, 09 August 2022 and 03 February 2023.

The Composition of the Risk Management Committee is as under:

Sr. No.	Member's Name	Category	Designation
1	Mr. Trimaan Chandock	Whole Time Director	Chairman
2	Mr. Jaikaran Chandock	Whole Time Director	Member
3	Mr. Radheshyam Soni	Independent Director	Member

### Corporate Social Responsibility Committee

The Board of Directors of the Company has formed a Corporate Social Responsibility Committee to make CSR as one of the key focus areas where the Company can play a vital role and provide a reasonable contribution to the society by entering into sustainable programs of high impact and integrity. The CSR Committee reviews and monitors the CSR projects and expenditure undertaken by the Company on a regular basis and apprises the Board of the same.

The details CSR policy and report on CSR activities undertaken during the year in accordance with Section 134 & 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Rule 9 of the Companies (Accounts) Rules, 2014, is annexed as **"Annexure B" to this report.**

The Company's CSR Policy is placed on the website of the Company at <https://www.baluindustries.com/corporate-governance.php>

The brief terms of reference, particulars of meetings held, and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report. The Corporate Social Responsibility Committee had met twice i.e. on 09<sup>th</sup> August, 2022 and 14<sup>th</sup> February, 2023.

The Composition of the Corporate Social Responsibility Committee is as under:

Sr. No.	Member's Name	Category	Designation
1	Mr. Raghvendra Raj Mehta	Independent Director	Chairman
2	Mr. Trimaan Chandock	Whole Time Director	Member
3	Mr. Jaikaran Chandock	Whole Time Director	Member

## 18. ATTRIBUTES, QUALIFICATIONS & INDEPENDENCE OF DIRECTORS, THEIR APPOINTMENT AND REMUNERATION

The Nomination & Remuneration Committee of Directors have approved a Policy for Selection, Appointment and Remuneration of Directors which inter-alia requires that composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and senior management employees and the Directors appointed shall be of high integrity with relevant expertise and experience so as to have diverse Board and the Policy also lays down the positive attributes/criteria while recommending the candidature for the appointment as Director.

## 19. INDEPENDENT DIRECTORS

The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation. The Independent Directors have submitted their disclosure to the board that they fulfill all the requirements as to qualify for their appointment as an Independent Director under the provisions of the Companies Act, 2013 as well as SEBI (LODR) Regulations, 2015.

## 20. DECLARATION OF INDEPENDENT DIRECTORS

In terms of the provisions of sub-section (6) of Section 149 of the Act and Regulation 16 of SEBI Listing Regulations including amendments thereof, the Company has received declarations from all the Independent Directors of the Company that they meet the criteria of independence, as prescribed under the provisions of the Act and SEBI Listing Regulations. There has been no change in the circumstances affecting their status as an Independent Director during the year. Further, the Non- Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Company.



## Directors' Report (Contd.)

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity.

### 21. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The familiarization program aims to provide Independent Directors with the industry scenario, the socioeconomic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments so as to enable them to take well informed decisions in a timely manner. The familiarization program also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes.

The details of the training and familiarization program conducted by the Company are hosted on the Company's website under the web link <https://www.baluindustries.com/corporate-governance.php>

### 22. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 the Board, based on the recommendation of the Nomination and Remuneration Committee has carried out an annual performance evaluation of Board of Directors, Statutory Committees and Individual Directors. The policy is also in compliance to Regulation 19 read with Schedule II, Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee has defined the evaluation criteria for the Performance Evaluation of the Board, its Statutory Committees and individual Directors.

### 23. PARTICULARS OF EMPLOYEES

In terms of the requirements of sub-section (12) of Section 197 of the Act read with sub-rule (1) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the disclosures pertaining to the remuneration and other details, are annexed to this Report as **"Annexure – C"**.

In terms of Section 136(1) of the Act, details of employee remuneration as required under provision of Section 197 of the Companies Act, 2013 and rule 5 (2) and rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available for inspection and any member interested in obtaining a copy of the same may write to Company at [compliance@baluindustries.com](mailto:compliance@baluindustries.com)

### 24. RELATED PARTY TRANSACTIONS

All the related party transactions are placed before the Audit Committee for their review and approval. Prior Omnibus approval is obtained before the commencement of the new financial year, for the transactions which are repetitive in nature and also for the transactions which are not foreseen (subject to financial limit). A statement

of all related party transactions is presented before the Audit Committee on a quarterly basis specifying the nature, value and terms & conditions of the transactions. All transactions entered with related parties were in compliance with the applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder and the Listing Regulations.

All related party transactions entered into by the Company during the financial year under review were in the ordinary course of business and on arm's length basis. All transactions entered with related parties were in compliance with the applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder and the Listing Regulations.

During the FY 2022-23, your Company did not enter into any material related party transactions. Accordingly, disclosure with respect to the same in the form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not applicable.

During the year under review, Policy on Related Party Transactions in compliance with the requirements of Companies Act, 2013 and amendment to SEBI Listing Regulations, is available on the website of the Company <https://www.baluindustries.com/corporate-governance.php>

### 25. CORPORATE SOCIAL RESPONSIBILITY

The objective of the Company's Corporate Social Responsibility ('CSR') initiatives is to improve the quality of life of communities through long-term value creation for all stakeholders. The Company's CSR Policy provides guidelines to conduct CSR activities of the Company. CSR initiatives and activities are aligned to the requirements of Section 135 of the Act. The brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **"Annexure B"** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

### 26. CORPORATE GOVERNANCE

In terms of Regulation 34 of SEBI (LODR) Regulations, a separate section on Corporate Governance with a detailed report on Corporate Governance is provided as a separate section in the Annual Report and a certificate from Mr. Jaymin Modi Proprietor of M/s. Jaymin Modi & Co. Company Secretaries, the Secretarial Auditor of the Company, is certifying compliance of conditions of Corporate Governance, forms part of this Annual Report. The Report on Corporate Governance also contains certain disclosures as required under the Companies Act, 2013.

## Directors' Report (Contd.)

### 27. MANAGEMENT DISCUSSION ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under regulation 34 (3) and Part B of schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 is provided as a separate section in the Annual Report.

### 28. AUDITORS

#### a) Statutory Auditors

M/s M. B. Agrawal & Co, Chartered Accountants (Registration No 100137W), were appointed as the Statutory Auditors of the Company for a period commencing from the conclusion of 31<sup>st</sup> AGM until the conclusion of the 36<sup>th</sup> Annual General Meeting.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

The Report given by M/s M. B. Agrawal & Co, Statutory Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

#### b) Internal Auditors

During the year the Board of Directors has re-appointed M/s Mehta Singhvi & Associates, Chartered Accountants (Registration No. 122217W) as Internal Auditors of the Company. The audit conducted by the Internal Auditors is based on an internal audit plan, which is reviewed each year in consultation with the Audit Committee. These audits are based on risk-based methodology and inter-alia involve the review of internal controls and governance processes, adherence to management policies and review of statutory compliances. The Internal Auditors share their findings on an ongoing basis during the year for corrective action. Report of the Internal Auditors for the FY 2022- 23 does not contain any qualification, reservation, disclaimer or adverse remarks.

#### c) Cost Auditor

The members are hereby informed that pursuant to the provisions of section 148 read with Rule 4 of Companies (Cost Records and Audit) Rules, 2014, the Company falls under the category of Non-Regulated Sectors whose revenue from export in foreign exchange exceeds 75% of its total revenue. Therefore, the Company is exempted from the provisions of the Companies Act, 2013 related to Cost Audit. Therefore, the appointment of Cost Auditors would not be applicable for the FY 2023-2024.

#### d) Secretarial Auditor

Secretarial Audit Report, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, was obtained from Mr. Jaymin Modi Proprietor of M/s Jaymin Modi & Co. Practicing Company Secretaries in form MR-3 for the financial year 2022-23. The remarks in the report are self explanatory.

The said report is disclosed under “Annexure-D” and forms part of this report.

The Board at its meeting held on August 11, 2023 has appointed M/s. D. S. Momaya & Co. LLP, as Secretarial Auditor, for conducting Secretarial Audit of the Company for FY 2023-2024.

### 29. IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has formulated a policy and process for risk management. The Company has set up a core group of leadership team, which identifies, assesses the risks and the trends, exposure and potential impact analysis at different level and lays down the procedure for minimization of risks. Risk Management forms an integral part of Management policy and is an ongoing process integrated with the operations.

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

The Company has strong commitment towards conservation of energy, natural resources and adoption of latest technology in its areas of operation. The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under clause (m) of sub-section (3) of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed to this Report as “ANNEXURE E”.

### 31. WHISTLE BLOWER POLICY AND VIGIL MECHANISM

The Company has adopted the Whistle blower Policy and Vigil Mechanism in view to provide a mechanism for the Directors and employee of the Company to approach Audit Committee of the Company to report existing/probable violations of laws, rules, regulations or unethical conduct.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Vigil Mechanism Policy is hosted on the Company's website <https://www.baluindustries.com/corporate-governance.php>

## Directors' Report (Contd.)

### 32. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year there has been no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

### 33. COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

During the year under review, the Company has complied with all the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government pursuant to Section 118 of the Companies Act, 2013.

### 34. POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which redresses complaints received on sexual harassment.

During the financial year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company.

### 35. GREEN INITIATIVE

Your Directors would like to draw your attention to Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as may be amended from time to time which permits paperless compliances and also service of notice / documents (including annual report) through electronic mode to its members. Accordingly, Electronic copy of the Annual report and the Notice of the Annual General Meeting are sent to all members whose email addresses are registered with the Company / depository participant(s).

To support this green initiative, we hereby once again appeal to all those members who have not registered their e-mail addresses so far are requested to register their e-mail address in respect of electronic holding with their concerned Depository Participants and/or with the Company.

### 36. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions for the same during the year under review:

1. Material Changes and/or commitment that could affect the Company's financial position, which have occurred between the end of the financial year of the Company and the date of this report;

2. Non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Companies Act, 2013 read with rules 16(4) of Companies (Share Capital and Debentures) Rules, 2014;
3. Receipt of any remuneration or commission from any of its subsidiary companies by the Managing Director or the Whole-Time Directors of the Company;
4. Revision of the financial statements pertaining to previous financial periods during the financial year under review;
5. Frauds reported as per Section 143(12) of the Companies Act, 2013;
6. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.
7. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

### 37. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the assistance and co-operation received from the Company's Bankers, Government Agencies, Financial Institutions, Customers, Investors and Business constituents and look forward to maintain the same in future.

#### Registered Office:

506, 5<sup>th</sup> Floor, Imperial Palace, 45 Tolly Park Road, Andheri (East), Mumbai - 400069

By the Order of the Board  
For **Balu Forge Industries Limited**

Sd/-

**Mr. Jaspalsingh Chandok**

Chairman & Managing Director  
DIN : 00813218

Date: 4<sup>th</sup> September 2023  
Place: Mumbai



## Directors' Report (Contd.)

## Annexure 'A' to Directors' Report –AOC-1

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES /ASSOCIATES COMPANIES/JOINT VENTURES [PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014]**

1. Sl. No.	1	2	3
2. Name of the subsidiary	Naya Energy Works Private Limited	Balu Advanced Technologies & Systems Private Limited	Safa Otomotiv FZ-LLC
3. Date since when subsidiary was acquired/incorporated	07-07-2021	15-07-2021	17-01-2021
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA	NA	<b>Reporting Currency:</b> - AED <b>Exchange Rate:</b> - 22.3645
6. Share capital	1,00,000	1,00,000	30,33,240.00
7. Reserves & surplus	-1,33,494	-1,29,387	6,33,49,283.82
8. Total assets	45,106.00	48,413	36,32,46,188.71
9. Total Liabilities	45,106.00	48,413	36,32,46,188.71
10. Investments	0	0	0
11. Turnover	0	0	68,56,67,720.39
12. Profit before taxation	-83,164.00	-79,351	6,95,79,586.57
13. Provision for taxation	0	0	0
14. Profit after taxation	-83,164.00	-79,351	6,95,79,586.57
15. Proposed Dividend	0	0	0
16. % of shareholding	100	100	100

**Notes:** The following information shall be furnished at the end of the statement:

**1. Names of subsidiaries which are yet to commence operations**

Naya Energy Works Private Limited

Balu Advanced Technologies & Systems Private Limited

Kelmarsh Technologies FZ-LLC - The Company is yet to make Capital contribution in the said subsidiary. Now the Company has decided to independently conduct all anticipated operations, either through its own operations or via subsidiary companies.

**2. Names of subsidiaries which have been liquidated or sold during the year – Nil**

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

**Note:** The Company does not have any Associate / Joint Venture Company as on 31<sup>st</sup> March, 2023

Names of the associate or joint ventures which are yet to commence operations - NIL

Names of the associate or joint ventures which have been liquidated or sold during the year – NIL

**For Balu Forge Industries Limited**

**Mr. Jaspalsingh Chandock**  
Chairman & Managing Director  
DIN: 00813218

**Mr. Trimaan Chandock**  
Whole Time Director  
DIN: 02853445

**Mr. Jaikaran Chandock**  
Whole Time Director  
DIN: 06965738

**Mr Aakash Joshi**  
Company Secretary

Date:- 4<sup>th</sup> September 2023  
Place: Mumbai

## Directors' Report (Contd.)

# Annexure 'B' to Directors' Report - CSR Report

## 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

The Board of Directors of the Company has formed a Corporate Social Responsibility Committee to make CSR as one of the key focus areas where the Company can play a vital role and provide a reasonable contribution to the society by entering into sustainable programs of high impact and integrity.

## 2. COMPOSITION OF CSR COMMITTEE:

Sl. No.	Name of Director	Nature of Directorship	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Raghvendra Raj Mehta	Independent Director	Chairperson	Twice	Twice
2	Mr. Trimaan Chandock	Whole Time Director	Member	Twice	Twice
3	Mr. Jaikaran Chandock	Whole Time Director	Member	Twice	Twice

## 3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

Sl. No.	Particulars	Weblink
1	CSR Committee	<a href="https://www.baluindustries.com/corporate-governance.php">https://www.baluindustries.com/corporate-governance.php</a>
2	CSR Policy	<a href="https://www.baluindustries.com/assets/pdf/corporate-governance/policies/csr-policy.pdf">https://www.baluindustries.com/assets/pdf/corporate-governance/policies/csr-policy.pdf</a>
3	CSR Projects	<a href="https://www.baluindustries.com/corporate-governance.php">https://www.baluindustries.com/corporate-governance.php</a>

## 4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH WEB LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT).

Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, **is not applicable to the company**

5. (a) Average net profit of the company as per sub-section (5) of section 135 - ₹ **1649.63 Lacs**  
 (b) Two percent of average net profit of the company as per sub-section (5) of section 135 - ₹ **33.00 Lacs**  
 (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years - ₹ **0.03 Lacs**  
 (d) Amount required to be set-off for the financial year, if any: ₹ **0.03 Lacs**  
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)] - ₹ **33.00 Lacs**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - ₹ **33.00 Lacs**. Hence, there was no unspent amount for the year.
  - i. Ongoing projects - Nil (Refer Annexure - "C1")
  - ii. Other than Ongoing Projects (Refer Annexure - "C1")
- (b) Amount spent in Administrative Overheads :- **Nil**
- (c) Amount spent on Impact Assessment, if applicable :- **Nil**
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)] :- ₹ **33.00 Lacs**
- (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year.(in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
33,00,000	NIL	NIL	NIL	NIL	NIL

## Directors' Report (Contd.)

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in Lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	33.00
(ii)	Total amount spent for the Financial Year	33.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.00

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: - None
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: - **No**
- Furnish the details relating to such asset(s) created or acquired through CSR amount spent in the Financial Year – Not Applicable
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135. – **Not Applicable**

Sd/-  
**Mr. Jaspalsingh Chandock**  
 Chairman and Managing Director  
 DIN: 00813218

Sd/-  
**Mr. Raghvendra Raj Mehta**  
 (Chairman, CSR Committee)  
 DIN: 01947378

Date : 4<sup>th</sup> September 2023  
 Place: Mumbai



## Directors' Report (Contd.)

### Annexure – "C1"

#### I. DETAILS OF CSR AMOUNT SPENT AGAINST ONGOING PROJECTS FOR THE FINANCIAL YEAR:

There were no on-going projects for the financial year, hence this is not applicable.

#### II. DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No)		(5) Amount spent for the project (₹ in Lakhs)	(6) Mode of implementation – Direct (Yes/No)	(7) Mode of implementation - Through implementing agency	
			State	District			Name	CSR registration number
1.	Snehalaya Education Foundation Sanchalit Seth R.J. Shingavi Vidyalaya, Karamba	(iii)	Maharashtra	Solapur	5.00	No	SNEHALAYA	CSR00014440
2.	Mahila Sashaktikaran	(iii)	Rajasthan	Bhilwara	28.00	No	DR BRIJ MOHAN SAPOOT KALA SANSKRITI SEWA SANSTHAN	CSR00024992
Total					33.00			

## Directors' Report (Contd.)

## Annexure 'C' to Directors' Report

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014.**

1. The ratio of the remuneration (paid / payable) of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 and % increase in remuneration of each Director / KMP of the Company for FY 2022-23 are as under:

		(₹ Lakhs)		
Sr. No.	Name of Director	Designation	% Increase in remuneration over previous year	Ratio of Remuneration to Median Remuneration of all Employees
<b>Executive Directors</b>				
1.	Jaspalsingh Chandock	Chairman and Managing Director	50%	31.33
2.	Trimaan Chandock	Whole-Time Directors	50%	7.83
3.	Jaikaran Chandock	Whole-Time Directors	50%	7.83
<b>KMP</b>				
4.	Aakash Joshi	Company Secretary	25%	2.93
5.	Mitesh Dani	Chief Financial officer	Nil	2.08

2. The Median remuneration of the Company for all its employees is ₹ 2,29,836 for the F.Y. 2022-23.
3. Percentage increase in the median remuneration of employees in the financial year 2022-23 is 5.74%.
4. The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2023 was 126 (One Hundred Twenty Six).
5. Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2022-23 was 5.74% whereas the percentile increase in the managerial remuneration for the same financial year was 50%.
6. The key parameters for the variable component of remuneration availed by directors: There is no variable component in the remuneration paid to the directors.
7. It is hereby affirmed that the remuneration paid/payable during the year is as per the Remuneration Policy of the Company.
8. Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available for inspection and any Member interested in obtaining a copy of the same may write to Company at [compliance@baluindustries.com](mailto:compliance@baluindustries.com) from their registered e-mail address.

Place: Mumbai  
Date 4<sup>th</sup> September 2023

By the Order of the Board  
**For Balu Forge Industries Limited**

Sd/-  
**Mr. Jaspalsingh Chandock**  
Chairman & Managing Director  
DIN: 00813218

## Directors' Report (Contd.)

## Annexure 'D' to Directors' Report

**SECRETARIAL AUDIT REPORT**  
**FORM No. MR-3**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023**

[Pursuant to regulation 24A of SEBI (LODR) 2015 and section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Balu Forge Industries Limited  
506, 5<sup>th</sup> Floor, Imperial Palace, 45 Telly Park Road,  
Andheri (East), Mumbai, Maharashtra, 400069.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Balu Forge Industries Limited (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, Forms and returns filed and other records maintained by The Company for the year ended on 31<sup>st</sup> March, 2023 to the extent applicable to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;
- II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company: -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; Not Applicable to the Company during the period under review;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable to the Company during the period under review;

## Directors' Report (Contd.)

- (f) The Securities and Exchange Board of India (Registrars to and Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable to the Company during the period under review;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable to the Company during the period under review;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable to the Company during the Audit Period; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have also examined compliances with the applicable clauses of the following:

- a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India; and
- b) Listing Agreements entered into by the Company with BSE Limited.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards as mentioned above, except:

***Some of the Intimations under the provisions of the Companies Act, 2013 have been filed after the lapse of statutory time period. However, necessary additional fees have been remitted for such delay.***

### **I further report that:**

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

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

### **I further report that during the audit period:**

**As per the directions of the Hon'ble High Court of Bombay vide its order dated 12<sup>th</sup> April, 2022, The Board of Directors in their meeting held on Friday, 29<sup>th</sup> April, 2022 had allotted 10,50,000 Equity Shares of ₹ 10/- each fully paid up on account of conversion of 10,50,000 Warrants of ₹ 10/- each (i.e., in the ratio of 1 Equity Share for every 1 Warrant held) to the Non-Promoter.**

**For, Jaymin Modi & Co.**  
Company Secretaries

Sd/-

**Mr. Jaymin Modi**

COP: 16948

Mem No. 44248

PRC: 2146/2022

UDIN: A044248E000835885

Place: Mumbai  
Date: 21<sup>st</sup> August 2023



## Directors' Report (Contd.)

# Annexure 'A' to Secretarial Audit Report

To,  
The Members,  
**Balu Forge Industries Ltd**  
506, 5<sup>th</sup> Floor, Imperial Palace, 45 Telly Park Road,  
Andheri (East), Mumbai, Maharashtra, 400069.

Our Secretarial Audit Report dated **21<sup>st</sup> August, 2023** is to be read with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to make an audit report based on the secretarial records produced for our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. We have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
5. Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. This Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For, Jaymin Modi & Co.**  
Company Secretaries

Sd/-

**Mr. Jaymin Modi**

COP: 16948

Mem No. 44248

PRC: 2146/2022

UDIN: A044248E000835885

Place: Mumbai  
Date: 21<sup>st</sup> August 2023

## Directors' Report (Contd.)

## Annexure 'E' to Directors' Report

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo (In terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.**

### A. CONSERVATION OF ENERGY

The Company continued to focus on initiatives that enable improved efficiency in energy use and has deployed several technological interventions to conserve energy. The Energy departments across facilities renewed efforts by carrying out energy benchmarking with the best practices.:

1. **Prevention / minimisation** – i.e., Preventing wastage / minimisation of energy usage by relentless optimisation of process parameters to achieve lower values of fuel / energy consumption.
2. **Improving Recovery** – deploying innovative methods of recovering higher amount of unused fuel heat in various process exhausts / recovery systems.
3. **Higher Re-use / Re-cycling** – studying available potential of recovered energy from various sources and doing a cost-benefit analysis of practices required.

During the financial year under review, following specific actions were taken by the Company at its various locations, which resulted in saving of energy consumption:

- i. Installation of LED Lights in the plants and surrounding area alongwith deployment of light sensing devices for auto switching on-off at various locations resulting in saving of energy.
- ii. With continuous monitoring, maintained power factor and maximum demand average of electricity which resulted in energy conservation.
- iii. Replacement of old motors/parts with energy efficient motors.

### B. TECHNOLOGY ABSORPTION Research & Development ("R&D")

- I. Specific areas in which R&D is carried out by the Company  
Low cost automation across various factories including redesigning of various production process.
- II. Benefits derived as a result of the above R&D  
The R&D efforts have resulted in power cost saving for the Company.
- III. Information regarding imported technology (imported during the last 3 years reckoned from the beginning of the financial year) is furnished
  - i. Technology imported: No technology has been imported in the last 3 years
  - ii. Year of import: Not Applicable
  - iii. Has the technology been fully absorbed: Not Applicable
  - iv. If not fully absorbed, areas where this has not taken place, reasons hereof and future plans of action: Not Applicable
- IV. Expenditure on R&D
  - i. Capital: Nil
  - ii. Recurring: ₹103.97 Lakhs
  - iii. Total: ₹103.97 Lakhs
  - iv. Total R&D expenditure as a percentage of total turnover is – 0.4 percent.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Following are the details of total foreign exchange earned and used during the last financial year:

Particulars	(₹ Lakhs)	
	FY 2022-23	FY 2021-22
Foreign exchange earned	22,155.67	26,163.63
Foreign exchange used	633.35	322.11

# CORPORATE GOVERNANCE REPORT

## 1. CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance at Balu Forge Industries Limited has been a continuous journey to adapt the best practice in line with the changes in the regulations and the business goals of the Company are aimed at the overall well-being and welfare of all the constituents of the system. The Company's philosophy on corporate governance oversees business strategies and ensures ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Management strongly believes in fostering a governance philosophy that is committed towards timely disclosures, transparent accounting policies and a strong and independent Board which drives a long way in protecting the shareholders' interest while maximizing long term corporate values. The Management believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

## 2. BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by the Shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic directions, management policies and their effectiveness and ensures that Shareholders' long-term interests are being served. The Managing Director and Whole Time Directors are assisted by senior managerial personnel in overseeing the functional matters of the Company.

The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the Listing Regulations) and the same is in accordance with the requirements of the Companies Act, 2013. As on 31<sup>st</sup> March 2023, the Board of the Company consisted of 6 Directors of Which 1 (One) is Managing Director, 2 (Two) Whole Time Directors and 3 (Three) Non-Executive Independent Directors (including a Woman Director). The Company also has 2 KMP's viz. Chief Financial Officer and Company Secretary.

The Company has in place a succession plan for the Board of Directors and Senior Management of the Company.

The detail of other Directorships/Chairmanship and Membership of Committees held by Directors of the Company as on 31<sup>st</sup> March, 2023 is given below:

Name of Directors	Category	Relationships between directors inter-se	No. of Other Directorships and Committee Chairmanship(s) / Membership(s) including this listed entity			Particulars of Directorships in other Listed Entities	
			*Directorships	#Chairmanship	#Membership	Name of the Company	Category of Directorship
Mr. Jaspalsingh Chandock (DIN: 00813218)	Chairman & Managing Director	Father of Mr. Trimaan Chandock and Mr. Jaikaran Chandock	2	NIL	NIL	-	-
Mr. Trimaan Chandock (DIN: 02853445)	Whole Time Director	Son of Mr. Jaspalsingh Chandock and Brother of Mr. Jaikaran Chandock	2	NIL	1	-	-
Mr. Jaikaran Chandock (DIN: 06965738)	Whole Time Director	Son of Mr. Jaspalsingh Chandock and Brother of Mr. Trimaan Chandock	2	NIL	NIL	-	-
Mr. Raghvendra Raj Mehta (DIN: 01947378)	Independent Director @	No Relation	2	2	3	Libord Finance Ltd	Non-Executive – Independent Director
Mr. Radhey Shyam Soni (DIN: 07962657)	Independent Director @	No Relation	2	1	4	Libord Finance Ltd	Non-Executive – Independent Director
Ms. Shalu Laxmanraj Bhandari (DIN: 00012556)	Independent Director @	No Relation	5	0	7	Bajaj Hindusthan Sugar Limited	Non-Executive – Independent Director

### Note:

\*The list of other directorships includes Public Companies (listed and unlisted) but does not include Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

# It includes Chairmanship or Membership of the Audit Committee and Stakeholders' Relationship Committee of Public Companies (listed and unlisted) only.

## Corporate Governance Report (Contd.)

### During the year, none of the Directors of the Company:

- Has held or holds office as a director, including any alternate directorship, in more than twenty companies at the same time and maximum number of directorships in public companies does not exceed ten as per the provision of Section 165 of Company Act, 2013.
- Has held or holds office of directorships, including any alternate directorships in more than eight listed entities as per the provision of 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Has not serve as an independent director in more than seven listed entities and whole-time director has not serve as an independent director in not more than three listed entities.
- Is a Member of more than 10 (ten) Committees and Chairman / Chairperson of more than 5 (five) Committees across all the Indian Public limited companies in which he/ she is a Director - As per Regulation 26 of the Listing Regulations.

### Shareholding of Directors as on 31<sup>st</sup> March, 2023

Name of Directors	Category	No. of Equity Shares	% Shareholding
Mr. Jaspalsingh Chandock	Chairman & Managing Director	5,44,40,010	65.30
Mr. Trimaan Chandock	Whole Time Director	75,900	0.09
Mr. Jaikaran Chandock	Whole Time Director	10,150	0.01
Mr. Raghvendra Raj Mehta	Independent Director	Nil	Nil
Mr. Radhey Shyam Soni	Independent Director	Nil	Nil
Ms. Shalu Laxmanraj Bhandari	Independent Director	Nil	Nil

### Board Meetings

The Board of Directors duly met 6 (Six) times during the financial year ended 31<sup>st</sup> March, 2023 and the gap between two meetings did not exceed 120 days.

### The dates of the meetings were as follows:

29<sup>th</sup> April, 2022, 24<sup>th</sup> May, 2022, 09<sup>th</sup> August, 2022, 05<sup>th</sup> September, 2022, 14<sup>th</sup> November, 2022 and 14<sup>th</sup> February, 2023.

The attendance of each Director at the Board Meeting and the last Annual General Meeting is given under:

Names of Directors	Particulars of attendance for the Board Meetings		Attendance for last AGM held on 30 <sup>th</sup> September, 2022
	Meetings held during the Director's tenure	Board Meetings Attended	
Mr. Jaspalsingh Chandock	06	06	Present
Mr. Trimaan Chandock	06	06	Present
Mr. Jaikaran Chandock	06	06	Present
Mr. Raghvendra Raj Mehta	06	05	Present
Mr. Radhey Shyam Soni	06	06	Present
Ms. Shalu Laxmanraj Bhandari	06	06	Present

### Separate Independent Directors Meeting

Pursuant to Schedule IV of the Companies Act, 2013 and as per Regulation 25(3) of the Listing Regulations, separate meeting of Independent Directors of the Company was held on Tuesday, 14<sup>th</sup> February, 2023. The agenda was to review the performance of Non-Independent Directors, the Chairperson, the entire Board and Committees thereof, quality, quantity, and timeliness of the flow of information between the management and the Board.

### Familiarisation Programmes

At the time of appointment, the Independent Directors are made aware of their roles and responsibilities through a formal letter of appointment which stipulates various terms and conditions. At Board and Committee meetings, the Independent Directors are regularly being familiarized on the business model, strategies, operations, functions, policies and procedures of the Company and its subsidiaries. All Directors attend the familiarization programs as these are scheduled to coincide with the Board meeting calendar.

The details of training programs attended by the Independent Directors has been posted on the Company's website at <https://www.baluindustries.com/corporate-governance.php>

### Matrix of skills / expertise/ competencies of the Board of Directors

The Board of the Company comprises qualified members with the required skills, competence, and expertise for effective contribution to the Board and its Committee. The Board members are committed to ensure that the Company is in compliance with the highest standards of Corporate Governance.

The table below summarizes the list of core skills/ expertise/ competencies identified by the Board of Directors for effectively conducting the business of the Company and are available with the Board. The table



## Corporate Governance Report (Contd.)

also mentions the specific areas of expertise of individual Director against each skill/ expertise/ competence:

Name of Director	Area of skills/expertise/competencies
Mr. Jaspalsingh Chandock	Leadership, Management & administration, Production and Marketing, Strategic Planning, Operational experience
Mr. Trimaan Chandock	Leadership, Management & administration, Production and Marketing, Accounting & Finance, Global Business, Business Acumen, Industry Experience, Research and Development and Innovation
Mr. Jaikaran Chandock	Leadership, Management & administration, Production and Marketing Research and Development and Innovation, Global Business, Business Acumen
Mr. Raghvendra Raj Mehta	Accounting & Finance, Corporate Governance Relationship & CSR
Mr. Radheshyam Soni	Accounting, Finance and Banking, Forex & risk management Sustainability
Ms. Shalu Bhandari	Legal, Corporate Governance Relationship

### Committees of the Board of Directors

In compliance with the requirements of the Companies Act, 2013 and the Listing Regulations, the Board of Directors has constituted various Committees. These Committees are entrusted with such powers and functions as detailed in their respective terms of reference. Besides, the Committees help focus attention on specific matters of the organisation.

There are total 5 Statutory Committees as on 31<sup>st</sup> March, 2023 considering the need of best practice in Corporate Governance of the Company.

Committees as mandated under the Companies Act, 2013 and the Listing Regulations	
1.	Audit Committee
2.	Stakeholders' Relationship Committee
3.	Nomination and Remuneration Committee
4.	Corporate Social Responsibility Committee
5.	Risk Management Committee

### 3. AUDIT COMMITTEE

The Audit Committee of the Company is duly constituted as per Regulation 18 of the Listing Regulations, read with the provisions of Section 177 of the Companies Act, 2013. All the Members of the Audit Committee are financially literate and capable of analysing Financial Statements of the Company.

Mr. Raghvendra Raj Mehta is the Chairman of the Audit Committee. The Statutory Auditors are invited to Audit Committee Meetings held on 24<sup>th</sup> May, 2022, 09<sup>th</sup> August 2022, 14<sup>th</sup> November, 2022 and 14<sup>th</sup> February, 2023.

The Committee members invite the Internal Auditors or any other concerned officer of the Company in the meetings, whenever required on case-to-case basis.

The Audit Committee acts as a link between the Management, Statutory Auditors, Internal Auditors and the Board of Directors and oversees the financial reporting process. The Company Secretary acts as the Secretary of the Audit Committee.

During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

### Terms of Reference of the Audit Committee are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible;
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.

## Corporate Governance Report (Contd.)

- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters;
- m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) Discussion with internal auditors of any significant findings and follow up thereon;
- p) Reviewing the findings of any internal investigations by the internal auditors into matters of where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s) To establish and review the functioning of the whistle blower mechanism;
- t) Approval of appointment of Chief Financial Officer (i.e. the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, and background, etc. of the candidate;
- u) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority;
- v) Review of:
  - i) management discussion and analysis of financial condition and results of operations;
  - ii) statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - iii) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - iv) internal audit reports relating to internal control weaknesses;
  - v) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
  - vi) statement of deviations including:
    - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations;
    - b. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
  - vii) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision and;

## Corporate Governance Report (Contd.)

- viii) Review the compliance of the provision of at least once in a financial year and verify that the systems for internal controls are adequate and operating sufficiently and forward the said report with the comments / observations to the Board of Directors of the Company.
- w) Consider and Comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

### Audit Committee Meetings

During Financial Year 2022-23, Four (4) Audit Committee meetings were held. The meetings were held on 24<sup>th</sup> May, 2022, 09<sup>th</sup> August 2022, 14<sup>th</sup> November, 2022 and 14<sup>th</sup> February, 2023. The gap was not more than one hundred and twenty days between two Audit Committee meetings.

\*Mr. Aakash Joshi, Company Secretary of the Company acts as the secretary to the audit Committee.

The details of composition of Audit Committee and attendance of each Committee Member are as follows:

Name of the Members	Designation in the Committee	Particulars of Attendance	
		No. of meetings held during the Member's tenure	No. of meetings attended by the Member
Mr. Raghvendra Raj Mehta	Chairman	04	04
Mr. Radheshyam Soni	Member	04	04
Ms. Shalu Bhandari	Member	04	04
Mr. Trimaan Chandock	Member	04	04

\* Mr. Aakash Joshi, Company Secretary of the Company resigned as Company Secretary w.e.f. 15<sup>th</sup> May, 2023, thereafter Ms. Tabassum Begum, Company Secretary of the Company appointed as Company Secretary w.e.f. 10<sup>th</sup> June, 2023.

## 4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Listing Regulations read with the provisions of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee recommends the nomination of Directors, and carries out evaluation of performance of individual Directors. Besides, it recommends remuneration policy for Directors, Key Managerial Personnel and the Senior Management of the Company.

### Terms of reference of the Nomination and Remuneration Committee are as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel, and other employees;
- Formulate the evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - use the services of an external agencies, if required;
  - consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - consider the time commitments of the candidates
- Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;
- Recommend to the Board, appointment, and removal of Director, KMP and Senior Management Personnel;
- Devise a policy on diversity of Board of Directors;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

### Nomination and Remuneration Committee Meetings

During the financial year under review, one meeting of the Nomination and Remuneration Committee was held. The meeting was held on 14<sup>th</sup> February, 2023.

The composition and attendance of each Committee Member is as under:

## Corporate Governance Report (Contd.)

Name of the Members	Designation in the Committee	Particulars of Attendance	
		No. of meetings held during the Member's tenure	No. of meetings attended by the Member
Mr. Radheshyam Soni	Chairman	01	01
Mr. Raghvendra Raj Mehta	Member	01	01
Ms. Shalu Bhandari	Member	01	01

**Performance Evaluation Criteria for Independent Directors**

The Board of Directors of the Company carried out an annual evaluation of its own performance, of committees, of the Board and individual directors pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations. The performance evaluation is conducted through structured questionnaires which cover various aspects such as the Board composition and structure, effectiveness and contribution to Board processes, adequacy, appropriateness and timeliness of information and the overall functioning of the Board etc. The Individual Director's response to the questionnaire on the performance of the Board, Committee(s), Directors, and Chairman, were analyzed. The Directors were satisfied with the evaluation process and have expressed their satisfaction with the evaluation process.

In compliance with Regulation 19 read with Part D of Schedule II of the Listing Regulations, the Board of Directors has formulated criteria for evaluation of the Company's Independent Directors' performance. The performance evaluation of Independent Directors is carried out on the basis of their role and responsibilities, effective participation in the Board and Committee meetings, expertise, skills, and exercise of independent judgment in major decisions of the Company.

Name	Designation	Basic Salary	(Amount in ₹)			
			Company's contribution to provident fund	Perquisites	Variable	Gross Remuneration
Mr. Jaspalsingh Chandock	Managing Director	72,00,000	-	-	-	72,00,000
Mr. Trimaan Chandock	Whole-time Director	18,00,000	-	-	-	18,00,000
Mr. Jaikaran Chandock	Whole-time Director	18,00,000	-	-	-	18,00,000

The performance criteria of the above-mentioned Directors are laid down by the Nomination and Remuneration Committee in accordance with the Nomination and Remuneration Policy of the Company.

**Service Contract**

Jaspalsingh Chandock (DIN: 00813218), as the Chairman and Managing Director of the Company for the period of 3 years commencing from 19<sup>th</sup> November 2020.

**5. REMUNERATION OF DIRECTORS****a) Criteria of making payments to Non-Executive Directors****Sitting Fees**

The Non-Executive Directors are entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof. Sitting fees paid to non-executive Directors is within the prescribed limits under the Companies Act, 2013 and as determined by the Board of Directors from time to time.

The details of sitting fees for the financial year 2022-23 are as under:

Names of Non-Executive Directors	Sitting Fees (in ₹)
Mr. Radheshyam Soni	2,30,000
Mr. Raghvendra Raj Mehta	2,30,000
Ms. Shalu Bhandari	2,30,000

During the year, there was no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors apart from receipt of sitting fees. The Company has not granted any stock options to any of its Non-Executive Directors.

**b) Managing Director & Whole-time Director**

The Company has paid remuneration to its Managing Director and Whole-time Directors, by way of salary and perquisites, within the limits stipulated under the Companies Act, 2013 and as per the approval sought from the shareholders of the Company.

Details of the remuneration paid to the Executive Directors of the Company during the financial year 2022-23 are as follows:

Trimaan Jaspalsingh Chandock [DIN 02853445], as the Whole-Time Director of the Company for the period of 3 years commencing from 19<sup>th</sup> November 2020.

Jaikaran Jaspalsingh Chandock [DIN 06965738], as the Whole-Time Director of the Company for the period of 3 years commencing from 19<sup>th</sup> November 2020.

**Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:** Not Applicable



## Corporate Governance Report (Contd.)

### 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee of the Board was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. This Committee deals with stakeholder relations and grievances raised by the investors in a timely and effective manner and to the satisfaction of investors. The Committee oversees performance of the Registrar and Share Transfer Agents of the Company relating to investor services and recommends measures for improvement.

Mr. Raghvendra Raj Mehta, Non-Executive Director is the Chairperson of the Committee and \*Mr. Aakash Joshi, Company Secretary is the Compliance Officer of the Company pursuant to Regulation 6 of the Listing Regulations.

\* Mr. Aakash Joshi, Company Secretary of the Company resigned as Company Secretary w.e.f. 15<sup>th</sup> May, 2023 thereafter, Ms. Tabassum Begum, Company Secretary of the Company appointed as Company Secretary w.e.f. 10<sup>th</sup> June, 2023.

#### Terms of reference of the Stakeholders' Relationship Committee are as follows:

- Investor relations and redressal of grievances of security holders of the Company in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet etc.;
- Approve requests for security transfers and transmission and those pertaining to rematerialisation of securities / subdivision/ consolidation of shares, issue of renewed and duplicate share/debenture certificates etc.;
- Resolving the grievances of the shareholders of the Company, including complaints related to transfer/ transmission of shares, non-receipt of annual report

and non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.;

- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
- Such other matters as may from time to time be required by any statutory, contractual, or other regulatory requirements to be attended to by such Committee.

#### Stakeholders Relationship Committee Meetings

During the year ended 31<sup>st</sup> March, 2023, three meetings of Stakeholders Relationship Committee were held i.e. on 24<sup>th</sup> May, 2022, 09<sup>th</sup> August, 2022 and 14<sup>th</sup> February, 2023. The Company Secretary of the Company acts as Secretary to the Committee. The composition and attendance of each Member is as follows:

Name of the Members	Designation in the Committee	Particulars of Attendance	
		No. of meetings held during the Member's tenure	No. of meetings attended by the Member
Mr. Raghvendra Raj Mehta	Chairperson	03	03
Mr. Radheshyam Soni	Member	03	03
Ms. Shalu Bhandari	Member	03	03

#### Investor Complaints

The details of investor complaints received / redressed during the financial year 2022-23 is as under:

Complaints as on 01.04.2022	Received during the year	Resolved during the year	Complaints not solved to the satisfaction of shareholders during the year.	Pending as on 31.03.2023
0	1	1	0	0

### 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility (CSR) Committee of the Board was constituted in compliance with the provisions of Section 135 of the Companies Act, 2013.

#### Terms of reference of the CSR Committee are as follows:

- To formulate CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommend same to the Board;
- To recommend the amount of expenditure to be incurred on CSR activities;

## Corporate Governance Report (Contd.)

- c) To recommend annual action plan to Board of Directors of the Company in pursuance to the CSR policy and any modification as may be required;
- d) To implement and monitor the CSR activities of the Company, which shall be in compliance with CSR objectives and Policy of the Company;
- e) To provide a report on CSR activities to the Board of the Company periodically;
- f) To undertake impact assessment, if required through an independent agency as per the requirements of Companies Act, 2013 and CSR rules made thereunder;
- g) To monitor and review the CSR Policy of the Company from time to time; and
- h) To ensure the compliance of Section 135 read with Schedule VII of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and subsequent amendments thereto.

### Corporate Social Responsibility Committee Meetings

The Corporate Social Responsibility Committee met twice during the year ended 31<sup>st</sup> March, 2023 i.e. on 9<sup>th</sup> August, 2022 and 14<sup>th</sup> February, 2023. The composition and attendance of each Committee Member is as under:

Name of the Members	Designation in the Committee	Particulars of Attendance	
		No. of meetings held during the Member's tenure	No. of meetings attended by the Member
Mr. Raghvendra Raj Mehta	Chairman	02	02
Mr. Trimaan Chandock	Member	02	02
Mr. Jaikaran Chandock	Member	02	02

## 8. RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board was constituted in compliance with the provisions of Regulation 21 of the Listing Regulations.

### Terms of reference of the Risk Management Committee are as follows:

- a) To assist the Board in execution of its responsibility for the governance and to assist the Board in setting risk strategy policies, including annually agreeing risk tolerance and appetite levels, in liaison with the Management;

- b) To review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;
- c) To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks. A framework and process to anticipate unpredictable risks should also be implemented;
- d) To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;
- e) To review processes and procedures to ensure the effectiveness of internal systems of control, so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- f) To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks facing the Company;
- g) To assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function; and
- h) To review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.

It was determined by the Board that Risk Management Committee shall meet twice a year. Additional meetings may be convened at the request of any one of the committee members. However, the meetings are to be scheduled as such that they are held before the meetings of the Board, for effective reporting. Moreover, the Chairman of the Risk Management Committee shall report from time to time to the Board on the deliberations of the Committee.

### Risk Management Committee Meetings

During the financial year under review, two meetings of the Risk Management Committee were held on 09<sup>th</sup> August, 2022 and 03<sup>rd</sup> February, 2023. The composition and attendance of each Committee Member is as under:

## Corporate Governance Report (Contd.)

Name of the Members	Designation in the Committee	Particulars of Attendance	
		No. of meetings held during the Member's tenure	No. of meetings attended by the Member
Mr. Trimaan Chandock	Chairman	02	02
Mr. Jaikaran Chandock	Member	02	02
Mr. Radheshyam Soni	Member	02	02

During the financial year under review, there were no instances where the Board had not accepted any recommendation of any committees of the Board.

### 9. GENERAL BODY MEETINGS

#### Annual General Meetings

The details of Annual General Meetings convened during the last three years are as follows:

For Financial Year	Date and Time	Venue	Special Resolutions
2021-22	Friday, 30 <sup>th</sup> September, 2022 at 11:00 A.M.	Through Video Conferencing (VIA Zoom Meeting)	None
2020-21	Tuesday, 28 <sup>th</sup> September, 2021 at 10:00 A.M.	Vaishya Samaj Kalyan Kendra, Electric Industries Marg, Near Sai Service, Borivali (East), Mumbai-400066	<ul style="list-style-type: none"> <li>Revision in the remuneration of Mr. Jaspalsingh Chandock, Chairman and Managing Director (DIN 00813218) of the Company.</li> <li>Revision in the remuneration of Mr. Trimaan Chandock, Whole Time Director (DIN 02853445) of the Company.</li> <li>Revision in the remuneration of Mr. Jaikaran Chandock, Whole Time Director (DIN 06965738) of the Company.</li> <li>To Approve Scheme of loan for Managing Director.</li> </ul>
2019-20	Wednesday, 23 <sup>rd</sup> December, 2020, at 09:30 A.M.	Kriish Cottage, C-101/201, Manas Building, Near St. Lawrence High School, Devidas Lane, Borivali (west), Mumbai 400103.	<ul style="list-style-type: none"> <li>Regularisation of Additional Director Mr. Jaspalsingh Chandock [DIN 00813218] as Chairman and Managing Director.</li> <li>Re-appointment of Mr. Ashvin Rajabhai Thumar [DIN 05142024] as an Independent Director of the Company.</li> </ul>

#### Extraordinary General Meetings

During the financial year 2022-23, no Extra Ordinary General Meeting was held.

#### Details of resolutions passed through Postal Ballot

As per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, during the year under review, no resolutions were passed by members of the Company through Postal Ballot.

#### Whether any special resolution is proposed to be conducted through Postal Ballot

There is no immediate proposal for passing any special resolution through Postal Ballot

### 10. MEANS OF COMMUNICATION

Quarterly Results	<p>The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in (Active Times –Mumbai Edition having country-wide circulation and in Marathi Newspapers (Lakshadeep - Mumbai Edition) where the registered office of the Company is situated. These results were also placed on the Company's website i.e. <a href="https://www.baluindustries.com">https://www.baluindustries.com</a></p> <table><tr><th>Quarter</th><th>Date of Board Meeting</th><th>Date of Publication</th></tr><tr><td>1<sup>st</sup> Quarter</td><td>09.08.2022</td><td>11.08.2022</td></tr><tr><td>2<sup>nd</sup> Quarter</td><td>14.11.2022</td><td>16.11.2022</td></tr><tr><td>3<sup>rd</sup> Quarter</td><td>14.02.2023</td><td>16.02.2023</td></tr><tr><td>4<sup>th</sup> Quarter</td><td>09.05.2023</td><td>11.05.2023</td></tr></table>			Quarter	Date of Board Meeting	Date of Publication	1 <sup>st</sup> Quarter	09.08.2022	11.08.2022	2 <sup>nd</sup> Quarter	14.11.2022	16.11.2022	3 <sup>rd</sup> Quarter	14.02.2023	16.02.2023	4 <sup>th</sup> Quarter	09.05.2023	11.05.2023
Quarter	Date of Board Meeting	Date of Publication																
1 <sup>st</sup> Quarter	09.08.2022	11.08.2022																
2 <sup>nd</sup> Quarter	14.11.2022	16.11.2022																
3 <sup>rd</sup> Quarter	14.02.2023	16.02.2023																
4 <sup>th</sup> Quarter	09.05.2023	11.05.2023																
Website	<p>All the information and disclosures required to be disseminated as per Regulation 46(2) of the Listing Regulations and Companies Act, 2013 are being posted at Company's website: <a href="https://www.baluindustries.com">https://www.baluindustries.com</a></p>																	
	<p>The official news releases and presentations to the institutional investors or analysts, if made any are disseminated to the Stock Exchange at <a href="http://www.bseindia.com">www.bseindia.com</a> and the same is also uploaded on the website of the Company <a href="https://www.baluindustries.com">https://www.baluindustries.com</a></p>																	
Designated E-mail address for investor services	<p>To serve the investors better and as required under Listing regulations, the designated e-mail address for investors complaints is <a href="mailto:compliance@baluindustries.com">compliance@baluindustries.com</a>.</p>																	

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### 11. GENERAL SHAREHOLDER INFORMATION

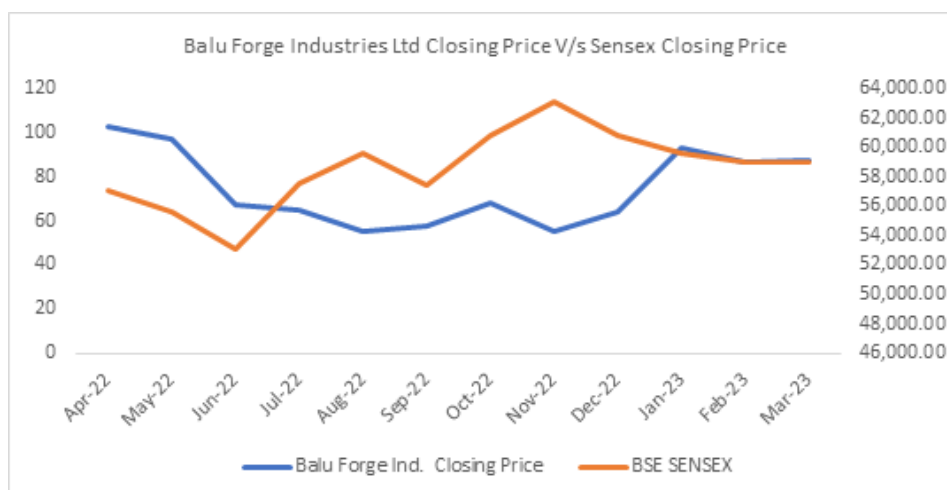
AGM date, time and venue	Wednesday, 27 September, 2023, 11:30 a.m. through Video Conferencing (VC) or other Audio Visual Means (OAVM)
Financial Year	April to March
Dividend Payment Date	During the year under review, the Board of Directors have not recommended any amount of dividend
Registered Office along with its CIN	506, 5 <sup>th</sup> Floor, Imperial Palace, 45 Telly Park Road, Andheri (East), Mumbai – 400 069. CIN: L29100MH1989PLC255933
Name and Address of Stock Exchanges where Company's securities are listed	ISIN: INE011E01029 <b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 531112
Listing fees	The Annual Listing fees for the financial year 2023-24 have been paid to the Stock Exchange.
Share Registrar and Transfer Agents	<b>M/s Skyline Financial Services Pvt. Ltd.</b> A/505, Dattani Plaza, A K Road, Safed Pool, Andheri (East), Mumbai – 400 072 Tel: 022 - 49721245 / 28511022 Email: pravin.cm@skylinerta.com; mumbai@skylinerta.com
Address for Correspondence	<b>a) For Securities held in Demat form:</b> The investor's Depository Participant and/or M/s Skyline Financial Services Pvt. Ltd. <b>b) Balu Forge Industries Ltd. Investor Relation Centre</b> Ms. Tabassum Begum Company Secretary & Compliance officer E-mail: compliance@baluindustries.com Tel No: +91 8655075578
Company Secretary & Compliance officer	Ms. Tabassum Begum

### Market Price Data

The high and low prices and volumes of your Company's shares at BSE for the financial year 2022-23 are as under:

Month & Year	BALUFORGE		BSE SENSEX	
	High	Low	High	Low
April 2022	126.45	101.00	60845.10	56009.07
May 2022	118.00	85.00	57184.21	52632.48
June 2022	98.90	66.10	56432.65	50921.22
July 2022	83.40	60.30	57619.27	52094.25
August 2022	71.25	52.00	60411.20	57367.47
September 2022	83.40	53.50	60676.12	56147.23
October 2022	73.00	59.65	60786.70	56683.40
November 2022	70.00	53.90	63303.01	60425.47
December 2022	69.95	54.15	63583.07	59754.10
January 2023	109.00	58.25	61343.96	58699.20
February 2023	97.30	75.40	61682.25	58795.97
March 2023	99.85	83.00	60498.48	57084.91

### Performance of Share Price in Comparison to S&P BSE 100





## Corporate Governance Report (Contd.)

### Share Transfer System

The Shareholders' Relationship Committee meets on a periodic basis and as and when necessary. As per direction of SEBI, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository.

As per circular issued by SEBI in this regard, Shareholders who are still holding share certificate(s) in physical form have been advised to dematerialise their shareholding to facilitate transfers and avail other benefits of dematerialisation.

### Updating KYC details

Pursuant to SEBI Circular Number SEBI / HO/ MIRSD/ MIRSD \_ RTA MB /P/CIR/2021/655 dated 3 November 2021, the Company had sent individual letters to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination.

Attention of the Members holding shares of the Company in physical form is invited:

- To go through the said important communication under the web link at <https://www.baluindustries.com/investors-kit.php>
- To get their equity shares converted into demat / electronic mode as transfer and issuance of equity shares in physical form have been disallowed by SEBI.
- To make / change a nomination in respect of their shares and submit in the prescribed Forms SH-13 / SH-14 to the Registrar and Share Transfer Agent.

Shareholders holding shares in physical form and not complied with the aforesaid SEBI Circular, are requested to furnish the above referred documents to the Registrar and Share Transfer Agent.

### Shareholding pattern of the Company as on 31st March, 2023

Category of Shareholder	Number of Shares	% of Total Shares
Promoters	54526060	65.41
Individuals	13916783	16.69
Foreign Portfolio Investor	6396710	7.67
Body Corporate Indian	7264883	8.71
HUF	465532	0.56
Non-Resident Indian	438622	0.53
Clearing Members	5991	0.01
Trust	100000	0.12
Others	250305	0.30
<b>Grand Total</b>	<b>83364886</b>	<b>100</b>

### Distribution of Shareholding

Distribution of shareholding of shares of your Company as on 31<sup>st</sup> March, 2023 is as follows:

No. of Equity Shares Held	No. of Shareholders	% of Total Shareholders	Shares Holding Amount	% of Issued Capital
Up To 5,000	6259	80.18	7068960.00	0.85
5001 To 10,000	600	7.69	4981240.00	0.60
10001 To 20,000	338	4.33	5217670.00	0.63
20001 To 30,000	130	1.67	3373120.00	0.40
30001 To 40,000	66	0.85	2411730.00	0.29
40001 To 50,000	68	0.87	3262150.00	0.39
50001 To 1,00,000	146	1.87	11279770.00	1.35
1,00,000 and Above	199	2.55	796054220.00	95.49
<b>Total</b>	<b>7806</b>	<b>100.00</b>	<b>833648860.00</b>	<b>100.00</b>

## Corporate Governance Report (Contd.)

### Disclosures of transactions of the Company with any person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the Company

The particulars of related party transactions of the company with promoter / promoter group during the year under review has been disclosed in the note no. 45 of Standalone Financial Statements.

### Transfer of Unpaid/Unclaimed amounts and shares to Investor Education and Protection Fund

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, there was no Unpaid Dividend Amount of the Company liable to be transferred to the Investor Education and Protection Fund ("IEPF").

### Unclaimed Shares

During the financial year under review, the Company does not have any Demat Suspense Account / Unclaimed Suspense Account. The Company has 74,154 unclaimed equity shares of 727 shareholders lying with the Company as per Schedule V of the Listing Regulation. During the year the Company has issued 940 Number of shares to the 17 shareholders from whom the Company/RTA received the requests.

### Dematerialisation of Shares and Liquidity

The Company has executed agreement with both the depositories of the Country i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for admission of its securities under dematerialised mode. The International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is ISIN: INE011E01029 - Equity shares. As on 31<sup>st</sup> March, 2023, total Equity Shares representing 99.80 percent are held in dematerialised form.

The shares of the Company are regularly traded at the Stock Exchange where they are listed, which ensure the necessary liquidity to shareholders.

Physical and Dematerialised Shares as on 31st March, 2023	No of Shares	% of Total Issued Capital
No. of Shares held in dematerialised form in CDSL	16207735	19.44%
No. of Shares held in dematerialised form in NSDL	66993977	80.36%
No. of Physical Shares	163174	0.20%
<b>Total</b>	<b>83364886</b>	<b>100%</b>

### Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

There are no outstanding GDRs/ADRs. The Company issued 92,00,000 Warrants of which 81,50,000 was converted on 23<sup>rd</sup> March, 2022 and remaining 10,50,000 was converted

on 29<sup>th</sup> April, 2022 for which the company had received ₹ 6,90,00,000 which were used for the objects stated in the Postal Ballot Notice and the Explanatory Statement of Notice, dated 3<sup>rd</sup> August, 2020 and there has been no Category wise variation between projected utilization of funds as stated in the explanatory statement to the notice for the Postal Ballot.

### Whether the securities are suspended from trading

The securities of the Company were not suspended during the year under review.

### Commodity price risk or foreign exchange risk and hedging activities

A comprehensive financial and commodity risk management program supports the achievement of an organisation's objectives by enabling the identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks and implementing policies and procedures to manage and monitor the risks.

Currency Hedging and Commodity Hedging is as guided by Risk management policy approved by Board and the same is reviewed by Board committee of independent directors.

### Plant Location

Plant 43-B & 44-A, Kakti Industrial Area, Kakati, Belgaum 591113, Karnataka, India

## 12. DISCLOSURES

### A. Disclosures on Materially Significant Related Party Transactions that may have potential conflict with the interests of the Company

All transactions entered into with Related Parties as defined under the Companies Act, 2013, and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by the Indian Accounting Standard (Ind AS 24) has been made in note no. 45 of the Standalone Financial Statements.

### B. Details of Non-Compliance by the Company, Penalties, and Strictures imposed on the Company by Stock Exchange(s) or the Board or any Statutory Authority, on any matter related to Capital Markets, during the last three years

There was delay in submission of Financials Results under regulation 33 of the Listing Regulations for the quarters ended September 2020, December 2020 and March 2023 and paid the penalty as levied by the Stock Exchange. Apart from the aforesaid matter,

## Corporate Governance Report (Contd.)

there were no other non-compliance by the Company and no Penalties, Strictures imposed on the Company by Stock Exchange(s) or SEBI or any Statutory Authority, on any matter related to Capital Markets.

The Company has filed Waiver Application dated 19<sup>th</sup> July, 2023 to BSE Ltd. for payment of the above penalties imposed by BSE Ltd.

### **C. Disclosure of Vigil Mechanism/ Whistle Blower Policy and access to the Chairman of the Audit Committee**

The Company has formulated Whistle Blower/ Vigil Mechanism Policy, pursuant to which the Director(s) and in line with the provisions of the Listing Regulations, the Act and other SEBI Regulations and principles of good governance, the Company has formulated a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company. The Policy provides for framework and process to encourage and facilitate employees and Directors to voice their concerns or observations without fear, or raise reports to the Management, of instance of any unethical or unacceptable business practice or event of misconduct/ unethical behaviors, actual or suspected fraud and violation of Company's Code of Conduct etc.

The Policy provides for adequate safeguards against victimization of persons who avail such mechanism. To encourage employees to report any concerns and to maintain anonymity the Policy provides a dedicated email id wherein the grievances or concerns can be reported to the Corporate Governance Committee, constituted for the administration and governance of the Policy. The Policy also facilitates direct access to the Chairman of the Audit Committee in appropriate or exceptional cases through a dedicated email id. The Whistle Blower Policy / Vigil Mechanism Policy adopted by the Company is available on the website of the Company i.e. [www.baluindustries.com](http://www.baluindustries.com).

During the financial year 2022-23, the Company had not received any complaints pursuant to Whistle Blower/ Vigil Mechanism Policy.

During the year under review, none of the personnel has been denied access to the Chairman of the Audit Committee.

### **D. Policy for determining 'material' subsidiaries**

The Company has formulated a policy for determining material subsidiaries in terms of the Listing Regulations. This Policy has been posted on the website of the Company at the <https://www.baluindustries.com/corporate-governance.php>

The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings of the subsidiaries are placed at the meeting of the Board of Directors of the Company. The management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted subsidiary, if any.

### **E. Policy on dealing with Related Party Transactions**

The Company has formulated a policy on Related Party Transactions in line with the requirements of Section 177 (4) (iv) and 188 of the Companies Act, 2013 read with Rules framed thereunder and the Listing Regulations. This Policy has been posted on the website of the Company at the <https://www.baluindustries.com/corporate-governance.php>

### **F. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company had not received any complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year ended 31<sup>st</sup> March, 2023.

### **G. List of all credit ratings obtained by the Company along with any revisions thereto during the relevant financial year**

The Company has been rated by Crisil Ratings Limited vide its letter dated 15<sup>th</sup> February, 2023 for its bank facilities as follows;

Sr. No.	Instruments	Rating
1.	Packing Credit	BBB-/Stable
2.	Post Shipment Credit	A3

The above rating indicates moderate degree of safety regarding timely servicing of financial obligations.

### **H. Details of utilization of funds raised through Qualified Institutions Placement**

The proceeds of funds raised under preferential issue of the Company are utilized as per Objects of the Issue. The disclosure in compliance with the Regulation 32 (7A) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is as under:

Out of the total fund raised by the Company till the financial year 2022-23 under preferential issue, there is no amount unutilized as on 31<sup>st</sup> March, 2023.

## Corporate Governance Report (Contd.)

Sr. No	Particulars	Actual Utilization of proceeds upto 31st March, 2022	Actual Utilization of proceeds upto 31st March, 2023
1.	The funds raised from the proposed issue of Equity Shares and Warrants is utilized for a combination of part funding of the expenditure for expansion, support growth plans of the Company long-term working capital, general corporate purposes and to peruse the main object of the company as stated in its Memorandum of Association (MOA).	₹ 5,107.00 lakhs	₹ 78.75 lakhs

**I. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount':**

The particulars of Loans and advances in the nature of loans to companies in which directors are interested by the Company and its subsidiaries during the year under review has been disclosed in the note no. 45 of Standalone Financial Statements.

**J. Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.**

Sr. No.	Name of Material Subsidiaries	Date of Incorporation	Place of Incorporation	Name of Statutory Auditors	Date of Appointment of Statutory Auditors
1.	Safa Otomotiv FZ – LLC	17-01-2021	Dubai	NBN Auditing of Accounts	06-02-2023

**K. Certificate from a Company Secretary in practice**

A certificate from the Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is attached with this Annual Report.

**L. MD certification**

Certificate from Mr. Jaspalsingh Chandock, Chairman & Managing Director, in terms of Regulation 17(8) of the SEBI Listing Regulations, for the financial year 2022-2023 was placed before the Board at its meeting held on 9<sup>th</sup> May, 2023, and also forms part of this Annual Report.

**M. Declaration Affirming Compliance of Code of Conduct**

The Company has received confirmations from all the Board of Directors as well as Senior Management Executives regarding compliance of the Code of Conduct during the year under review.

A declaration by the Managing Director affirming compliance of Board Members and Senior Management Personnel to the Code is annexed herewith.

**N. Total fees paid by the Company and its subsidiaries, on a consolidated basis to Statutory Auditors and all entities in its network firm/network entity, during the Financial Year 2022-23.**

Total fees for all services paid by the Company to statutory auditors of the Company and other firms in the network entity of which the statutory auditors are a part, during the year ended 31<sup>st</sup> March, 2023 is ₹ 9,66,645/- [Rupees Nine Lakh Sixty Six Thousand Six Forty Five Only].

**13. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT**

There have been no instances of non-compliance of any requirement of the Corporate Governance Report as prescribed by the Listing Regulations.

**14. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS**

Your Company has complied with all the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, wherever applicable to your Company.

**15. COMPLIANCE WITH DISCRETIONARY REQUIREMENT**

The Company has not implemented with Regulation 27 (1) read with Part E of the Schedule II of the Listing Regulations.



## Corporate Governance Report (Contd.)

# CODE OF CONDUCT DECLARATION

In terms of Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the affirmations provided by the Directors and Senior Management Personnel of the Company to whom Code of Conduct is made applicable, it is declared that the Board of Directors and the Senior Management Personnel have complied with the Code of Conduct for the year ended 31<sup>st</sup> March, 2023.

Place: Mumbai  
Date: 4<sup>th</sup> September 2023

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
DIN: 00813218

## Corporate Governance Report (Contd.)

# Certificate on Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

To,  
The Members,  
**Balu Forge Industries Limited**  
506, 5<sup>th</sup> Floor, Imperial Palace, 45 Telly Park Road,  
Andheri (East), Mumbai, Maharashtra, 400069.

I have examined the relevant registers records forms returns and disclosures received from the Directors of **Balu Forge Industries Limited** having **CIN L29100MH1989PLC255933** and having registered office at 506, 5<sup>th</sup> Floor, Imperial Palace, 45 Telly Park Road, Andheri (East), Mumbai, Maharashtra, 400069, India. (hereinafter referred to as 'the Company') produced before me by the Company for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended 31<sup>st</sup> March 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company	Date of Resignation
1	Jaspalsingh Chandock	00813218	19/11/2020	-
2	Trimaan Chandock	02853445	19/11/2020	-
3	Jaikaran Chandock	06965738	19/11/2020	-
4	Raghvendra Raj Mehta	01947378	30/06/2021	-
5	Radhey Shyam Soni	07962657	30/06/2021	-
6	Shalu Laxmanraj Bhandari	00012556	30/06/2021	-

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Disclaimer:** We have not been made available with details or clarification or Non-Applicability certificate, with respect to debarment or disqualification pursuant to any order from civil or criminal court and thus we are unable to conclude any opinion on attraction of disqualification by any such order which have not been presented before us for reporting.

For, **JAYMIN MODI & CO.**  
Company Secretaries

Sd/-

**Jaymin Modi**

Company Secretary

ACS: 44248

COP: 16948

PRC: 2146/2022

UDIN: A044248E000835995

Date: 21<sup>st</sup> August 2023  
Place: Mumbai

## Corporate Governance Report (Contd.)

## Compliance Certificate from Practicing Company Secretaries Regarding Compliance of Conditions of Corporate Governance

To,  
The Members,  
**Balu Forge Industries Limited**  
506, 5<sup>th</sup> Floor, Imperial Palace, 45 Telly Park Road,  
Andheri (East), Mumbai, Maharashtra, 400069.

applicable criteria. The procedures include but not limited to verification of secretarial records of the Company. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis.

1. The Corporate Governance Report prepared by Balu Forge Industries Limited ("the Company"), contains details as stipulated in Regulations 17 to 27 and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2023. This certificate is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

### MANAGEMENT RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors is also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### OUR RESPONSIBILITY

4. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.
5. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
6. The procedures selected depend on our judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the

### OPINION

7. Based on the procedures performed by us as referred above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2023.

### OTHER MATTERS AND RESTRICTION ON USE

8. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
9. This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.
10. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For, **JAYMIN MODI & CO.**  
Company Secretaries

Sd/-

**Jaymin Modi**

Company Secretary

ACS: 44248

COP: 16948

PRC: 2146/2022

UDIN: A044248E000835918

Date: 21<sup>st</sup> August 2023

Place: Mumbai

## Corporate Governance Report (Contd.)

## Managing Director (MD) Certification

I hereby certify that:

- (a) I have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2023 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent or illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit Committee:
  - i. significant changes in internal control during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

This certificate is being given to the Board pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thank you.

Yours truly,

For **Balu Forge Industries Limited**

Sd/-

**Jaspalsingh Chandock**

Chairman & Managing Director

DIN: 00813218

Place: Mumbai

Date: 9<sup>th</sup> May 2023



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF

### Balu Forge Industries Limited

(Formerly Known as M/s Amaze Entertech Limited)

Report on the Audit of the Standalone Financial Statements

## OPINION

We have audited the accompanying standalone financial statements of Balu Forge Industries Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended and notes to the standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

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, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) 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 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 standalone financial statements.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters 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 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 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 financial statements.

Sr. No.	Key Audit Matter	Auditor's Response
	<b>Revenue recognition</b>  (as described in Note 5e of the standalone Ind AS financial statements)  Revenue from sales is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell / consume the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed.	In the view of the significance of the matter we addressed the key audit matter by applying the following audit procedures.  <b>Principal Audit Procedures</b>  1) Considered Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers'.  2) Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition.  3) Tested samples of individual sales transaction and traced to sales invoices, sales orders, (received from customers) and other related documents.

Sr. No.	Key Audit Matter	Auditor's Response
	<p>During the year ended March 31, 2023, the Company has recognised revenue amounting to ₹4,407.72 lakhs and ₹22,498.11 lakhs from domestic and export sales respectively.</p> <p>Terms of sales arrangements, including the timing of transfer of control, delivery specifications including incoterms in case of exports, timing of recognition of sales require significant judgment in determining revenues. The risk is, therefore, that revenue may not get recognised in the correct period. Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<p>Further, in respect of the samples tested, checked recognition of revenue in accordance with the terms / when the conditions for revenue recognitions are satisfied.</p> <p>How our audit addressed the key audit matter</p> <p>Selected sample of sales transactions made pre- and post-year end, agreed the period of revenue recognition to underlying documents.</p> <ol style="list-style-type: none"> <li>1) Performed procedures to identify any unusual trends of revenue recognition.</li> <li>2) Assessed the relevant disclosures made within the standalone Ind AS financial statements.</li> </ol>

### 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Report, Chairman's report on Corporate Governance and Shareholder's Information, but does not include the 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 identified above 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 RESPONSIBILITIES 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 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 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 standalone 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 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 standalone 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 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 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 IndAS 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 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate Report in "Annexure B". 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014 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 financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2023.
- iv. (a) The Management has represented that to the best of its knowledge and belief as disclosed in the notes to the 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 person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding whether recorded in writing or otherwise that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented that to the best of its 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 person(s) or entity(ies) including foreign entities ("Funding Parties") with the understanding whether recorded in writing or otherwise that the Company shall directly or indirectly lend or invest in other persons or entities

identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures 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 provide under (a) &(b) above contain any material mis-statement.
- v. The company has not declared dividend or paid dividend during the year and has not proposed final dividend for the year.
- vi. Provisio to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023
3. 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 **M. B. Agrawal & Co.**  
Chartered Accountants  
(Firm's Registration No.100137W)

Sd/-  
**Leena Agrawal**  
Partner  
(Membership No.061362)  
UDIN: 23061362BGRRWU6251

Place: Mumbai  
Date: 9<sup>th</sup> May, 2023



# Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Balu Forge Industries Limited of even date)

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2023, we report the following:

- i. a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Capital work- in-progress.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b. According to the information and explanations given to us, the records examined by us, the Company has a program of verification to cover all the items of Property, Plant and Equipment and Capital work- in-progress in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us, the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings (other than the properties where the company is the lessee and the lease agreements are duly executed in favour of the company) disclosed in the standalone financial statements included in Property, Plant and Equipment and capital work-in-progress are held in the name of the company as at balance sheet date.

Immovable properties of land & buildings whose title deeds have been pledged as security for loans are held in the name of the company based on the confirmation received from the management

- d. According to the information and explanations given to us the Company has not revalued any of its Property Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- e. To the best of our knowledge and according to the information and explanations given to us no proceedings have been initiated during the year or are pending against the Company as at March 31 2023 for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The inventories (except for goods-in-transit and stock lying with third parties) were physically verified by the management at reasonable intervals during the year. In our opinion and based on the information and explanation given to us the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories / alternate procedures performed as applicable when compared with books of accounts.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital facility from banks or financial institutions in excess of five crore rupees on the basis of security of current assets. In our opinion, the quarterly returns or stock statements filed by the Company with such banks or financial institutions are in agreement with the books of accounts of the Company.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:
- (a) Based on the audit procedures carried by us and as per the information and explanations given to us the Company has provided loans to other entities during the year and the outstanding balance of such loans as at March 31, 2023 are given below:

	Loans (₹ in Lakhs)
<b>A. Aggregate amount granted / provided during the year</b>	
Subsidiaries	202.59
<b>B. Balance outstanding as at balance sheet date in respect of above cases*</b>	
Subsidiaries	279.82
Percentage of loans/advances in nature of loan to the total loans	74.08%

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, the loans and the terms and conditions of granting of loans given during the year are prima facie not prejudicial to the interests of the company.
- (c) According to the information and explanations given to us and on the basis of the examination of the records of the company, in respect of loans granted by the company, the loans are granted without specifying any repayment schedule are repayable back to the company on demand.
- (d) According to the information and explanations given to us and on the basis of the examination of the records of the company, in respect of loans granted by the company, the loans are granted without specifying any repayment schedule and accordingly no loans have fallen due resulting in no overdue amount remaining outstanding as at the balance sheet date.
- (e) According to the information and explanations given to us and on the basis of the examination of the records of the company, no loan granted by the company which have fallen due during the year, has been renewed or extended, or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to the information and explanations given to us and on the basis of the examination of the records of the company, in our opinion the company has not granted any loans and advances in the nature of loans either repayable on demand or without specifying any terms of period of repayment except for the loans as mentioned in clause 3(iii)(a) above.
- iv According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees, and securities provided, as applicable.
- v. According to the information provided to us, the Company has not accepted deposits from public as defined according to the provisions of Section 73 to 76 of the Companies Act, 2013 and Rules framed thereunder or amounts which are deemed to be deposits. Accordingly, clause 3(v) of the Order is not applicable.
- vi. We have broadly reviewed the books of accounts maintained by the company in pursuance to the rules made by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act, for certain products of the company and are of the opinion that prima facie prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- a. The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax ("GST")
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been generally regularly deposited by the Company with the appropriate authorities with delays on some instances
- According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other material Statutory dues were in arrears as at 31<sup>st</sup> March 2023 for a period more than 6 months from the date they became payable except for the following:

Name of the Statute	Nature of the Dues	Amount	Due Date	Date of Payment
Profession Tax	Profession Tax (Employees)	8,800	30/06/2021	Not Paid

- b. According to the information and explanation given to us and records examined by us, there are no amounts which are not deposited on account of any dispute. Accordingly, clause (vii) (b) is not applicable to the Company.
- or disclosed as income in the tax assessments under the Income Tax Act 1961 during the year.
- viii. According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that were surrendered
- ix. a. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayments of any loans or borrowings or in the payment of interest thereon to financial institutions, banks, and Government or debenture holders.

- b. According to the information and explanations given to us the company has not been declared wilful defaulter by any bank or financial institution or government or any lender.
- c. In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- d. On an overall examination of the standalone 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. The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, joint venture or associates.
- f. According to the information and explanation given to us the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint venture or associate companies.
- x. a. According to the information and explanation given to us the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the requirements of section 42 & section 62 of the Companies Act, 2013, for preferential allotment of convertible share warrants and the funds raised have been used for the purpose for which the funds were raised.
- xi. a. Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit, nor have we been informed of any such case by the management.
- b. According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c. According to the information and explanations given to us, there has been no whistle blower complaints received by the Company. Accordingly, clause 3 (xi)(c) of the Order is not applicable to the Company.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under clause 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, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian 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 issued to the Company during the year and covering the period upto 31<sup>st</sup> March 2023.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to 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. Accordingly, clause 3(xvi)(a) and 3(xvi) (b) of the Order are not applicable.
- b. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi) (c) of the Order is not applicable.
- c. Accordingly to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) of the Order is not applicable.
- xvii. According to the information and explanations provided to us, the Company has not incurred cash losses in the current and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **M. B. Agrawal & Co.**

Chartered Accountants  
(Firm's Registration No.100137W)

Sd/-

**Leena Agrawal**

Partner  
(Membership No.061362)  
UDIN: 23061362BGRRWU6251

Place: Mumbai

Date: 9<sup>th</sup> May, 2023



# Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Balu Forge Industries 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 Balu Forge Industries Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date. **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 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 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 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 internal financial controls system over financial reporting of the Company.

### **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 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 financial statements.

### **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, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on

Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However efforts for further strengthening the internal control is needed.

For **M. B. Agrawal & Co.**

Chartered Accountants  
(Firm's Registration No.100137W)

Sd/-

**Leena Agrawal**

Partner  
(Membership No.061362)  
UDIN: 23061362BGRRWU6251

Place: Mumbai

Date: 9<sup>th</sup> May, 2023

# Balance Sheet

as at 31 March 2023

(₹ in Lakhs)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, plant and equipment	6	992.11	898.65
(b) Right-of-use assets	7	41.87	78.57
(c) Capital work-in-progress	8	666.98	666.98
(d) Goodwill	9	3,254.45	3,254.45
(e) Other Intangible assets	9	4.86	4.32
(f) Financial assets			
i. Investment in subsidiaries	10	32.33	32.33
ii. Other financial assets	11	53.11	48.87
(g) Deferred tax assets (net)	12	211.59	-
(h) Other non-current assets	13	1,428.26	29.87
<b>Total Non-Current Assets</b>		<b>6,685.56</b>	<b>5,014.04</b>
<b>2 Current Assets</b>			
(a) Inventories	14	3,371.45	4,079.72
(b) Financial assets			
i. Trade receivables	15	19,590.91	13,023.08
ii. Cash and cash equivalents	16	484.38	586.80
iii. Bank balances other than cash and cash equivalents	17	275.44	120.29
iv. Loans	18	310.23	176.11
v. Other financial assets	19	542.88	674.95
(c) Other current assets	20	3,872.06	4,814.33
(d) Current tax assets (net)		-	-
<b>Total Current Assets</b>		<b>28,447.35</b>	<b>23,475.28</b>
<b>Total Assets</b>		<b>35,132.91</b>	<b>28,489.32</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	21	8,336.49	8,231.49
(b) Other equity	22	10,795.58	7,692.18
<b>Total Equity</b>		<b>19,132.07</b>	<b>15,923.67</b>
<b>II Liabilities</b>			
<b>1 Non-Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	23	1,169.27	742.89
ii. Lease liability	7	1.61	48.79
(b) Provisions	24	82.26	74.53
(c) Deferred tax liabilities (net)	12	-	4.47
<b>Total Non-Current Liabilities</b>		<b>1,253.14</b>	<b>870.68</b>
<b>2 Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	25	3,964.09	3,908.66
ii. Lease liability	7	52.22	38.93
iii. Trade payables	26		
- Total outstanding dues of Micro and small enterprises		37.45	-
- Total outstanding dues of other than micro and small enterprises		5,698.87	4,508.28
iv. Other financial liabilities	27	3,600.45	2,260.84
(b) Other current liabilities	28	229.42	101.75
(c) Provisions	29	12.57	14.88
(d) Current tax liability (net)		1,152.63	861.63
<b>Total Current Liabilities</b>		<b>14,747.70</b>	<b>11,694.97</b>
<b>Total Equity and Liabilities</b>		<b>35,132.91</b>	<b>28,489.32</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

**As per our report of even date**

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-

**Leena Agrawal**

Partner

Membership No.: 061362

UDIN:23061362BGRRWR7851

Mumbai, 9 May 2023

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

Sd/-

**Jaspalsingh Chandock**

Chairman & Managing Director  
(DIN 00813218)

Sd/-

**Jaikaran Chandock**

Director (DIN 06965738)

Sd/-

**Trimaan Chandock**

Director  
(DIN 02853445)

Sd/-

**Aakash Joshi**

Company Secretary

# Statement of Profit and Loss

for the year ended 31 March 2023

(₹ in Lakhs)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
<b>I. Income</b>			
i. Revenue from operations	30	26,905.83	28,505.80
ii. Other income	31	1,280.68	852.62
<b>Total Income</b>		<b>28,186.51</b>	<b>29,358.42</b>
<b>II. Expenses</b>			
i. Cost of materials consumed		18,725.79	22,824.77
ii. Changes in inventories of finished goods, stock in trade and work-in-progress	32	(413.56)	(873.44)
iii. Employee benefits expense	33	603.28	523.63
iv. Depreciation and amortisation expense	34	119.42	105.40
v. Finance costs	35	1,047.83	522.91
vi. Other expenses	36	3,739.08	2,266.66
<b>Total Expenses</b>		<b>23,821.84</b>	<b>25,369.93</b>
<b>III. Profit before tax (I-II)</b>		<b>4,364.67</b>	<b>3,988.49</b>
<b>IV. Exceptional items</b>		-	(20.50)
<b>V. Profit before tax (III-IV)</b>		<b>4,364.67</b>	<b>3,967.99</b>
<b>VI. Tax expense</b>			
i. Prior period tax		159.32	(9.33)
ii. Current tax	12	1,225.00	875.00
iii. Deferred tax		(219.08)	58.41
<b>VII. Profit after tax (V-VI)</b>		<b>3,199.43</b>	<b>3,043.91</b>
<b>VIII. Other comprehensive income</b>			
A. Items that will not be reclassified to profit & loss in subsequent periods			
i. Re-measurement gains (losses) on defined benefit plans	37	11.98	23.19
ii. Income tax effect on such items		(3.02)	(5.84)
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>8.96</b>	<b>17.35</b>
<b>IX. Total comprehensive income for the year, net of tax (VII-VIII)</b>		<b>3,208.39</b>	<b>3,061.26</b>
<b>X. Earnings per equity share of ₹ 10 each:</b>			
i. Basic (in ₹)	38	3.84	4.09
ii. Diluted (in ₹)		3.84	4.04

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

## As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-

**Leena Agrawal**  
Partner  
Membership No.: 061362  
UDIN:23061362BGRRWR7851  
Mumbai, 9 May 2023

## For and on behalf of the Board of Directors

Sd/-

**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-

**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-

**Jaikaran Chandock**  
Director (DIN 06965738)

Sd/-

**Aakash Joshi**  
Company Secretary



# Statement of Changes in Equity

for the year ended 31 March 2023

## A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	No. of Shares	Amount
<b>As at 1 April 2021</b>	<b>6,86,15,000</b>	<b>6,861.50</b>
Changes in equity share capital during the year	1,36,99,886	1,369.99
<b>As at 31 March 2022</b>	<b>8,23,14,886</b>	<b>8,231.49</b>
Changes in equity share capital during the year	10,50,000	105.00
<b>As at 31 March 2023</b>	<b>8,33,64,886</b>	<b>8,336.49</b>

## B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Share warrants	Reserves and surplus		Other comprehensive income	Total equity
		Securities premium	Retained earnings / (losses)	Remeasurements of defined benefit obligations	
<b>As at 1 April 2021</b>	<b>230.00</b>	<b>-</b>	<b>761.64</b>	<b>(101.97)</b>	<b>889.66</b>
Net income / (loss) for the year	-	-	3,043.91	-	3,043.91
Securities premium credited on Share issue	-	3,940.42	-	-	3,940.42
Share warrants redeemed	(125.00)	-	-	-	(125.00)
Proposed dividend	-	-	(74.16)	-	(74.16)
Other comprehensive income	-	-	-	17.35	17.35
<b>As at 31 March 2022</b>	<b>105.00</b>	<b>3,940.42</b>	<b>3,731.38</b>	<b>(84.62)</b>	<b>7,692.18</b>
<b>As at 1 April 2022</b>	<b>105.00</b>	<b>3,940.42</b>	<b>3,731.38</b>	<b>(84.62)</b>	<b>7,692.18</b>
Net income / (loss) for the year	-	-	3,199.43	-	3,199.43
Securities premium credited on Share issue	-	-	-	-	-
Share warrants redeemed	(105.00)	-	-	-	(105.00)
Proposed dividend	-	-	-	-	-
Other comprehensive income	-	-	-	8.96	8.96
<b>As at 31 March 2023</b>	<b>-</b>	<b>3,940.42</b>	<b>6,930.81</b>	<b>(75.66)</b>	<b>10,795.58</b>

The above Statement of Change in Equity should be read in conjunction with the accompanying notes.

### As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362  
UDIN:23061362BGRRWR7851  
Mumbai, 9 May 2023

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

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Jaikaran Chandock**  
Director (DIN 06965738)

Sd/-  
**Aakash Joshi**  
Company Secretary

# Statement of Cash Flows

for the year ended 31 March 2023

(₹ in Lakhs)

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax	4,364.67		3,967.99	
Adjustment for:				
Income tax expenses	(1,165.24)		(924.08)	
Depreciation & amortisation expense	119.42		105.40	
Interest income	(3.21)		(45.22)	
Finance costs (net)	1,047.83		522.91	
Bad debts, loans and advances written off/written back (net)	925.81		97.92	
	924.61		(243.07)	
<b>Operating profit before working capital changes</b>	<b>5,289.28</b>		<b>3,724.92</b>	
Adjustment for:				
(Increase)/decrease in inventories	708.27		(2,086.20)	
(Increase)/decrease in trade receivables	(7,493.64)		(7,048.46)	
(Increase)/decrease in other receivables	(620.00)		(1,277.86)	
Increase/(decrease) in trade and other payables	2,722.78		723.29	
Increase/(decrease) in provisions	5.42		8.93	
	(4,677.17)		(9,680.30)	
<b>Cash flow from operations</b>	<b>612.11</b>		<b>(5,955.38)</b>	
Income taxes paid (net of refund received)	25.00		208.64	
<b>Net cash generated from operating activities</b>	<b>637.11</b>		<b>(5,746.74)</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant & equipment, intangible asstes including under development and capital advances	(176.72)		(767.05)	
<b>Net cash used in investing activities</b>	<b>(176.72)</b>		<b>(767.05)</b>	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital and share warrants	-		1,244.99	
Proceeds from share premium	-		3,940.42	
Investment in subsidiary	-		(32.33)	
Proceeds/ (repayment) of long term borrowings (net)	426.38		(292.39)	
Proceeds/ (repayment) of short term borrowings (net)	55.43		2,554.99	
Interest income	3.21		45.22	
Dividend paid	-		(74.16)	
Finance costs (net)	(1,047.83)		(522.91)	
<b>Net cash used in financing activities</b>	<b>(562.81)</b>		<b>6,863.83</b>	
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(102.42)</b>		<b>350.04</b>	
Cash and cash equivalents at the beginning of the year	586.80		236.76	
<b>Cash and cash equivalents at the end of the year</b>	<b>484.38</b>		<b>586.80</b>	

## Components of cash and cash equivalents at the end of the year

Cash on hand	2.64	21.70
Balance in current account and deposits with banks	481.74	565.10
<b>Cash and cash equivalents at the end of the year</b>	<b>484.38</b>	<b>586.80</b>

# Statement of Cash Flows

for the year ended 31 March 2023

(₹ in Lakhs)

Particulars	As at 31 March 2022	Cash flows	Interest accrued/ adjustments	As at 31 March 2023
Long term borrowings	876.89	757.13	156.01	1,790.03
Short term borrowings	3,774.66	(837.28)	405.95	3,343.33
Lease liabilities	87.72	(50.04)	16.14	53.82
<b>Total liabilities from financing activities</b>	<b>4,739.27</b>	<b>(130.19)</b>	<b>578.10</b>	<b>5,187.18</b>

Particulars	As at 31 March 2021	Cash flows	Interest accrued/ adjustments	As at 31 March 2022
Long term borrowings	1,689.16	(927.41)	115.14	876.89
Short term borrowings	699.79	2,928.49	146.38	3,774.66
Lease liabilities	210.66	(41.24)	(81.70)	87.72
<b>Total liabilities from financing activities</b>	<b>2,599.61</b>	<b>1,959.84</b>	<b>179.82</b>	<b>4,739.27</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362  
UDIN:23061362BGRRWR7851  
Mumbai, 9 May 2023

## For and on behalf of the Board of Directors

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Jaikaran Chandock**  
Director (DIN 06965738)

Sd/-  
**Aakash Joshi**  
Company Secretary

# Notes on the Financial Statements

for the year ended 31 March 2023

## 1. CORPORATE INFORMATION

Balu Forge Industries Limited (Formerly known as Amaze Entertech Limited) (the company) having Corporate Identity Number L29100MH1989PLC255933. Earlier, the company was dealing in diversified business primarily in areas of Information Technologies and allied operations on its own or joint ventures with others. As an effect of reverse merger with M/s Balu India, a sole proprietary concern which was incorporated in India in the year 1989, it is a preferred supplier of crankshafts to OEMs in India and around the world with manufacturing facilities at Belagavi in Karnataka. The Equity Shares of the Company is listed on Bombay Stock Exchange in India.

## 2. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### Amendments applicable from April 01, 2023

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

The Rules predominantly amend Ind AS 1 Presentation of financial statements, Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and Ind AS 12 Income taxes. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

## 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and disclosures requirement of Division II of revised Schedule III of the Companies Act 2013, (Ind AS Compliant Schedule III), as applicable to standalone financial statement.

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Financial Statements').

The financial statements of the Company for the year ended 31 March 2023 were approved for issue in accordance with the resolution of the Board of Directors on 9<sup>th</sup> May 2023.

## 4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### Basis of preparation and compliance with Ind AS

The Standalone Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting year, as explained in the accounting policies below.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, fair value of plan assets within scope of Ind AS 19 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

# Notes on the Financial Statements

for the year ended 31 March 2023

Level 3 inputs are unobservable inputs for the asset or liability.

The Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of Lakhs, unless otherwise stated.

## Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out under Ind AS and in the Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

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

## 5. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements is as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

### a. Property, Plant and Equipment (PPE)

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as

recognised in the financial statements of M/s. Balu India, proprietary concern, measured as per the previous GAAP and use that as its deemed cost as at the date of succession.

## Capital Work-in-Progress

These are stated at cost to date relating to projects in progress, incurred during construction / pre-operative period (Net of income) incurred during the construction/ pre-operative period and the same is allocated to the respective property, plant and equipment on the completion of their construction. Property, plant and equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

## Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business succession is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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 a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, 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.

## Estimated useful lives of the intangible assets are as follows:

Sr. No.	Asset Head	Useful life
1	Software	5

## Depreciation & amortization

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. The Company has redefined the useful life / residual value of assets acquired on business succession in accordance



# Notes on the Financial Statements

for the year ended 31 March 2023

with the terms and conditions set out in the Business Succession Agreement dated 3 August 2022, on the basis of detailed technical analysis, taking into account the nature of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. which is depicted in below mentioned table.

Sr. No.	Asset Head	Useful life
1	Plant & Machinery	15
2	Office Equipment	5
3	Computers	3
4	Motor Vehicle	8
5	Electrical Installation	10
6	Factory building	30
7	Furniture & Fixtures	10
8	Computers - Server & Networks	6
9	Motor Vehicles	10

## Impairment of non-financial assets

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible 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).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 the Statement of Profit and Loss.

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

## b. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised but it is tested for impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## c. Investments in subsidiaries, associates and joint ventures

The investments in subsidiaries, associates and joint ventures are carried in these financial statements at historical 'cost' in accordance with the option available in Ind AS 27, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for as Non-current assets held for sale and discontinued operations. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

## d. Inventories

Inventories are valued at lower of cost on First-In- First-Out (FIFO) or net realizable value after providing for obsolescence and other losses, where considered necessary.

Cost of raw materials comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress include cost of direct materials and labor and a proportion of manufacturing and other indirect

# Notes on the Financial Statements

for the year ended 31 March 2023

overheads based on the normal operating capacity but excluding

borrowing costs. Cost of purchased inventory is determined after deducting rebates and discounts.

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.

## **e. Revenue Recognition**

### **i. Sale of goods**

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes/GST and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when title and risk and rewards of ownership pass to the customer. Export incentives are recognised as income as per the terms of the scheme in respect of the exports made and included as part of export turnover.

Revenue from sales is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell / consume the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed.

### **ii. Interest and dividend 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.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

## **f. 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.

### **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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### **Right-of-use assets**

The Company recognises 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and 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. Right-of-use assets are subject to impairment test.

### **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments 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 variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if 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

# Notes on the Financial Statements

for the year ended 31 March 2023

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.

## 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. 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 recognised as revenue in the period in which they are earned.

Short-term leases and leases of low-value assets  
Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## g. Foreign Currency Transactions

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in Statement of Profit and Loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

## h. Income taxes

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

### Current tax

Current tax is the amount of expected tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

### Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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. 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 in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets and deferred tax liabilities are off set 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.

### Current and deferred tax for the year

Current and deferred tax are recognised in profit and loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also

# Notes on the Financial Statements

for the year ended 31 March 2023

recognised in other comprehensive income or directly in equity respectively.

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.

## i. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the year in which they are incurred.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

## j. Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## k. Employee benefits

### Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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 year. Re-measurement, 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 Balance sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of profit and loss. Past service cost is recognised in Statement of profit and loss in the year of a plan amendment or when the company recognises corresponding restructuring cost whichever is earlier. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

The Company presents the first two components of defined benefit costs in Statement of profit and loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value

# Notes on the Financial Statements

for the year ended 31 March 2023

of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## I. Financial instruments initial recognition, subsequent measurement and impairment

Financial assets and financial liabilities are recognized 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 and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. Trade Receivables that do not contain a significant financing component are measured at transaction price.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### Financial assets

Cash and bank balances

Cash and bank balances consist of:

- i. **Cash and cash equivalents** - which includes cash on hand, deposits held at call with banks and other short-term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than three months. These balances with banks are unrestricted for withdrawal and usage.
- ii. **Other bank balances** - which includes balances and deposits with banks that are restricted 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 model 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 measured at fair value

Financial assets are measured at fair value through other comprehensive income if such financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell such 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.

The Company in respect of certain equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments. These investments are held for medium or long-term strategic purpose. The Company has chosen to designate these investments in equity instruments as fair value through other comprehensive income as the management believes this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the statement of profit and loss.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are carried at fair value through profit and loss.

### Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate applicable.

### Dividend income

Dividend income from investments is recognized when the right to receive payment has been established.

### Impairment of financial assets

The Company recognizes loss allowances on a forward looking basis using the expected credit loss (ECL) model for all the financial assets except for trade receivables. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Company recognises impairment loss on trade receivables using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience and adjusted for forward-looking information as permitted under Ind AS 109.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as an impairment gain or loss in the Statement of Profit and Loss.



# Notes on the Financial Statements

for the year ended 31 March 2023

## De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a borrowing for the proceeds received.

## Financial liabilities and equity instruments Classification as debt or equity

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.

## Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

## Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

## De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## Offsetting financial instrument

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset

and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## m. Cash and cash equivalents

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

For the purpose of the Statement of cash flows, cash and cash equivalent consists 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.

## n. Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors of the Company has been identified as the Chief Operating Decision Maker which reviews and assesses the financial performance and makes the strategic decisions.

## o. Cash flow statement

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit /(Loss) for the effects of:

- i. Changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses and
- iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

# Notes on the Financial Statements

for the year ended 31 March 2023

## p. Earnings per share

### Basic earnings per share

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

### Diluted earnings per share

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

## q. Key sources of estimation uncertainty and critical accounting judgements

In the course of applying the policies outlined in all notes above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year, if the revision affects current and future year.

### Key sources of estimation uncertainty

#### a. Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. This reassessment may result in change in depreciation and amortisation expected in future periods.

## b. Impairment of investments in subsidiaries

Determining whether the investments in subsidiaries are impaired requires an estimate in the value in use of investments. In considering the value in use, the Directors have anticipated the future commodity prices, capacity utilisation, operating margins, discount rates and other factors of the underlying businesses / operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

## c. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. The cases which have been determined as remote by the Company are not disclosed.

Contingent assets are neither recognised nor disclosed in the financial statements unless when an inflow of economic benefits is probable.

## d. Fair value measurements

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements 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 judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

## e. Impairment of trade receivables

The impairment provisions for trade receivables 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, credit risk, existing market conditions as well as forward looking estimates at the end of each reporting period.

# Notes on the Financial Statements

for the year ended 31 March 2023

## 6. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Buildings	Plant & Machinery	Electrical Installation	Motor Vehicles	Office Equipments	Furniture & Fixture	Computers	Total Assets
<b>Gross Carrying Amount</b>									
<b>As at 1 April 2021</b>	<b>0.83</b>	<b>91.10</b>	<b>582.99</b>	<b>28.44</b>	<b>145.64</b>	<b>7.79</b>	<b>6.84</b>	<b>1.47</b>	<b>865.10</b>
Additions	-	-	154.08	-	-	3.45	-	0.19	157.72
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>0.83</b>	<b>91.10</b>	<b>737.07</b>	<b>28.44</b>	<b>145.64</b>	<b>11.24</b>	<b>6.84</b>	<b>1.66</b>	<b>1,022.82</b>
Additions	-	19.02	111.01	-	36.91	1.62	-	2.86	171.43
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>0.83</b>	<b>110.12</b>	<b>848.08</b>	<b>28.44</b>	<b>182.55</b>	<b>12.86</b>	<b>6.84</b>	<b>4.52</b>	<b>1,194.25</b>
<b>Accumulated depreciation</b>									
<b>As at 1 April 2021</b>	<b>-</b>	<b>2.88</b>	<b>32.19</b>	<b>2.70</b>	<b>16.84</b>	<b>1.40</b>	<b>0.63</b>	<b>0.46</b>	<b>57.10</b>
Depreciation charge for the year	-	2.90	41.20	2.70	17.29	1.83	0.65	0.50	67.07
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>-</b>	<b>5.78</b>	<b>73.39</b>	<b>5.40</b>	<b>34.13</b>	<b>3.23</b>	<b>1.28</b>	<b>0.96</b>	<b>124.17</b>
Depreciation charge for the year	-	2.88	47.96	2.70	20.49	2.26	0.65	1.03	77.97
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>8.66</b>	<b>121.35</b>	<b>8.10</b>	<b>54.62</b>	<b>5.49</b>	<b>1.93</b>	<b>1.99</b>	<b>202.14</b>
<b>Net book value</b>									
<b>As at 31 March 2023</b>	<b>0.83</b>	<b>101.46</b>	<b>726.74</b>	<b>20.34</b>	<b>127.94</b>	<b>7.37</b>	<b>4.91</b>	<b>2.54</b>	<b>992.11</b>
<b>As at 31 March 2022</b>	<b>0.83</b>	<b>85.32</b>	<b>663.68</b>	<b>23.04</b>	<b>111.51</b>	<b>8.01</b>	<b>5.56</b>	<b>0.70</b>	<b>898.65</b>

Property, plant and equipment given as security, refer to note 23.1 and 25.

## 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

(₹ in Lakhs)

Particulars	Building
<b>Right-of-use assets as on 1 April 2021</b>	<b>178.51</b>
Additions	-
Deductions	62.11
Depreciation expense	37.83
<b>At 31 March 2022</b>	<b>78.57</b>
Additions	3.83
Deductions	-
Depreciation expense	40.53
<b>At 31 March 2023</b>	<b>41.87</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

		(₹ in Lakhs)
Particulars		Building
<b>Lease liabilities as on 1 April 2021</b>		<b>210.66</b>
Additions		-
Deduction		88.65
Interest accrued		6.95
Lease payments		41.24
<b>At 31 March 2022</b>		<b>87.72</b>
Additions		
Deduction		
Interest accrued		16.15
Lease payments		50.04
<b>At 31 March 2023</b>		<b>53.83</b>
Short term lease liability		52.22
Long term lease liability		1.61

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

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

## 8. CAPITAL WORK- IN-PROGRESS: AGEING

		(₹ in Lakhs)				
		As at 31st March 2023				
Particulars		Amount of Capital Work-in-progress for a period of				Total
		Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	
Projects in progress at Belgaum Unit			666.98			666.98
Projects temporarily suspended		-	-	-	-	-
<b>Total</b>			<b>666.98</b>			<b>666.98</b>

		(₹ in Lakhs)				
		As at 31st March 2022				
Particulars		Amount of Capital Work-in-progress for a period of				Total
		Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	
Projects in progress at Belgaum Unit		666.98	-	-	-	666.98
Projects temporarily suspended		-	-	-	-	-
<b>Total</b>		<b>666.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>666.98</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

## 9. INTANGIBLE ASSETS AND GOODWILL

(₹ in Lakhs)

Particulars	Goodwill #	Computer Software	Amount
<b>Cost</b>			
<b>As at 1 April 2021</b>	<b>3,254.45</b>	<b>0.40</b>	<b>3254.85</b>
Additions	-	4.46	4.46
Disposals	-	-	-
<b>As at 31 March 2022</b>	<b>3,254.45</b>	<b>4.86</b>	<b>3,259.31</b>
Additions	-	1.46	1.46
Disposals	-	-	-
<b>As at 31 March 2023</b>	<b>3,254.45</b>	<b>6.32</b>	<b>3,260.77</b>
<b>Accumulated amortization</b>			
<b>As at 1 April 2021</b>	<b>-</b>	<b>0.04</b>	<b>0.04</b>
Amortisation	-	0.50	0.50
Disposals	-	-	-
<b>As at 31 March 2022</b>	<b>-</b>	<b>0.54</b>	<b>0.54</b>
Amortisation	-	0.92	0.92
Disposals	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>1.46</b>	<b>1.46</b>
<b>Net book value:</b>			
<b>As at 31 March 2023</b>	<b>3,254.45</b>	<b>4.86</b>	<b>3,259.31</b>
<b>As at 31 March 2022</b>	<b>3,254.45</b>	<b>4.32</b>	<b>3,258.77</b>

# As a effect of reverse merger with M/s Balu India, a sole proprietary concern in accordance with the terms and conditions set out in the Business Succession Agreement dated 3 August 2021, the Company has recognised goodwill of ₹ 3,254.45 lakhs. Goodwill is tested for impairment annually in accordance with the Company's procedure for determining the recoverable amount of such assets. For the purpose of impairment testing, entire business is considered as one Cash Generating Unit. The recoverable amount of this Cash Generating Unit is based on value in use. The value in use is determined based on discounted cash flow projections. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used.

The rate used to discount the forecasted cash flow is 12%. Five years period is considered for discounting. Terminal value growth rate is considered @ 3%.

Based on the above, no impairment was identified as of 31 March 2023 as the recoverable value of the cash generating unit exceeded the carrying value.

## 10. INVESTMENT IN SUBSIDIARIES

Particulars	As at 31 March 2023			As at 31 March 2022		
	No. of Shares	Face Value	Amount (₹ in Lakhs)	No. of Shares	Face Value	Amount (₹ in Lakhs)
Balu Advanced Technologies & Systems Pvt Ltd	10000	₹ 10.00	1.00	10000	₹ 10.00	1.00
Naya Energy Works Pvt. Ltd.	10000	₹ 10.00	1.00	10000	₹ 10.00	1.00
Safa Otomotiv FZ-LLC	150	AED 1000	30.33	150	AED 1000	30.33
<b>Total</b>			<b>32.33</b>			<b>32.33</b>



# Notes on the Financial Statements

for the year ended 31 March 2023

## 11. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits	53.11	48.87
<b>Total</b>	<b>53.11</b>	<b>48.87</b>

## 12. INCOME TAX

Indian companies are subject to Indian income tax. For each financial year, the entity profit and loss is subject to the regular income tax payable.

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. Statutory income tax is charged at 22% plus a surcharge of 10% and education cess 4%.

Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

### A. Income tax expense

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Current Tax	1,225.00	875.00
Deferred tax (Net)	(219.08)	58.41
(Excess) / short provision of tax of earlier years	159.32	(9.33)
<b>Total tax expense</b>	<b>1,165.24</b>	<b>924.08</b>

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognized income tax expense for the year indicated are as follows:

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Profit before tax</b>	<b>4,364.67</b>	<b>3,967.99</b>
Enacted tax rate	25.17%	25.17%
Expected income tax expense at statutory rate	1,098.59	998.74
Tax effect of amounts which are deductible / not deductible in calculating taxable Income	345.49	(182.15)
Deferred tax assets recognised on temporary deductible difference not recognised previously	(219.08)	58.41
<b>Income tax expense for the year</b>	<b>1,225.00</b>	<b>875.00</b>
<b>Effective income tax rate</b>	<b>28.07%</b>	<b>22.05%</b>

### B. Deferred tax asset / (liability) (net)

Significant components of deferred tax assets/(liabilities) recognised in the financial statements are as follows:

(₹ in Lakhs)

Deferred tax balance in relation to	As at 31 March 2022	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at 31 March 2023
Property, plant and equipment	(29.28)	(9.57)		(38.85)
Provisions for employee benefits	22.51	4.38	(3.02)	23.87
Lease liabilities	2.30	0.70		3.00
ECL Provision	-	223.57	-	223.57
<b>Total</b>	<b>(4.47)</b>	<b>219.08</b>	<b>(3.02)</b>	<b>211.59</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

(₹ in Lakhs)

Deferred tax balance in relation to	As at 31 March 2021	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at 31 March 2022
Property, plant and equipment	4.64	(33.92)	-	(29.28)
Provisions for employee benefits	28.35	-	(5.84)	22.51
Lease liabilities	8.34	(6.04)	-	2.30
Carry forward losses	12.49	(12.49)	-	-
Other temporary differences	5.96	(5.96)	-	-
<b>Total</b>	<b>59.78</b>	<b>(58.41)</b>	<b>(5.84)</b>	<b>(4.47)</b>

## 13. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Capital advances	1,428.26	29.87
<b>Total</b>	<b>1,428.26</b>	<b>29.87</b>

## 14. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Raw materials and components (at cost)	315.84	1,437.67
Work-in-progress (at cost)	1,038.70	1,531.22
Finished goods (at cost or net realisable value whichever is lower)	2,016.91	1,110.83
<b>Total</b>	<b>3,371.45</b>	<b>4,079.72</b>

Inventories have been hypothecated as primary security against certain bank borrowings, details relating to which has been described in note no. 25.

## 15. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables considered good - Unsecured	20,481.97	13,121.00
Less: Allowance for doubtful debts	(891.06)	(97.92)
Discounted Trade Receivables	6,570.02	5,753.55
<b>Total Trade Receivables</b>	<b>26,160.93</b>	<b>18,776.63</b>
Less: Bills Payable against Discounted Trade Receivables	(6,570.02)	(5,753.55)
<b>Total</b>	<b>19,590.91</b>	<b>13,023.08</b>

In determining the allowances for credit losses of Trade Receivables, the Company has used a practical expedient by computing the Expected Credit Loss Allowance for Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The Expected Credit Loss allowance is based on the ageing of the receivables that are due and the rates used in the provision matrix.

- Since the Company calculates impairment under the simplified approach for Trade Receivables, it is not required to separately track changes in credit risk of Trade Receivables as the impairment amount represents Lifetime Expected Credit Loss. Accordingly, based on a harmonious reading of Ind AS 109 and the break-up requirements under Schedule III, the disclosure for all such Trade Receivables is made as shown above.
- Trade receivables have been given as security against certain bank borrowings, details relating to which has been described in note no. 25.

# Notes on the Financial Statements

for the year ended 31 March 2023

- iii. Trade receivables does not include any receivables from directors and officers of the company.
- iv. Balance confirmation from customers was called for by the Company. The company has received few confirmations, balance are awaited.

## Reconciliation of Expected Credit Loss allowance:

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	97.92	-
Allowance for expected credit loss	891.06	97.92
Release during the year	(63.17)	-
Bad Debts	(34.75)	-
<b>Balance at the end of the year</b>	<b>891.06</b>	<b>97.92</b>

## Ageing for Trade Receivables and credit risk arising there from is as follows:

(₹ in Lakhs)

Particulars	Outstanding from following periods from due date of payment as on 31st March 2023						Total
	Not Due	Less than 6 Months	6 Months To 1Year	1 Year To 2 Year	2 Year To 3 Year	More than 3 Year	
<b>Considered Good – Unsecured</b>							
Undisputed	-	11,033.25	8,686.26	762.46	-	-	20,481.97
Disputed	-	-	-	-	-	-	-
<b>Trade Receivables – Credit Impaired</b>							
Undisputed	-	-	-	-	-	-	-
Disputed	-	-	-	-	-	-	-
Less: Allowance for Expected Credit Loss	-	-	(814.81)	(76.25)	-	-	(891.06)
<b>Total</b>	<b>-</b>	<b>11,033.25</b>	<b>7,871.45</b>	<b>686.21</b>	<b>-</b>	<b>-</b>	<b>19,590.91</b>

(₹ in Lakhs)

Particulars	Outstanding from following periods from due date of payment as on 31st March 2022						Total
	Not Due	Less than 6 Months	6 Months To 1Year	1 Year To 2 Year	2 Year To 3 Year	More than 3 Year	
<b>Considered Good – Unsecured</b>							
Undisputed	-	11,935.52	1,185.48	-	-	-	13,121.00
Disputed	-	-	-	-	-	-	-
<b>Trade Receivables – Credit Impaired</b>							
Undisputed	-	-	-	-	-	-	-
Disputed	-	-	-	-	-	-	-
Less: Allowance for Expected Credit Loss	-	-	(97.92)	-	-	-	(97.92)
<b>Total</b>	<b>-</b>	<b>11,935.52</b>	<b>1,087.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,023.08</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

## 16. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks in current accounts	481.74	565.10
Cash on hand	2.64	21.70
<b>Total</b>	<b>484.38</b>	<b>586.80</b>

## 17. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Balances with Banks</b>		
In term deposit accounts with maturity more than 3 months	274.37	119.22
Earmarked balance with bank (unpaid dividend)	1.07	1.07
<b>Total</b>	<b>275.44</b>	<b>120.29</b>

## 18. LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
<b>(Unsecured, considered good)</b>		
Loans & advances – Related parties (refer note 45)	279.82	144.93
Loans & advances – Employees	30.41	31.18
<b>Total</b>	<b>310.23</b>	<b>176.11</b>

### Disclosure required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(₹ in Lakhs)

Name of Related party	As at 31 March 2023		As at 31 March 2022	
	Maximum amount outstanding during the year	Amount Outstanding	Maximum amount outstanding during the year	Amount Outstanding
Safa Otomotiv FZ – LLC	287.25	279.82	153.21	144.93

- a) The above loans have been given for business purpose.
- b) The Company has no loans and advances which are either repayable on demand or are without specifying any terms or period of repayment.

## 19. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Export benefits and entitlements	113.31	82.44
Security deposits	407.14	474.73
Others	22.43	117.78
<b>Total</b>	<b>542.88</b>	<b>674.95</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

## 20. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	7.67	9.93
Advances to suppliers	1,929.43	3,145.47
GST Receivable	773.93	1,073.36
Others	1,161.03	585.57
<b>Total</b>	<b>3,872.06</b>	<b>4,814.33</b>

## 21. EQUITY SHARE CAPITAL

Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
<b>Authorised:</b>				
<b>Equity Shares:</b>				
Equity shares of ₹10/- each	9,00,00,000	9,000.00	8,00,00,000	8,000.00
<b>Issued, Subscribed and Paid-up</b>				
<b>Equity Shares:</b>				
Equity shares of ₹10/- each	8,33,64,886	8,336.49	8,23,14,886	8,231.49
<b>Total</b>	<b>8,33,64,886</b>	<b>8,336.49</b>	<b>8,23,14,886</b>	<b>8,231.49</b>

### A. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
At the beginning of the year	8,23,14,886	8,231.49	6,86,15,000	6,861.50
Issued during the year	-	-	55,49,886	554.99
Issued during the year (Conversion of Warrants into Equity Shares)	10,50,000	105.00	81,50,000	815.00
<b>Outstanding at the end of the year</b>	<b>8,33,64,886</b>	<b>8,336.49</b>	<b>8,23,14,886</b>	<b>8,231.49</b>

The Board of Directors of the company on 27 April 2021 had issued and allotted 55,49,886 Equity shares aggregating to ₹ 44,95,40,766/- issued for cash of ₹ 10/- (Rupees Ten Only) each at an issue price of ₹ 81/- (Rupees Eighty-One Only) on preferential basis in terms of Chapter V of SEBI (ICDR) Regulations, 2018.

The Board of Directors had approved the conversion of all the 92,00,000 Warrants into 92,00,000 Equity Shares which were issued and allotted to the Promoters & Non-Promoters on 22<sup>nd</sup> March 2022 and 29<sup>th</sup> April 2022.

As on 31<sup>st</sup> March 2023 the Paid-up Equity Share Capital is ₹ 83,36,48,860/- divided into 8,33,64,886 Equity Shares of ₹ 10/- Each.

### B. Terms/Rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors will be subject to the approval of the 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 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 shareholder.



# Notes on the Financial Statements

for the year ended 31 March 2023

## C. Following shareholders hold equity shares more than 5% of the total equity shares of the Company

Name of Shareholder	As at 31 March 2023		As at 31 March 2022	
	Number of shares held having face value of ₹ 10 each	% of holding in class	Number of shares held having face value of ₹ 10 each	% of holding in class
Jaspalsingh Chandock	5,44,40,010	65.30	5,44,40,010	66.14
Tano Investment Opportunities Fund	51,90,000	6.23	82,90,000	10.07

## D. The details of promoter's shareholding are as under

Name of the promoter	As at 31 March 2023	As at 31 March 2022
<b>Equity shares of ₹ 10/- each fully paid</b>		
Mr. Jaspal Singh Chandock	5,44,40,010	5,44,40,010
Mr. Trimaan Chandock	75,900	75,900
Mr. Jaikaran Chandock	10,150	10,150
<b>Total</b>	<b>5,45,26,060</b>	<b>5,45,26,060</b>

## E. Information regarding issue of Equity Shares during last five years

- No bonus share has been issued.
- No share has been bought back.

## F. No Shares held in Abeyance

## 22. OTHER EQUITY

(₹ in Lakhs)

Particulars	Share warrants	Reserves and surplus		Other comprehensive income	Total equity
		Securities premium	Retained earnings / (losses)	Remeasurements of defined benefit obligations	
<b>As at 1 April 2021</b>	<b>230.00</b>	<b>-</b>	<b>761.64</b>	<b>(101.97)</b>	<b>889.66</b>
Net income / (loss) for the year	-	-	3,043.91	-	3,043.91
Securities premium credited on Share issue	-	3,940.42	-	-	3,940.42
Share warrants redeemed	(125.00)	-	-	-	(125.00)
Proposed dividend	-	-	(74.16)	-	(74.16)
Other comprehensive income	-	-	-	17.35	17.35
<b>As at 31 March 2022</b>	<b>105.00</b>	<b>3,940.42</b>	<b>3,731.38</b>	<b>(84.62)</b>	<b>7,692.18</b>
<b>As at 1 April 2022</b>	<b>105.00</b>	<b>3,940.42</b>	<b>3,731.38</b>	<b>(84.62)</b>	<b>7,692.18</b>
Net income / (loss) for the year	-	-	3,199.43	-	3,199.43
Securities premium credited on Share issue	-	-	-	-	-
Share warrants redeemed	(105.00)	-	-	-	(105.00)
Proposed dividend	-	-	-	-	-
Other comprehensive income	-	-	-	8.96	8.96
<b>As at 31 March 2023</b>	<b>-</b>	<b>3,940.42</b>	<b>6,930.81</b>	<b>(75.66)</b>	<b>10,795.58</b>

### Note:

- Share Warrant: During FY 2020-21, the Company issued and allotted 66,00,000 warrants convertible into 66,00,000 equity shares of ₹10/- each for cash to Promoter (Mr. Jaspalsingh Chandock) and allotted 26,00,000 warrants convertible into 26,00,000 equity shares of ₹10/- each for cash at par to the Non-Promoters (Public Category). Out of which during

# Notes on the Financial Statements

for the year ended 31 March 2023

FY 2021-22, the Company issued and allotted 66,00,000 equity shares of ₹10/- each to Promoter (Mr. Jaspalsingh Chandock) and allotted 15,50,000 equity shares of ₹10/- each to the Non-Promoters (Public Category) balance 10,50,000 equity shares of ₹10/- each were issued during 2022-23 to the Non-Promoters (Public Category).

- Securities Premium, is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act 2013
- Retained earnings/(losses), represents cumulative profit of the Company. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.
- Other comprehensive income (OCI) represents the re-measurement (loss)/profit on defined benefit plan, net of taxes that will not be re-classified to the Statement of Profit & Loss.

## 23. BORROWINGS

Particulars	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Term loan (secured)		
- Term loans from banks	795.83	90.78
- Term loans from financial institutions	101.05	101.05
- Term loans from other parties	272.38	551.06
<b>Total</b>	<b>1,169.27</b>	<b>742.89</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

## 23.1 Interest and repayment schedule for secured long term borrowings

(₹ in Lakhs)

Type of loan	Loan outstanding as at 31 March 2023			Sanction amount	Rate of interest	Repayment terms	Security Guarantee
	Non Current	Current	Total				
<b>Term loans from bank</b>							
ICICI Bank Limited - Business Loan	0.13	4.02	4.15	40.00	17%	Equated monthly installment for 36 months starting from 6 November 2021	Post dated cheques
HDFC Bank Limited - Business Loan	11.66	9.55	21.21	50.00	17%	Equated monthly installment for 36 months starting from 5 November 2021	Post dated cheques
Union Bank of India - Vehicle Loan	84.04	21.08	105.12	115.60	8-10%	Equated monthly installments as per specific repayment schedule predetermined in case of each vehicle loan.	secured against the hypothecation of vehicles.
Union Bank of India*	380.00	520.00	900.00	1000.00	10.50- 11.50%	Equated monthly installment for 60 months and interest to the loan account to be serviced as & when debited to the account.	Secured against hypothecation of machineries
<b>Total (A)</b>	<b>475.83</b>	<b>554.65</b>	<b>1030.48</b>	<b>1205.60</b>			
<b>Term loans financial institutions</b>							
LIC - Term Loan	101.05	-	101.05	200.00	9%		LIC Policy of Mr. Jaspalsingh Chaddock
<b>Total (B)</b>	<b>101.05</b>	<b>-</b>	<b>101.05</b>	<b>200.00</b>			
<b>Term loans from other parties</b>							
Fedbank Financial Services Limited - Business Loan	1.00	2.00	3.00	30.00	18%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
Jain Sons Finlease Ltd. - Business Loan	2.34	-	2.34	40.00	20%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
Shriram City Finance Ltd. - Business Loan	0.86	-	0.86	35.00	19%	Equated monthly installments asper specific repayment schedule predetermined	Unsecured
Tata Capital Financial Services Ltd. - Car Loan	0.76	3.41	4.17	50.69	15%	Equated monthly installments as per specific repayment schedule predetermined in case of each vehicle loan.	Secured against the hypothecation of vehicles.
PNB Housing Ltd. - Business Loan	523.85	30.54	554.39	650.00	11%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
Protium	63.58	30.16	93.74	100.00	13.50%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
<b>Total (C)</b>	<b>592.39</b>	<b>66.11</b>	<b>658.50</b>	<b>905.69</b>			
<b>Grand TOTAL (A+B+C)</b>	<b>1,169.27</b>	<b>620.76</b>	<b>1,790.03</b>	<b>2,311.29</b>			

# Notes on the Financial Statements

for the year ended 31 March 2023

## 24. PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for gratuity (refer note 43)	82.26	74.53
<b>Total</b>	<b>82.26</b>	<b>74.53</b>

## 25. BORROWINGS (CURRENT, AT AMORTISED COST)

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Working capital loans from bank (secured)		
Rupee loan*	3,343.33	3,774.66
Current maturity of long term debt	620.76	134.00
<b>Total</b>	<b>3,964.09</b>	<b>3,908.66</b>

### Working capital loans from bank (secured)

#### Rupee loan

Short-term working capital loan of ₹ 1,557.50 lakhs (As at March 31, 2022 ₹ 1,847.64 lakhs) secured by hypothecation of stock & book debts. The interest rates were in the ranges from 6.00% to 8.50% p.a.

\*As at March 31, 2023, ₹ 1,557.50 lakhs and ₹ 900.00 lakhs (March 31, 2022: ₹ 1,847.64 lakhs) of the total outstanding borrowings are secured by a charge on property, plant and equipment, inventories, receivables and other current assets.

Short Term Union Guaranteed Emergency Credit Line (UGECL) unsecured loan of ₹ 636.04 lakhs (As at March 31, 2022 ₹ 640.00 lakhs). The interest rates were fixed at 7.5% p.a.

Short Term Union Guaranteed Emergency Credit Line (UGECL) unsecured loan of ₹ 1,149.78 lakhs (As at March 31, 2022 ₹ 1,287.02 lakhs). The interest rates were fixed at 7.5% p.a.

## 26. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
- total outstanding dues of micro and small enterprises;	37.45	-
- total outstanding dues of creditors other than micro and small enterprises	5,698.87	4,508.28
<b>Total</b>	<b>5,736.32</b>	<b>4,508.28</b>

- i. Disclosure with respect to related party transactions is given in note 45.
- ii. Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount outstanding as at end of year	37.45	-
Principal amount overdue more than 45 days	-	-
Interest due and unpaid as at end of year	-	-
Interest paid to the supplier	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-

# Notes on the Financial Statements

for the year ended 31 March 2023

iii. Ageing for Trade Payables outstanding is as follows:

(₹ in Lakhs)

Particulars	Not Due	Outstanding from due date of payment as on 31st March 2023				Total
		Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	
<b>Unsecured and considered good</b>						
(i) MSME	-	37.45	-	-	-	37.45
(ii) Others	451.25	5,119.28	-	-	-	5,570.53
(iii) Disputed dues - MSME	-					
(iv) Disputed dues - Others	-	-	-	-	128.34	128.34
<b>Total</b>	<b>451.25</b>	<b>5,156.73</b>	<b>-</b>	<b>-</b>	<b>128.34</b>	<b>5,736.32</b>

(₹ in Lakhs)

Particulars	Not Due	Outstanding from due date of payment as on 31st March 2022				Total
		Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	
<b>Unsecured and considered good</b>						
(i) MSME	-	-	-	-	-	-
(ii) Others	4,379.93	-	-	-	-	4,379.93
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	128.34	-	128.34
<b>Total</b>	<b>4,379.93</b>	<b>-</b>	<b>-</b>	<b>128.34</b>	<b>-</b>	<b>4,508.27</b>

## 27. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Advances from related parties (refer note 45)	1,269.44	613.77
Other payables	2,331.01	1,647.07
<b>Total</b>	<b>3,600.45</b>	<b>2,260.84</b>

## 28. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance against orders	44.05	4.40
Statutory dues payable	184.63	96.61
Other payable	0.74	0.74
<b>Total</b>	<b>229.42</b>	<b>101.75</b>

## 29. PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for gratuity (refer note 43)	12.57	14.88
<b>Total</b>	<b>12.57</b>	<b>14.88</b>



# Notes on the Financial Statements

for the year ended 31 March 2023

## 30. REVENUE FROM OPERATIONS

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products	26,264.75	27,491.29
Other operating revenues	641.08	1,014.51
<b>Total</b>	<b>26,905.83</b>	<b>28,505.80</b>

### A. Disaggregation revenue information

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>i. Revenue based on geography</b>		
Revenue from operations within the country	3,766.64	1,391.33
Revenue from operations outside the country	23,139.19	27,114.47
<b>Total</b>	<b>26,905.83</b>	<b>28,505.80</b>

## 31. OTHER INCOME

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Net gain on foreign currency transactions and translation	1,253.98	801.26
Interest received	26.70	51.36
<b>Total</b>	<b>1,280.68</b>	<b>852.62</b>

## 32. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Work in Progress - Opening	1,531.22	225.30
Work in Progress - Closing	1,038.70	1,531.22
	<b>492.52</b>	<b>(1,305.92)</b>
Finished Goods (Mfg.) - Opening	1,110.83	1,543.31
Finished Goods (Mfg.) - Closing	2,016.91	1,110.83
	<b>(906.08)</b>	<b>432.48</b>
<b>Total Change in Inventories</b>	<b>(413.56)</b>	<b>(873.44)</b>

## 33. EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	388.49	359.41
Contribution to provident and other funds	25.19	18.63
Director remuneration includes sitting fee	114.90	78.58
Gratuity expense (refer note 43)	20.37	32.13
Staff welfare expenses	54.33	34.88
<b>Total</b>	<b>603.28</b>	<b>523.63</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

## 34. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of property, plant and equipment	77.97	67.07
Amortisation of intangible assets	0.92	0.50
Depreciation of right of use of assets	40.53	37.83
<b>Total</b>	<b>119.42</b>	<b>105.40</b>

## 35. FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest on borrowings	649.32	264.63
Other borrowing costs	12.98	41.87
Other financial charges	385.53	216.41
<b>Total</b>	<b>1,047.83</b>	<b>522.91</b>

## 36. OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Repairs and maintenance	120.90	38.31
Rent	109.15	123.35
Rates and taxes	32.78	82.94
Insurance	11.33	8.18
Legal and professional fee	108.05	358.00
Travelling & conveyance expenses	472.14	167.80
Payment to auditor	6.43	5.59
Security charges	33.13	28.26
Foreign exchange Fluctuation Loss	421.58	0.00
Freight forwarding and distribution expenses	595.50	442.27
Loss on sale of machinery	3.95	0.00
Advertisement sales & distribution expenses includes commission	685.28	860.55
Office expenses	89.41	23.93
CSR expenses	93.99	6.60
Donation	3.04	3.50
Postage and telephone	14.63	8.46
Printing and stationery	11.98	11.00
Expected credit loss allowance	891.06	97.92
Bad Debts	34.75	0.00
<b>Total</b>	<b>3,739.08</b>	<b>2,266.66</b>

### Note:

#### A) Auditor's remuneration (excluding taxes):

(₹ in Lakhs)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Statutory audit fees including limited review	5.00	4.00
Tax audit fees	1.00	1.00
Other services	0.43	0.59

# Notes on the Financial Statements

for the year ended 31 March 2023

## 37. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

During the year ended 31 March 2023

(₹ in Lakhs)	
Particulars	Amount
Remeasurement gains (losses) on defined benefit plans, not to reclassified to profit and loss account	11.98
Income tax effect	(3.02)
<b>Total</b>	<b>8.96</b>

During the year ended 31 March 2022

(₹ in Lakhs)	
Particulars	Amount
Remeasurement gains (losses) on defined benefit plans, not to reclassified to profit and loss account	23.19
Income tax effect	(5.84)
<b>Total</b>	<b>17.35</b>

## 38. EARNINGS PER SHARE (EPS)

Particulars	2022-23	2021-22
<b>Face Value of Equity Share</b>	<b>₹10</b>	<b>₹10</b>
<b>Profit attributable to equity shareholders (₹ in Lakhs) (A)</b>	<b>3,199.43</b>	<b>3,043.91</b>
<b>Weighted average number of equity shares for basic EPS (B)</b>	<b>8,32,57,977</b>	<b>7,43,65,845</b>
Effect of dilution:		
Total weighted average potential equity shares	-	9,61,765
<b>Weighted average number of equity shares adjusted for the effect of dilution (C)</b>	<b>8,32,57,977</b>	<b>7,53,27,610</b>
<b>Basic EPS (Amount in ₹) (A/B)</b>	<b>3.84</b>	<b>4.09</b>
<b>Diluted EPS (Amount in ₹) (A/C)</b>	<b>3.84</b>	<b>4.04</b>

## 39. RESEARCH AND DEVELOPMENT ACTIVITIES

Details of expenditure incurred in respect of research and development activities undertaken during the year is as follows

(₹ in Lakhs)		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue expenditure charged to profit and loss account	103.97	95.02

## 40. SEGMENT REPORTING

The Company is in the business of manufacturing of steel forging products having similar economic characteristics. The company and its Chief Operating Decision Maker (CODM) reviews steel forging business as the only segment and takes decision based on the demand and supply in forging business. Thus, as per Ind AS 108, the business activities fall within a single primary segment i.e. manufacturing and selling Steel Forging Products.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

### a) Revenue from operations

(₹ in Lakhs)		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Domestic	3,766.64	1,391.33
Export	23,139.19	27,114.47
<b>Total</b>	<b>26,905.83</b>	<b>28,505.80</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

## b) Non-current assets

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
India	4,960.27	4,902.97
Outside India	-	-
<b>Total</b>	<b>4,960.27</b>	<b>4,902.97</b>

## 41. ADDITIONAL REGULATORY INFORMATION

Additional Regulatory Information pursuant to Clause 6L of General Instructions for preparation of Balance Sheet as given in Part I of Division II of Schedule III to the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Financial Statements.

- a) The title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
- b) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- c) The Company has not been declared as a willful defaulter by any lender who has powers to declare a company as a willful defaulter at any time during the financial year or after the end of reporting period but before the date when the financial statements are approved.
- d) The Company does not have any transactions with struck-off companies.
- e) The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.
- f) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with Companies (Restrictions on number of Layers) Rules, 2017.
- g) The company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (intermediaries), with the understanding that the intermediary shall;
  - 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.
- h) The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall;
  - i. 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
  - ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- i) The Company does not have any transactions which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- j) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

# Notes on the Financial Statements

for the year ended 31 March 2023

## k) Ratios

Particulars	Numerator	Denominator	31 March 2023	31 March 2022	% Variance	Reason for Variance
Current Ratio	Current assets	Current liabilities	1.93	2.01	-4%	
Debt-equity ratio	Total debt	Shareholder's Equity	0.27	0.29	-8%	
Debt service coverage ratio	Profit before Tax, Exceptional Items, Depreciation, Interest Cost	Finance Charges + Long Term Borrowings scheduled principal repayments (excluding prepayments/ refinancing during the year.)	6.55	4.06	61%	Ratio improved due to Increase in profitability
Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.18	0.26	-29%	Ratio decreased due to increase in equity capital during the year.
Inventory turnover Ratio (in days)	Revenue from Operations	Average Inventory	50	38	30%	Holding period increased due to more procurement has been made in the last month of year end which has been sold out in first quarter of next FY.
Trade receivables turnover ratio (in days)	Revenue from operations	Average Accounts Receivable	218	121	81%	Debtors credit period Increased due to Pending realizations from the customers
Trade payables turnover ratio (in days)	Net Credit Purchases	Average Trade Payables	105	69	51%	Creditors credit period increased due to better negotiations with the vendors.
Net capital turnover ratio	Revenue from Operations	Working Capital	1.96	2.42	-19%	
Net profit ratio %	Net Profit	Revenue from operations	12%	11%	11%	
Return on capital employed %	Earning before interest and taxes (EBIT)	Capital Employed	20.84%	20.67%	0.86%	
Return on investments	Earning before interest and taxes (EBIT)	Average Total Assets	15.76%	18.65%	-15.47%	

## 42. FINANCIAL INSTRUMENTS

### i) Categories and hierarchy of financial instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale. The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments

Financial Instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.



# Notes on the Financial Statements

for the year ended 31 March 2023

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

All financial assets and liabilities are classified as level 3 and hence the carrying value represents the fair value of the financial assets and liabilities.

The carrying values of the financial instruments by categories were as follows:

(₹ in Lakhs)

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial assets Measured at amortised cost</b>						
Loans	-	-	310.23	-	-	176.11
Trade receivables	-	-	19,590.91	-	-	13,023.08
Cash and cash equivalents	-	-	484.38	-	-	586.80
Bank balances other than cash and cash equivalents	-	-	275.44	-	-	120.29
Other financial assets	-	-	542.88	-	-	674.95
<b>Total financial assets at amortised cost</b>	-	-	<b>21,203.84</b>	-	-	<b>14,581.23</b>
<b>Financial liabilities Measured at amortised cost</b>						
Borrowings						
Long term Borrowings	-	-	1,169.27	-	-	742.89
Short term Borrowings	-	-	3,964.09	-	-	3,908.66
Trade payables	-	-	5,736.32	-	-	4,508.28
Other financial liabilities	-	-	3,600.45	-	-	2,260.84
<b>Total financial liabilities carried at amortised cost</b>	-	-	<b>14,470.13</b>	-	-	<b>11,420.67</b>

## ii) Financial risk management objectives and policies:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company's principal financial liabilities comprise of loan from banks and financial institutions, finance lease obligations and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short term deposits, which arise directly from its operations.

The main risks arising from Company's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks.

### a) Financial risk management

The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk; and
- Liquidity risk

# Notes on the Financial Statements

for the year ended 31 March 2023

## b) 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 the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates and interest rates.

The Company seeks to minimize the effects of these risks by using derivative and non derivative financial instruments. The use of derivatives and non derivative financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

## c) Foreign currency risk management

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets. The Company is exposed to exchange rate risk under its trade portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in decrease in the Company's overall receivables in Rupee terms and favourable movements in the exchange rates will conversely result in increase in the Company's receivables in Rupee terms.

Going by the past trends and future prospects in respect of movement in exchange rate between the Rupee and any relevant foreign currency, the Board expects that there will be favourable movements in the exchange rate and accordingly the management has decided not to hedge the foreign currency through any forward exchange contract. Therefore, receivables aggregating to ₹ 5,914.55 lakhs outstanding as at 31 March 2023 represents as unhedged position.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of the reporting year are as follows:

(₹ in Lakhs)				
Particulars	USD*	EURO*	AED*	Total
<b>Financial assets</b>				
Trade receivables	18,822.77	769.76	-	19,592.52
Other financial assets	-	-	310.15	310.15
<b>Total financial assets (A)</b>	<b>18,822.77</b>	<b>769.76</b>	<b>310.15</b>	<b>19,902.67</b>
<b>Financial liabilities</b>				
Trade payables	3.58	-	-	3.58
Other financial liabilities	-	-	-	-
<b>Total financial liabilities (B)</b>	<b>3.58</b>			<b>3.58</b>
<b>Net Exposure (A-B)</b>	<b>18,819.19</b>	<b>769.76</b>	<b>310.15</b>	<b>19,899.09</b>

\*unhedged currency position

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

# Notes on the Financial Statements

for the year ended 31 March 2023

(₹ in Lakhs)

Particulars	Increase (strengthening of INR)		Decrease (weakening of INR)	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Receivable				
USD/INR	(188.23)	(269.96)	188.23	269.96
EUR/INR	(7.69)	(16.97)	7.69	16.97
AED/INR	(3.10)	(8.80)	3.10	8.80
Payable				
USD/INR	0.04	-	(0.04)	-

## d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The following table provides a break-up of the Company's fixed and floating rate borrowings

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Fixed rate borrowings	2,016.34	2,135.60
Floating rate borrowings	3,117.02	2,515.95
<b>Total borrowings</b>	<b>5,133.36</b>	<b>4,651.55</b>

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities, assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2023 would decrease / increase by ₹ 31.17 Lakhs (for the year ended 31 March 2022: decrease / increase by ₹ 25.16 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings

## e) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, loans, cash & cash equivalents.

### Trade receivables

Customer credit risk is managed centrally by the Company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits defined in accordance with the assessment.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables.

# Notes on the Financial Statements

for the year ended 31 March 2023

## Cash and cash equivalents

Credit risks from balances with banks and financial institutions are managed in accordance with the Company policy. The Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit- ratings assigned by credit-rating agencies.

In addition, the Company is not exposed to credit risk in relation to financial guarantees given to banks and other counterparties.

## Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term capital expenditure growth projects. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long- term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non- derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. 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.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

## Liquidity exposure as at 31 March 2023

(₹ in Lakhs)

Particulars	<1year	1-5years	>5 years	Total
<b>Financial assets</b>				
Non-current investments	-	32.33	-	32.33
Trade receivables	19,590.91	-	-	19,590.91
Cash and cash equivalents	484.38	-	-	484.38
Bank balances other than cash and cash equivalents	275.44	-	-	275.44
Loans	310.23	-	-	310.23
Other financial assets	542.88	53.11	-	595.99
<b>Total financial assets</b>	<b>21,203.84</b>	<b>85.44</b>		<b>21,289.28</b>
<b>Financial liabilities</b>				
Long term borrowings	620.76	1,169.27	-	1,790.03
Short term borrowings	3,343.33	-	-	3,343.33
Trade payables	5,736.32	-	-	5,736.32
Other financial liabilities	3,652.67	1.61	-	3,654.28
<b>Total financial liabilities</b>	<b>13,353.08</b>	<b>1,170.88</b>	<b>-</b>	<b>14,523.96</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

## Liquidity exposure as at 31 March 2022

(₹ in Lakhs)

Particulars	<1year	1-5years	>5 years	Total
<b>Financial assets</b>				
Non-current investments	32.33	-	-	32.33
Trade receivables	13,023.08	-	-	13,023.08
Cash and cash equivalents	586.80	-	-	586.80
Bank balances other than cash and cash equivalents	120.29	-	-	120.29
Loans	176.11	-	-	176.11
Other financial assets	674.95	48.87	-	723.82
<b>Total financial assets</b>	<b>14,613.56</b>	<b>48.87</b>	<b>-</b>	<b>14,662.43</b>
<b>Financial liabilities</b>				
Long term borrowings	134.00	742.89	-	876.89
Short term borrowings	3,774.66	-	-	3,774.66
Trade payables	4,508.28	-	-	4,508.28
Other financial liabilities	2,299.77	48.79	-	2,348.56
<b>Total financial liabilities</b>	<b>10,716.71</b>	<b>791.68</b>	<b>-</b>	<b>11,508.39</b>

## Collateral

The Company has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfil certain collateral requirements for the banking facilities extended to the Company. There is obligation to return the securities to the Company once these banking facilities are surrendered (Refer note 23 and 25).

## f) Capital Risk management

The Company being in a capital intensive industry, its objective is to maintain a strong credit rating, healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Company's capital requirement is mainly to fund its capacity expansion and repayment of principal and interest on its borrowings. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings and the equity capital by way of preferential allotment. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt, divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, bank balances other than cash and cash equivalents and current investments.

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Long term borrowings	1,169.27	742.89
Current maturities of long term debt and finance lease obligations	620.76	134.00
Short term borrowings	3,343.33	3,774.66
Less: Cash and cash equivalent	(484.38)	(586.80)
Less: Bank balances other than cash and cash equivalents	(275.44)	(120.29)
Net debt	4,373.54	3,944.46
Total equity	19,132.07	15,923.67
Gearing ratio	<b>0.23</b>	<b>0.25</b>

# Notes on the Financial Statements

for the year ended 31 March 2023

- i. Equity includes all capital and reserves of the Company that are managed as capital.
- ii. Debt is defined as long and short term borrowings, as described in notes 23 and 25.

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

## 43. EMPLOYEE BENEFIT OBLIGATIONS

### a. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all qualifying employees. Under these plans, the Company is required to contribute a specified percentage of payroll costs.

Company's contribution to provident fund recognised in statement of profit and loss of ₹ 19.99 Lakhs (31 March 2022: ₹ 14.93 lakhs).

### b. Defined benefit plans

The level of benefits provided depends on the member's length of service and salary at retirement age.

The gratuity plan is covered by The Payment of Gratuity Act, 1972. Under the gratuity plan, all employees are entitled to Gratuity Benefits on exit from service due to retirement, resignation or death at the rate of 15 days' salary for each year of service with payment ceiling of ₹ 20 lakhs. The vesting period for gratuity as payable under The Payment of Gratuity Act, 1972 is 5 years.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at 31 March 2023 by Independent, Qualified Actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

### i. Reconciliation of Opening and Closing balances of Defined Benefit Obligation

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Defined Benefit obligation at beginning of year	89.41	80.48
Current Service Cost	10.69	26.66
Interest Cost	6.71	5.47
Actuarial (Gains)/Losses on Obligations		
- Due to Change in Demographic Assumptions		-
- Due to Change in Financial Assumptions	(5.28)	(0.25)
- Due to Experience	(6.70)	(22.49)
Benefits paid	-	-
Defined Benefit obligation at year end	94.83	89.41

### ii. Expenses recognised in statement of profit and loss account

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Current Service Cost	10.69	26.66
Net Interest Cost	6.71	5.47
<b>Component of defined benefit cost recognised in statement of profit and loss</b>	17.40	32.13
<b>Remeasurement of net defined benefit liability</b>		
Actuarial (gain)/loss on defined benefit obligation	(11.98)	(23.19)
<b>Component of defined benefit cost recognised in other comprehensive income</b>	(11.98)	(23.19)



# Notes on the Financial Statements

for the year ended 31 March 2023

## iii. Actuarial assumptions

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Discount rate (p.a.)	7.50%	6.80%
Attrition Rate	5% to 1%	5% to 1%
Retirement age	58	58
Rate of escalation in salary (p.a.)	6%	6%

## iv. The amount included in the financial statements arising from the entity's obligation in respect of its defined benefit plan is as follows

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Present value of obligation	94.83	89.41
<b>Net liability / (asset) arising from defined benefit obligation</b>	<b>94.83</b>	<b>89.41</b>

## v. Sensitivity Analysis – Gratuity

(₹ in Lakhs)

Particulars	2023	2022
Projected Benefit Obligation on Current Assumptions	94.83	89.41
Discount Rate - 1 percent increase	87.78	82.52
Discount Rate - 1 percent decrease	103.04	97.44
Salary Escalation Rate - 1 percent increase	103.08	97.43
Salary Escalation Rate - 1 percent decrease	87.62	82.41
Withdrawal Rate - 1 percent increase	95.23	89.61
Withdrawal Rate - 1 percent decrease	94.42	89.21

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

## vi. Maturity analysis of projected benefit obligation

(₹ in Lakhs)

Particulars	Less than a year	Between 1 to 5 years	Between 6 to 10 years	Total
<b>As at 31 March 2023</b>				
Projected benefit payable	12.57	31.01	51.90	95.49
<b>As at 31 March 2022</b>				
Projected benefit payable	14.88	23.59	49.53	88.00

# Notes on the Financial Statements

for the year ended 31 March 2023

## 44. CONTINGENT LIABILITIES AND LEGAL CASES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Bank guarantee	-	41.93

### Capital Commitments

Estimated amount of contract remaining to be executed on capital account, net of advances is Nil (Previous year Nil).

## 45. RELATED PARTY DISCLOSURES AS REQUIRED BY IND AS 24 "RELATED PARTY DISCLOSURES" ARE GIVEN BELOW:

### a) List of Related Parties

#### Subsidiaries

Safa Otomotiv FZ – LLC  
 Naya Energy Works Private Limited  
 Balu Advanced Technologies & Systems Private Limited  
 Kelmarsh Technologies FZ-LLC in Dubai\*

#### Key Management Personnel (KMP)

Mr. JaspalSingh Chandock – Chairman and Managing Director  
 Mr. Trimaan Chandock – Whole Time Director  
 Mr. Jaikaran Chandock – Whole Time Director  
 Mr. Raghavendra Raj Mehta – Independent Director  
 Mr. Radheshyam Soni – Independent Director  
 Ms. Shalu Bhandari – Independent Director  
 Mr. Mitesh Dani – Chief Financial Officer (Resigned on 23<sup>rd</sup> September 2022)  
 Mr. Aakash Joshi – Company Secretary

#### Relative of Key Management Personnel (KMP)

Mrs. Nivjeet Chandock – Wife of JaspalSingh Chandock  
 Mrs. Mukta Chandock – Wife of Jaikaran Chandock

#### Entities where control / significant influence by KMPs and their relatives exists and with whom transaction have taken place.

Hotel Imperial Palace (I)  
 New Global Forge Private Limited

### b) Details of transactions with related parties

(₹ in Lakhs)

Name of related party/Nature of Transaction	2022-23	2021-22
<b>Director's Remuneration</b>		
Mr. Jaspalsingh Chandock	72.00	48.00
Mr. Trimaan Chandock	18.00	12.00
Mr. Jaikaran Chandock	18.00	12.00

# Notes on the Financial Statements

for the year ended 31 March 2023

Name of related party/Nature of Transaction	(₹ in Lakhs)	
	2022-23	2021-22
<b>Sitting fees</b>		
Mr. Deepak Mehta	-	0.10
Ms. Sejal Soni	-	0.10
Mr. Yatin Mehta	-	0.10
Mr. Raghavendra Raj Mehta	2.30	1.80
Ms. Shalu Bhandari	2.30	2.20
Mr. Radheshyam Soni	2.30	2.20
<b>Expenses</b>		
Mr. Mitesh Dani	2.00	4.80
Mr. Aakash Joshi	6.75	5.40
Rent paid – Hotel Imperial Palace (I)	48.00	36.00
Rent deposit – Hotel Imperial Palace (I)	-	34.00
Expenses on behalf of Hotel Imperial Palace	33.26	31.70
Reimbursement of Expenses paid to Hotel Imperial Palace (I)	-	4.24
Reimbursement of Expenses paid to Mr. Jaspal Singh Chandock	3.91	59.24
Expenses on behalf of Mr. Jaspal Singh Chandock	124.60	301.42
Expenses on behalf of Mr. Jaikaran Chandock	-	0.29
<b>Loans given</b>		
Loan given to Safa Otomotiv FZ – LLC	202.59	191.69
<b>Interest Income</b>		
Interest on Loan given to Safa Otomotiv FZ – LLC	13.24	-
<b>Loan repayment received</b>		
Loan repaid by Safa Otomotiv FZ – LLC	94.75	67.23
<b>Sales</b>		
Safa Otomotiv FZ – LLC	1,093.53	231.18
<b>Investment</b>		
Equity shares of Balu Advanced Technologies & Systems Pvt Ltd	-	1.00
Equity shares of Naya Energy Works Pvt. Ltd.	-	1.00
Equity shares of Safa Otomotiv FZ-LLC	-	30.33
<b>Advance received</b>		
Mr. Jaspalsingh Chandock	1,935.21	8,984.58
Mr. Trimaan Chandock	-	28.00
Mr. Jaikaran Chandock	-	7.82
Hotel Imperial Palace (I)	221.14	205.25
New Global Forge Private Ltd.	-	235.03

# Notes on the Financial Statements

for the year ended 31 March 2023

Name of related party/Nature of Transaction	(₹ in Lakhs)	
	2022-23	2021-22
<b>Advance re-paid</b>		
Mr. Jaspalsingh Chandock	1,213.59	8,575.55
Mr. Trimaan Chandock	-	28.00
Mr. Jaikaran Chandock	-	3.30
Hotel Imperial Palace (I)	221.14	205.25
New Global Forge Private Ltd.	-	470.05
<b>Outstanding balance at the end of the year</b>		
Mr. Jaspalsingh Chandock (Cr.)	1,269.44	613.77
Safa Otomotiv FZ – LLC (Loan -Dr.)	279.82	144.93
Safa Otomotiv FZ – LLC (Trade Receivable-Dr.)	782.25	231.18
Safa Otomotiv FZ – LLC (Investment in Equity Shares)	30.33	30.33
Mr. Mitesh Dani – sitting fees payables	-	4.78
Mr. Trimaan Chandock (Cr.) – Remuneration Payable	5.14	-
Mr. Jaikaran Chandock (Cr.) – Remuneration Payable	19.48	4.52
Mr. Akash Joshi (Cr.) – Salary Payable	0.60	0.45

\* Capital contribution for one of our subsidiary namely Kelmarsh Technologies FZ-LLC in Dubai has not been made till the closure of the financial year i.e., 31 March 2023. Now the company has decided to independently conduct all anticipated operations, either through its own operations or via existing subsidiary companies.

The Company has approved its financial statements in its board meeting dated 9 May 2023. Signatures to Notes 1 to 45 which form an integral part of financial statements.

## As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362  
UDIN:23061362BGRRWR7851  
Mumbai, 9 May 2023

## For and on behalf of the Board of Directors

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Jaikaran Chandock**  
Director (DIN 06965738)

Sd/-  
**Aakash Joshi**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Balu Forge Industries Limited**  
(Formerly Known as M/s Amaze Entertech Limited)

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Balu Forge Industries Limited (herein referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the consolidated Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated financial statements.

### Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information

comprises the information included in the Holding Company's Annual Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 and based on the audit report of other auditors, 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 Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the company as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Board of Directors either intends

to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 and its subsidiary companies which are companies incorporated in India, have 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 and Board of Directors.
- 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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group to express an opinion on the consolidated financial statements

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements
- (d) In our opinion, the aforesaid consolidated financial statements comply with the IndAS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiaries which are incorporated in India, as on 31<sup>st</sup> March 2023, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors reports of the company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies
- (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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiaries incorporated in India during the year ended 31<sup>st</sup> March, 2023.
- iv. (a) The respective Board of Directors of the Companies and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented that to the best of their knowledge and belief as disclosed in the notes to the 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 or any of such subsidiaries to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective Board of Directors of the Companies and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented that to the best of their 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 or any of such subsidiaries from any person(s) or entity(ies) including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, 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 provide under (a) &(b) above contain any material mis-statement.

- v. The company has not declared dividend or paid dividend during the year and has not proposed final dividend for the year.
  - vi. Provisio to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023
2. With respect to the matters specified in the paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("The Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditors report, according to the information and explanations given

to us, and based on the CARO reports issued by us for the Company, and Auditors report issued by the respective auditors of the subsidiaries, incorporated in India, included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **M. B. Agrawal & Co.**  
Chartered Accountants  
(Firm's Registration No.100137W)

Sd/-  
**Leena Agrawal**  
Partner  
(Membership No.061362)  
UDIN: 23061362BGRRWV5180  
Place: Mumbai  
Date: 9<sup>th</sup> May, 2023

# Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Balu Forge Industries 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")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Balu Forge Industries Limited ("the Company") and its subsidiary companies, which are companies incorporated in India, as of that date

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

The respective Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 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 Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, 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 consolidated 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 internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

### **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 consolidated 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 consolidated 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 consolidated financial statements.

### **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 and its subsidiary companies, which are companies incorporated in India, have 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, 2023, based on the internal control over financial reporting criteria established by the Company considering the

essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However efforts for further strengthening the internal control is needed.

For **M. B. Agrawal & Co.**  
Chartered Accountants  
(Firm's Registration No.100137W)

Sd/  
**Leena Agrawal**  
Partner  
(Membership No.061362)  
UDIN: 23061362BGRRWV5180  
Place: Mumbai  
Date: 9<sup>th</sup> May, 2023

# Consolidated Balance Sheet as at 31 March 2023

(₹ in Lakhs)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>1 Non - Current Assets</b>			
(a) Property, plant and equipment	6	1,528.55	898.65
(b) Right-of-use assets	7	41.87	78.57
(c) Capital work-in-progress	8	666.98	666.98
(d) Goodwill	9	3,254.45	3,254.45
(e) Other intangible assets	9	4.86	4.32
(f) Financial assets			
(i) Other financial assets	10	53.11	48.87
(g) Deferred tax assets (net)	11	211.59	-
(h) Other non-current assets	12	1,428.26	29.87
<b>Total Non - Current Assets</b>		<b>7,189.67</b>	<b>4,981.71</b>
<b>2 Current Assets</b>			
(a) Inventories	13	3,482.16	4,232.73
(b) Financial assets			
i. Trade receivables	14	21,052.04	12,895.86
ii. Cash and cash equivalents	15	514.54	591.76
iii. Bank balances other than cash and cash equivalents	16	275.44	120.29
iv. Loans	17	117.31	31.18
v. Other financial assets	18	546.95	683.02
(c) Other current assets	19	3,897.59	4,906.83
<b>Total Current Assets</b>		<b>29,886.03</b>	<b>23,461.67</b>
<b>Total Assets</b>		<b>37,075.70</b>	<b>28,443.38</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	20	8,336.49	8,231.49
(b) Other equity	21	11,426.51	7,631.25
<b>Total Equity</b>		<b>19,763.00</b>	<b>15,862.74</b>
<b>II Liabilities</b>			
<b>1 Non-Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	22	1,169.27	742.89
ii. Lease liability	7	1.61	48.79
(b) Provisions	23	82.26	74.53
(c) Deferred tax liabilities (Net)	11	-	4.47
<b>Total Non-Current Liabilities</b>		<b>1,253.14</b>	<b>870.68</b>
<b>2 Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	24	3,964.09	3,908.66
ii. Lease liability	7	52.22	38.93
iii. Trade payables	25	-	-
- Total outstanding dues of micro and small enterprises		37.45	-
- Total outstanding dues other than micro and small enterprises		6,512.92	4,522.27
iv. Other financial liabilities	26	4,098.26	2,261.84
(b) Other current liabilities	27	229.42	101.75
(c) Provisions	28	12.57	14.88
(d) Current tax liability (net)		1,152.63	861.63
<b>Total Current Liabilities</b>		<b>16,059.56</b>	<b>11,709.96</b>
<b>Total Equity and Liabilities</b>		<b>37,075.70</b>	<b>28,443.38</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362

UDIN:23061362BGRWS7067  
Mumbai, 9 May 2023

For and on behalf of the Board of Directors

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-  
**Jaikaran Chandock**  
Director  
(DIN 06965738)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Aakash Joshi**  
Company Secretary

# Statement of Profit and Loss for the year ended 31 March 2023

(₹ in Lakhs)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
<b>I Income</b>			
i. Revenue from operations	29	32,663.89	28,607.92
ii. Other income	30	1,264.59	852.62
<b>Total Income</b>		<b>33,928.48</b>	<b>29,460.54</b>
<b>II Expenses</b>			
i. Cost of materials consumed		23,048.53	23,053.54
ii. Changes in inventories of finished goods, stock in trade and work-in-progress	31	(368.80)	(1,026.45)
iii. Employee benefits expense	32	797.78	523.65
iv. Depreciation and amortisation expense	33	132.68	105.40
v. Finance costs	34	1,053.16	523.37
vi. Other expenses	35	4,208.60	2,352.04
<b>Total Expenses</b>		<b>28,871.95</b>	<b>25,531.53</b>
<b>III Profit before tax (I-II)</b>		<b>5,056.53</b>	<b>3,929.01</b>
IV. Exceptional items		-	(20.50)
<b>V. Profit before tax (III-IV)</b>		<b>5,056.53</b>	<b>3,908.51</b>
<b>VI. Tax expense</b>			
i. Prior period tax		159.32	(9.33)
ii. Current tax	11	1,225.00	875.00
iii. Deferred tax		(219.08)	58.41
<b>VII Profit after tax (V-VI)</b>		<b>3,891.29</b>	<b>2,984.43</b>
VIII Other comprehensive income			
A. Items that will not be reclassified to profit & loss in subsequent periods			
i. Re-measurement gains (losses) on defined benefit plans	36	11.98	23.19
ii. Income tax effect on such items		(3.02)	(5.84)
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>8.96</b>	<b>17.35</b>
<b>IX Total comprehensive income for the year, net of tax (VII-VIII)</b>		<b>3,900.25</b>	<b>3,001.78</b>
<b>X Earnings per equity share of ₹ 10 each:</b>			
i. Basic (in ₹)	37	4.67	4.05
ii. Diluted (in ₹)		4.67	3.61

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362

UDIN:23061362BGRRWS7067  
Mumbai, 9 May 2023

For and on behalf of the Board of Directors

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-  
**Jaikaran Chandock**  
Director  
(DIN 06965738)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Aakash Joshi**  
Company Secretary



# Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

## A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	No. of Shares	Amount
As at 1 April 2021	6,86,15,000	6,861.50
Changes in equity share capital during the year	1,36,99,886	1,369.99
As at 31 March 2022	8,23,14,886	8,231.49
Changes in equity share capital during the year	10,50,000	105.00
As at 31 March 2023	8,33,64,886	8,336.49

## B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Share Warrants	Reserves and surplus		Other comprehensive income	Total equity
		Securities premium	Retained earnings / (losses)	Remeasurements of defined benefit obligations	
As at 1 April 2021	230.00	-	761.64	(101.97)	889.66
Net income / (loss) for the year	-	-	2,984.43	-	2,984.43
Securities premium credited on Share issue	-	3,940.42	-	-	3,940.42
Share warrants redeemed	(125.00)	-	-	-	(125.00)
Proposed dividend	-	-	(74.16)	-	(74.16)
Other comprehensive income	-	-	-	17.35	17.35
Appropriations	-	-	(1.45)	-	(1.45)
As at 31 March 2022	105.00	3,940.42	3,670.45	(84.62)	7,631.25
As at 1 April 2022	105.00	3,940.42	3,670.45	(84.62)	7,631.25
Net income / (loss) for the year	-	-	3,891.29	-	3,891.29
Share warrants redeemed	(105.00)	-	-	-	(105.00)
Other comprehensive income	-	-	-	8.96	8.96
As at 31 March 2023	-	3,940.42	7,561.74	(75.66)	11,426.51

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362

UDIN:23061362BGRRWS7067  
Mumbai, 9 May 2023

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(DIN 00813218)

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(DIN 06965738)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Aakash Joshi**  
Company Secretary

# Consolidated Statement of Cash Flows

for the year ended 31 March 2023

(₹ in Lakhs)

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax	5,056.53		3,908.51	
Adjustment for:				
Income tax expense	(1,165.24)		(924.08)	
Depreciation & amortisation expense	132.68		105.40	
Interest income	(3.21)		(45.22)	
Finance costs (net)	1,053.16		523.37	
Exchange difference on translating financial statements of a foreign operation	-		(1.45)	
Bad debts, loans and advances written off/written back (net)	1,020.10	1,037.49	97.92	(244.06)
<b>Operating profit before working capital changes</b>	<b>6,094.02</b>		<b>3,664.45</b>	
Adjustment for:				
(Increase)/decrease in inventories	750.57		(2,239.21)	
(Increase)/decrease in trade receivables	(9,176.28)		(6,921.24)	
(Increase)/decrease in other receivables	(498.60)		(1,228.03)	
Increase/(decrease) in trade and other payables	4,017.21		732.81	
Increase/(decrease) in provisions	5.42	(4,901.68)	8.93	(9,646.74)
<b>Cash flow from operations</b>	<b>1,192.34</b>		<b>(5,982.29)</b>	
Income taxes paid (net of refund received)	25.00		208.64	
<b>Net cash generated from operating activities</b>	<b>1,217.34</b>		<b>(5,773.65)</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant & equipment, intangible assets including under development and capital advances	(726.42)		(767.05)	
<b>Net cash used in investing activities</b>	<b>(726.42)</b>		<b>(767.05)</b>	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital and share warrants	-		1,244.99	
Proceeds from share premium	-		3,940.42	
Proceeds/ (repayment) of long term borrowings (net)	426.38		(292.39)	
Proceeds/ (repayment) of short term borrowings (net)	55.43		2,554.99	
Interest income	3.21		45.22	
Dividend paid	-		(74.16)	
Finance costs (net)	(1,053.16)		(523.37)	
<b>Net cash used in financing activities</b>	<b>(568.14)</b>		<b>6,895.70</b>	
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(77.22)</b>		<b>355.00</b>	
Cash and cash equivalents at the beginning of the year	591.76		236.76	
<b>Cash and cash equivalents at the end of the year</b>	<b>514.54</b>		<b>591.76</b>	

## Components of cash and cash equivalents at the end of the year

Cash on hand	2.64	21.70
Balance in current account and deposits with banks	511.90	570.06
<b>Cash and cash equivalents at the end of the year</b>	<b>514.54</b>	<b>591.76</b>

# Consolidated Statement of Cash Flows

for the year ended 31 March 2023

(₹ in Lakhs)

Particulars	As at 31 March 2022	Cash flows	Interest accrued/ adjustments	As at 31 March 2023
Long term borrowings	876.89	757.13	156.01	1,790.03
Short term borrowings	3,774.66	(837.28)	405.95	3,343.33
Lease liabilities	87.72	(50.04)	16.14	53.82
<b>Total liabilities from financing activities</b>	<b>4,739.27</b>	<b>(130.19)</b>	<b>578.10</b>	<b>5,187.18</b>

(₹ in Lakhs)

Particulars	As at 31 March 2021	Cash flows	Interest accrued/ adjustments	As at 31 March 2022
Long term borrowings	1,689.16	(927.41)	115.14	876.89
Short term borrowings	699.79	2,928.49	146.38	3,774.66
Lease liabilities	210.66	(41.24)	(81.70)	87.72
<b>Total liabilities from financing activities</b>	<b>2,599.61</b>	<b>1,959.84</b>	<b>179.82</b>	<b>4,739.27</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362

UDIN:23061362BGRRWS7067  
Mumbai, 9 May 2023

For and on behalf of the Board of Directors

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-  
**Jaikaran Chandock**  
Director  
(DIN 06965738)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Aakash Joshi**  
Company Secretary

# Notes on the Consolidated Financial Statements

## for the year ended 31 March 2023

### 1. CORPORATE INFORMATION ABOUT THE GROUP

The Consolidated Financial Statements comprise financial statements of Balu Forge Industries Limited (Formerly known as Amaze Entertech Limited) (the company) having Corporate Identity Number L29100MH1989PLC255933 and its subsidiaries together referred to as "the Group") and includes share of profit of the associates for the year ended March 31, 2023.

These aforesaid Consolidated Financial Statements for the year ended March 31, 2023 are approved by the Company's Board of Directors and authorised for issue in the meeting held on May 9, 2023.

### 2. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### Amendments applicable from April 01, 2023

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

The Rules predominantly amend Ind AS 1 Presentation of financial statements, Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and Ind AS 12 Income taxes. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

### 3. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and disclosure requirement of Division II of revised Schedule III of the Companies Act 2013, (Ind AS Compliant Schedule III) as applicable to consolidated financial statement.

Accordingly, the Company has prepared these consolidated Financial Statements which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Consolidated Financial Statements').

The consolidated financial statements of the Company for the year ended 31 March 2023 were approved for issue in accordance with the resolution of the Board of Directors on 9<sup>th</sup> May 2023.

### 4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### Basis of preparation and compliance with Ind AS

The Standalone Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting year, as explained in the accounting policies below.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, fair value of plan assets within scope of Ind AS 19 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of Lakhs, unless otherwise stated.

### **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out under Ind AS and in the Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

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

### **Principles of Consolidation**

The Consolidated Financial Statements incorporate the financial statements of the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit and Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component's other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the transferred asset. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the

subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

## 5. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the consolidated financial statements is as given below. These accounting policies have been applied consistently to all the periods presented in the consolidated financial statements.

### a. Property, Plant and Equipment (PPE)

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements of M/s. Balu India, proprietary concern, measured as per the previous GAAP and use that as its deemed cost as at the date of succession.

### Capital Work-in-Progress

These are stated at cost to date relating to projects in progress, incurred during construction / pre-operative period (Net of income) incurred during the construction/ pre-operative period and the same is allocated to the respective property, plant and equipment on the completion of their construction. Property, plant and equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in- progress".

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business succession is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. 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 a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, 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.

**Estimated useful lives of the intangible assets are as follows:**

Sr.	Asset Head	Useful life
1	Software	5

### Depreciation & amortization

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. The Company has redefined the useful life / residual value of assets acquired on business succession in accordance with the terms and conditions set out in the Business Succession Agreement dated 3 August 2022, on the basis of detailed technical analysis, taking into account the nature of the asset, the operating conditions of the asset, history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. which is depicted in below mentioned table.

Sr. No.	Asset Head	Useful life
1	Plant & Machinery	15
2	Office Equipment	5
3	Computers	3
4	Motor Vehicle	8
5	Electrical Installation	10
6	Factory building	30
7	Furniture & Fixtures	10
8	Computers - Server & Networks	6
9	Motor Vehicle	10



### **Impairment of non-financial assets**

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible 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).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 the Statement of Profit and Loss.

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

### **b. Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised but it is tested for impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Consolidated Statement of Profit and Loss. An impairment

loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **c. Investments in subsidiaries, associates and joint ventures**

The investments in subsidiaries, associates and joint ventures are carried in these consolidated financial statements at historical 'cost' in accordance with the option available in Ind AS 27, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for as non-current assets held for sale and discontinued operations. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

### **d. Inventories**

Inventories are valued at lower of cost on First-In-First-Out (FIFO) or net realizable value after providing for obsolescence and other losses, where considered necessary.

Cost of raw materials comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress include cost of direct materials and labor and a proportion of manufacturing and other indirect overheads based on the normal operating capacity but excluding borrowing costs. Cost of purchased inventory is determined after deducting rebates and discounts.

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.

### **e. Revenue Recognition**

#### **i. Sale of goods**

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes/GST and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when title and risk and rewards of ownership pass to the customer. Export incentives are recognised as income as per the terms of the scheme

in respect of the exports made and included as part of export turnover.

Revenue from sales is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell / Consume the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed.

## ii. Interest and dividend 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.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established. (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

## f. 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.

### 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Company recognises 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 recognised,

initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and 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. Right-of-use assets are subject to impairment test.

### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments 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 variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if 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.

### 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. 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.

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**g. Foreign Currency Transactions**

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in Statement of Profit and Loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

**h. Income taxes**

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

**Current tax**

Current tax is the amount of expected tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the

corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the

initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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. 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 in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

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.

**Current and deferred tax for the year**

Current and deferred tax are recognised in profit and loss, except when they are relating 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.

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.

**i. Borrowing Cost**

Borrowing costs, general or specific, that are directly attributable to the acquisition or construction or production of qualifying assets, which are assets that necessarily takes substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the year in which they are incurred.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific

borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

#### j. Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### k. Employee benefits

##### Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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 year. Re-measurement, 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 Balance sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of profit and loss. Past service cost is recognised in Statement of profit and loss in the year of a plan amendment or when the company recognises corresponding restructuring cost whichever is earlier. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

The Company presents the first two components of defined benefit costs in Statement of profit and loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

##### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

#### l. Financial instruments – Initial recognition, subsequent measurement and impairment

Financial assets and financial liabilities are recognized 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 and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. Trade Receivables that do not contain a significant financing component are measured at transaction price.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### (I) Financial assets

Cash and bank balances

Cash and bank balances consist of:

- i. **Cash and cash equivalents** - which includes cash on hand, deposits held at call with banks and other short-term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than three months. These balances with banks are unrestricted for withdrawal and usage.
- ii. **Other bank balances** - which includes balances and deposits with banks that are restricted 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 model 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 measured at fair value

Financial assets are measured at fair value through other comprehensive income if such financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell such 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.

The Company in respect of certain equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments. These investments are held for medium or long-term strategic purpose. The Company has chosen to designate these investments in equity instruments as fair value through other comprehensive

income as the management believes this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the statement of profit and loss.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are carried at fair value through profit and loss.

### Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate applicable.

### Dividend income

Dividend income from investments is recognized when the right to receive payment has been established.

### Impairment of financial assets

The Company recognizes loss allowances on a forward looking basis using the expected credit loss (ECL) model for all the financial assets except for trade receivables. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Company recognises impairment loss on trade receivables using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience and adjusted for forward-looking information as permitted under Ind AS 109.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as an impairment gain or loss in the Statement of Profit and Loss.

### De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a borrowing for the proceeds received.

### Financial liabilities and equity instruments

#### Classification as debt or equity

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.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

### De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### Offsetting financial instrument

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### m. Cash and cash equivalents

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

For the purpose of the Statement of cash flows, cash and cash equivalent consists 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.

### n. Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors of the Company has been identified as the Chief Operating Decision Maker which reviews and assesses the financial performance and makes the strategic decisions.

### o. Cash flow statement

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit /(Loss) for the effects of:

- i. Changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses and
- iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### p. Earnings per share

#### Basic earnings per share

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

#### Diluted earnings per share

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

### q. Key sources of estimation uncertainty and critical accounting judgements

In the course of applying the policies outlined in all notes above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions



are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year, if the revision affects current and future year.

Key sources of estimation uncertainty

**a. Useful lives of property, plant and equipment**

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. This reassessment may result in change in depreciation and amortisation expected in future periods.

**b. Impairment of investments in subsidiaries**

Determining whether the investments in subsidiaries are impaired requires an estimate in the value in use of investments. In considering the value in use, the Directors have anticipated the future commodity prices, capacity utilisation, operating margins, discount rates and other factors of the underlying businesses / operations of the investee companies.

Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

**c. Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. The cases which have been determined as remote by the Company are not disclosed.

Contingent assets are neither recognised nor disclosed in the financial statements unless when an inflow of economic benefits is probable.

**d. Fair value measurements**

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements 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 judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

**e. Impairment of trade receivables**

The impairment provisions for trade receivables 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, credit risk, existing market conditions as well as forward looking estimates at the end of each reporting period.

## 6. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Buildings	Plant & Machinery	Electrical Installation	Motor Vehicles	Office Equipments	Furniture & Fixture	Computers	Total Assets
<b>Gross Carrying Amount</b>									
As at 1 April 2021	0.83	91.10	582.99	28.44	145.64	7.79	6.84	1.47	865.10
Additions	-	-	154.08	-	-	3.45	-	0.19	157.72
Disposals	-	-	-	-	-	-	-	-	-
As at 31 March 2022	0.83	91.10	737.07	28.44	145.64	11.24	6.84	1.66	1,022.82
Additions	-	19.02	660.71	-	36.91	1.62	-	2.87	721.13
Disposals	-	-	-	-	-	-	-	-	-
As at 31 March 2023	0.83	110.12	1,397.78	28.44	182.55	12.86	6.84	4.53	1,743.95
<b>Accumulated depreciation</b>									
As at 1 April 2021	-	2.88	32.19	2.70	16.84	1.40	0.63	0.46	57.10
Depreciation charge for the year	-	2.90	41.20	2.70	17.29	1.83	0.65	0.50	67.07
Disposals	-	-	-	-	-	-	-	-	-
As at 31 March 2022	-	5.78	73.39	5.40	34.13	3.23	1.28	0.96	124.17
Depreciation charge for the year	-	2.88	61.22	2.70	20.49	2.26	0.65	1.03	91.23
Disposals	-	-	-	-	-	-	-	-	-
As at 31 March 2023	-	8.66	134.61	8.10	54.62	5.49	1.93	1.99	215.40
<b>Net book value</b>									
As at 31 March 2023	0.83	101.46	1,263.17	20.34	127.93	7.37	4.91	2.54	1,528.55
As at 31 March 2022	0.83	85.32	663.68	23.04	111.51	8.01	5.56	0.70	898.65

Property, plant and equipment given as security, refer to note 22.1 and 24.

## 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

(₹ in Lakhs)

Particulars	Building
<b>Right-of-use assets as on 1 April 2021</b>	<b>178.51</b>
Additions	-
Deductions	62.11
Depreciation expense	37.83
<b>At 31 March 2022</b>	<b>78.57</b>
Additions	3.83
Deductions	-
Depreciation expense	40.53
<b>At 31 March 2023</b>	<b>41.87</b>

(₹ in Lakhs)

Particulars	Building
<b>Lease liabilities as on 1 April 2021</b>	<b>210.66</b>
Additions	-
Deduction	88.65
Interest accrued	6.95
Lease payments	41.24
<b>At 31 March 2022</b>	<b>87.72</b>
Additions	-
Deduction	-
Interest accrued	16.15
Lease payments	50.04
<b>At 31 March 2023</b>	<b>53.83</b>
Short term lease liability	52.22
Long term lease liability	1.61

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

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

## 8. CAPITAL WORK- IN-PROGRESS : AGEING

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023				
	Amount of Capital Work-in-progress for a period of				
	Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	Total
Projects in progress at Belgaum Unit	-	666.98	-	-	666.98
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>666.98</b>	<b>-</b>	<b>-</b>	<b>666.98</b>

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2022				
	Amount of Capital Work-in-progress for a period of				
	Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	Total
Projects in progress at Belgaum Unit	666.98	-	-	-	666.98
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>666.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>666.98</b>

## 9. INTANGIBLE ASSETS AND GOODWILL

(₹ in Lakhs)

Particulars	Goodwill (Refer Note)	Computer Software	Amount
<b>Cost</b>			
<b>As at 1 April 2021</b>	<b>3,254.45</b>	<b>0.40</b>	<b>3254.85</b>
Additions	-	4.46	4.46
Disposals	-	-	-
<b>As at 31 March 2022</b>	<b>3,254.45</b>	<b>4.86</b>	<b>3,259.31</b>
Additions	-	1.46	1.46
Disposals	-	-	-
<b>As at 31 March 2023</b>	<b>3,254.45</b>	<b>6.32</b>	<b>3,260.77</b>
<b>Accumulated amortisation</b>			
<b>As at 1 April 2021</b>	<b>-</b>	<b>0.04</b>	<b>0.04</b>
Amortisation	-	0.50	0.50
Disposals	-	-	-
<b>As at 31 March 2022</b>	<b>-</b>	<b>0.54</b>	<b>0.54</b>
Amortisation	-	0.92	0.92
Disposals	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>1.46</b>	<b>1.46</b>
<b>Net book value :</b>			
<b>As at 31 March 2023</b>	<b>3,254.45</b>	<b>4.86</b>	<b>3,259.31</b>
<b>As at 31 March 2022</b>	<b>3,254.45</b>	<b>4.32</b>	<b>3,258.77</b>

# As a effect of reverse merger with M/s Balu India, a sole proprietary concern in accordance with the terms and conditions set out in the Business Succession Agreement dated 3 August 2021, the Company has recognised goodwill of ₹ 3254.45 lakhs. Goodwill is tested for impairment annually in accordance with the Company's procedure for determining the recoverable amount of such assets. For the purpose of impairment testing, entire business is considered as one Cash Generating Unit. The recoverable amount of this Cash Generating Unit is based on value in use. The value in use is determined based on discounted cash flow projections. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used.

The rate used to discount the forecasted cash flow is 12%. Five years period is considered for discounting. Terminal value growth rate is considered @ 3%.

Based on the above, no impairment was identified as of 31 March 2023 as the recoverable value of the cash generating unit exceeded the carrying value.

## 10. OTHER FINANCIAL ASSETS

(₹ in Lakhs)		
Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits	53.11	48.87
<b>Total</b>	<b>53.11</b>	<b>48.87</b>

## 11. INCOME TAX

Indian companies are subject to Indian income tax. For each financial year, the entity profit and loss is subject to the regular income tax payable. Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. Statutory income tax is charged at 22% plus a surcharge of 10% and education cess 4%.

Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period."

### A. Income tax expense

(₹ in Lakhs)		
Particulars	As at 31 March 2023	As at 31 March 2022
Current Tax	1,225.00	875.00
Deferred tax (Net)	(219.08)	58.41
(Excess) / short provision of tax of earlier years	159.32	(9.33)
<b>Total tax expense</b>	<b>1,165.24</b>	<b>924.08</b>

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognized income tax expense for the year indicated are as follows:

(₹ in Lakhs)		
Particulars	As at 31 March 2023	As at 31 March 2022
Profit before tax	5,056.53	3,908.51
Enacted tax rate in India	25.17%	25.17%
Expected income tax expense at statutory rate	1,272.73	983.77
Effect of tax of subsidiary operating in other jurisdictions	(174.00)	15.00
Tax effect of amounts which are deductible / not deductible in calculating taxable Income	345.00	(182.00)
Deferred tax assets recognised on temporary deductible difference not recognised previously	(219.00)	58.00
Income tax expense for the year	1,225.00	875.00
Effective income tax rate	24.23%	22.39%

### B. Deferred tax asset / (liability) (net)

Significant components of deferred tax assets/(liabilities) recognised in the consolidated financial statements are as follows:

(₹ in Lakhs)				
Deferred tax balance in relation to	As at 31 March 2022	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at 31 March 2023
Property, plant and equipment	(29.28)	(9.57)	-	(38.85)
Provisions for employee benefits	22.51	4.38	(3.02)	23.87
Lease liabilities	2.30	0.70	-	3.00
ECL Provision	-	223.57	-	223.57
<b>Total</b>	<b>(4.47)</b>	<b>219.08</b>	<b>(3.02)</b>	<b>211.59</b>

(₹ in Lakhs)

Deferred tax balance in relation to	As at 31 March 2021	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at 31 March 2022
Property, plant and equipment	4.64	(33.92)	-	(29.28)
Provisions for employee benefits	28.35	-	(5.84)	22.51
Lease liabilities	8.34	(6.04)	-	2.30
Carry forward losses	12.49	(12.49)	-	-
Other temporary differences	5.96	(5.96)	-	-
<b>Total</b>	<b>59.78</b>	<b>(58.41)</b>	<b>(5.84)</b>	<b>(4.47)</b>

## 12. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Advances	1,428.26	29.87
<b>Total</b>	<b>1,428.26</b>	<b>29.87</b>

## 13. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Raw materials and components (at cost)	315.84	1,437.67
Work-in-progress (at cost)	1,038.70	1,531.22
Finished goods (at cost or net realisable value whichever is lower)	2,127.62	1,263.84
<b>Total</b>	<b>3,482.16</b>	<b>4,232.73</b>

Inventories have been hypothecated as primary security against certain bank borrowings, details relating to which has been described in note no. 24.

## 14. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables considered good – Unsecured	21,943.10	12,993.78
Less: Allowance for doubtful debts	(891.06)	(97.92)
Discounted Trade Receivables	6,570.02	5,753.55
<b>Total Trade Receivables</b>	<b>27,622.06</b>	<b>18,649.41</b>
Less: Bills Payable against Discounted Trade Receivables	(6,570.02)	(5,753.55)
<b>Total</b>	<b>21,052.04</b>	<b>12,895.86</b>

In determining the allowances for credit losses of Trade Receivables, the Company has used a practical expedient by computing the Expected Credit Loss Allowance for Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The Expected Credit Loss allowance is based on the ageing of the receivables that are due and the rates used in the provision matrix.

- Since the Company calculates impairment under the simplified approach for Trade Receivables, it is not required to separately track changes in credit risk of Trade Receivables as the impairment amount represents Lifetime Expected Credit Loss. Accordingly, based on a harmonious reading of Ind AS 109 and the break-up requirements under Schedule III, the disclosure for all such Trade Receivables is made as shown above.
- Trade receivables have been given as security against certain bank borrowings, details relating to which has been described in note no. 24.

- iii. Trade receivables does not include any receivables from directors and officers of the company.
- iv. Balance confirmation from customers was called for by the Company. The company has received few confirmations, balance are awaited.

#### Reconciliation of Expected Credit Loss allowance:

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	97.92	-
Allowance for expected credit loss	891.06	97.92
Release during the year	(63.17)	-
Bad Debts	(34.75)	-
<b>Balance at the end of the year</b>	<b>891.06</b>	<b>97.92</b>

#### Ageing for Trade Receivables and credit risk arising there from is as follows:

(₹ in Lakhs)

Particulars	Outstanding from following periods from due date of payment as on 31 <sup>st</sup> March 2023						
	Not Due	Less than 6 Months	6 Months to 1 Year	1 Year to 2 Year	2 Year to 3 Year	More than 3 Year	Less than 6 Months
<b>Considered Good – Unsecured</b>							
Undisputed	-	12,494.39	8,686.25	762.46	-	-	21,943.10
Disputed	-	-	-	-	-	-	-
<b>Trade Receivables – Credit Impaired</b>							
Undisputed	-	-	-	-	-	-	-
Disputed	-	-	-	-	-	-	-
Less : Allowance for Expected Credit Loss	-	-	(814.81)	(76.25)	-	-	(891.06)
<b>Total</b>	<b>-</b>	<b>12,494.39</b>	<b>7,871.44</b>	<b>686.21</b>	<b>-</b>	<b>-</b>	<b>21,052.04</b>

(₹ in Lakhs)

Particulars	Outstanding from following periods from due date of payment as on 31 <sup>st</sup> March 2023						
	Not Due	Less than 6 Months	6 Months to 1 Year	1 Year to 2 Year	2 Year to 3 Year	More than 3 Year	Less than 6 Months
<b>Considered Good – Unsecured</b>							
Undisputed	-	11,808.30	1,185.48	-	-	-	12,993.78
Disputed	-	-	-	-	-	-	-
<b>Trade Receivables – Credit Impaired</b>							
Undisputed	-	-	-	-	-	-	-
Disputed	-	-	-	-	-	-	-
Less : Allowance for Expected Credit Loss	-	-	(97.92)	-	-	-	(97.92)
<b>Total</b>	<b>-</b>	<b>11,808.30</b>	<b>1,087.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,895.86</b>

## 15. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks in current accounts	511.90	570.06
Cash on hand	2.64	21.70
<b>Total</b>	<b>514.54</b>	<b>591.76</b>



## 16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with Banks		
- In term deposit accounts with maturity more than 3 months	274.37	119.22
- Earmarked balance with bank (unpaid dividend)	1.07	1.07
<b>Total</b>	<b>275.44</b>	<b>120.29</b>

## 17. LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good)		
Loans & advances – Employees	30.41	31.18
Loans & advances – Others	86.90	-
<b>Total</b>	<b>117.31</b>	<b>31.18</b>

## 18. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Export benefits and entitlements	43.48	82.44
Security deposits	411.19	482.80
Others	92.28	117.78
<b>Total</b>	<b>546.95</b>	<b>683.02</b>

## 19. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	30.33	102.43
Advances to suppliers	1,932.27	3,145.47
GST Receivable	773.93	1,073.36
Others	1,161.06	585.57
<b>Total</b>	<b>3,897.59</b>	<b>4,906.83</b>

## 20. EQUITY SHARE CAPITAL

Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	₹ in Lakh	No of shares	(₹ in Lakhs)
Authorised:				
Equity Shares:				
Equity shares of ₹10/- each	9,00,00,000	9,000.00	9,00,00,000	9,000.00
Issued, Subscribed and Paid-up				
Equity Shares:				
Equity shares of ₹10/- each	8,33,64,886	8,336.49	8,23,14,886	8,231.49
<b>Total</b>	<b>8,33,64,886</b>	<b>8,336.49</b>	<b>8,23,14,886</b>	<b>8,231.49</b>

**A. Reconciliation of the shares outstanding at the beginning and at the end of the year**

(₹ in Lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	₹ in Lakh	No of shares	₹ in Lakh
At the beginning of the year	8,23,14,886	8,231.49	6,86,15,000	6,861.50
Issued during the year	-	-	55,49,886	554.99
Issued during the year (conversion of warrants into equity shares)	10,50,000	105.00	81,50,000	815.00
Outstanding at the end of the year	<b>8,33,64,886</b>	<b>8,336.49</b>	<b>8,23,14,886</b>	<b>8,231.49</b>

The Board of Directors of the company on 27 April 2021 had issued and allotted 55,49,886 Equity shares aggregating to ₹ 44,95,40,766/- issued for cash of ₹ 10/- (Rupees Ten Only) each at an issue price of ₹ 81/- (Rupees Eighty-One Only) on preferential basis in terms of Chapter V of SEBI (ICDR) Regulations, 2018.

The Board of Directors had approved the conversion of all the 92,00,000 Warrants into 92,00,000 Equity Shares which were issued and allotted to the Promoters & Non-Promoters on 22<sup>nd</sup> March 2022 and 29<sup>th</sup> April 2022.

As on 31<sup>st</sup> March 2023 the Paid-up Equity Share Capital was ₹ 83,36,48,860/- Lakhs divided into 8,33,64,886 Equity Shares of ₹ 10/- Each.

**B. Terms/Rights attached to equity shares**

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors will be subject to the approval of the 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 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 shareholder.

**C. Following shareholders hold equity shares more than 5% of the total equity shares of the Company**

(₹ in Lakhs)

Name of Shareholder	As at 31 March 2023		As at 31 March 2022	
	Number of shares held having face value of ₹ 10 each	% of shares held	Number of shares held having face value of ₹ 10 each	% of shares held
Jaspalsingh Chandock	5,44,40,010	65.30%	5,44,40,010	66.14%
Tano Investment Opportunities Fund	51,90,000	6.23%	82,90,000	10.07%

**D. The details of promoter's shareholding are as under**

Name of the promoter	As at 31 March 2023	As at 31 March 2022
<b>Equity shares of ₹ 10/- each fully paid</b>		
Mr. Jaspal Singh Chandock	5,44,40,010	5,44,40,010
Mr. Trimaan Chandock	75,900	75,900
Mr. Jaikaran Chandock	10,150	10,150
<b>Total</b>	<b>5,45,26,060</b>	<b>5,45,26,060</b>

**E. Information regarding issue of Equity Shares during last five years**

- No bonus share has been issued.
- No share has been bought back.

**F. No Shares held in Abeyance**

## 21. OTHER EQUITY

(₹ in Lakhs)

Particulars	Share warrants	Reserves and surplus		Other comprehensive income	Total equity
		Securities premium	Retained earnings / (losses)	Remeasurements of defined benefit obligations	
<b>As at 1 April 2021</b>	<b>230.00</b>	<b>-</b>	<b>761.63</b>	<b>(101.97)</b>	<b>889.66</b>
Net income / (loss) for the year	-		2,984.43	-	2,984.43
Securities premium credited on Share issue	-	3,940.42	-	-	3,940.42
Share warrants redeemed	(125.00)	-	-	-	(125.00)
Proposed dividend	-	-	(74.16)	-	(74.16)
Other comprehensive income	-	-	-	17.35	17.35
Appropriations	-	-	(1.45)	-	(1.45)
<b>As at 31 March 2022</b>	<b>105.00</b>	<b>3,940.42</b>	<b>3,670.45</b>	<b>(84.62)</b>	<b>7,631.25</b>
<b>As at 1 April 2022</b>	<b>105.00</b>	<b>3,940.42</b>	<b>3,670.45</b>	<b>(84.62)</b>	<b>7,631.25</b>
Net income / (loss) for the year			3,891.29		3,891.29
Share warrants redeemed	(105.00)				(105.00)
Other comprehensive income				8.96	8.96
<b>As at 31 March 2023</b>	<b>-</b>	<b>3,940.42</b>	<b>7,561.74</b>	<b>(75.66)</b>	<b>11,426.51</b>

### Note :

- Share Warrant : During FY 2020-21, the Company issued and allotted 66,00,000 warrants convertible into 66,00,000 equity shares of ₹ 10/- each for cash to Promoter (Mr. Jaspalsingh Chandock) and allotted 26,00,000 warrants convertible into 26,00,000 equity shares of ₹ 10/- each for cash at par to the Non-Promoters (Public Category). Out of which during FY 2021-22, the Company issued and allotted 66,00,000 equity shares of ₹ 10/- each for cash to Promoter (Mr. Jaspalsingh Chandock) and allotted 15,50,000 equity shares of ₹ 10/- each for cash to the Non-Promoters (Public Category) and balance 10,50,000 equity shares of ₹ 10/- each were issued to the Non-Promoters (Public Category) during FY 2022-23.
- Securities Premium, is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act 2013
- Retained earnings/(losses), represents cumulative profit of the Company. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.
- Other comprehensive income (OCI), represents the re-measurement (loss)/profit on defined benefit plan, net of taxes that will not be re-classified to the Statement of Profit & Loss.

## 22. BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Term loan (secured)		
- Term loans from banks	795.83	90.78
- Term loans from financial institutions	101.05	101.05
- Term loans from other parties	272.39	551.06
<b>Total</b>	<b>1,169.27</b>	<b>742.89</b>

## 22.1 Interest and repayment schedule for secured long term borrowings

(₹ in Lakhs)

Type of loan	Loan outstanding as at 31 March 2023			Sanction amount	Rate of interest	Repayment terms	Security Guarantee
	Non-Current	Current	Total				
<b>Term loans from bank</b>							
ICICI Bank Limited -Business Loan	0.13	4.02	4.15	40.00	17%	Equated monthly installment for 36 months starting from 6 November 2021	Post dated cheques
HDFC Bank Limited -Business Loan	11.66	9.55	21.21	50.00	17%	Equated monthly installment for 36 months starting from 5 November 2021	Post dated cheques
Union Bank of India - Vehicle Loan	84.04	21.08	105.12	115.60	8-10%	Equated monthly installments as per specific repayment schedule predetermined in case of each vehicle loan.	secured against the hypothecation of vehicles.
Union Bank of India	380.00	520.00	900.00	1000.00	10.50-11.50%	Equated monthly installment for 60 months and interest to the loan account to be serviced as & when debited to the account.	Secured against the hypothecation of Machineries
<b>Total (A)</b>	<b>475.83</b>	<b>554.65</b>	<b>1030.48</b>	<b>1205.60</b>			
<b>Term loans financial institutions</b>							
LIC - Term Loan	101.05	-	101.05	200.00	9%		LIC Policy of Mr. Jaspalsingh Chandock
<b>Total (B)</b>	<b>101.05</b>	<b>-</b>	<b>101.05</b>	<b>200.00</b>			
<b>Term loans from other parties</b>							
Fedbank Financial Services Limited -Business Loan	1.00	2.00	3.00	30.00	18%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
Jain Sons Finlease Ltd. - Business Loan	2.34	-	2.34	40.00	20%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
Shriram City Finance Ltd. - Business Loan	0.86	-	0.86	35.00	19%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
Tata Capital Financial Services Ltd. - Car Loan	0.76	3.41	4.17	50.69	15%	Equated monthly installments as per specific repayment schedule predetermined	Secured against the hypothecation of vehicles.
PNB Housing Ltd. -Business Loan	523.85	30.54	554.39	650.00	11%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
Protium Finance Limited	63.58	30.16	93.74	100.00	13.50%	Equated monthly installments as per specific repayment schedule predetermined	Unsecured
<b>Total (C)</b>	<b>592.39</b>	<b>66.11</b>	<b>658.50</b>	<b>905.69</b>			
<b>Grand TOTAL (A+B+C)</b>	<b>1,169.27</b>	<b>620.76</b>	<b>1,790.03</b>	<b>2,311.29</b>			

## 23. PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Provision for gratuity (refer note 42)	82.26	74.53
<b>Total</b>	<b>82.26</b>	<b>74.53</b>

## 24. BORROWINGS (CURRENT, AT AMORTISED COST)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Working capital loans from bank (secured)		
Rupee loan	3,343.33	3,774.66
Current maturity of long-term debt	620.76	134.00
<b>Total</b>	<b>3,964.09</b>	<b>3,908.66</b>

### Working capital loans from bank (secured)

#### Rupee loan

Short-term working capital loan of ₹1,557.50 lakhs (As at March 31, 2022 ₹1,847.64 lakhs) secured by hypothecation of stock & book debts. The interest rates were in the ranges from 6.00% to 8.50% p.a.

\*As at March 31, 2023, ₹1,557.50 lakhs and ₹900.00 lakhs (March 31, 2022: ₹1,847.64 lakhs) of the total outstanding borrowings are secured by a charge on property, plant and equipment, inventories, receivables and other current assets.

Short Term Union Guaranteed Emergency Credit Line (UGECL) unsecured loan of ₹636.04 lakhs (As at March 31, 2022 ₹640.00 lakhs). The interest rates were fixed at 7.5% p.a.

Short Term Union Guaranteed Emergency Credit Line (UGECL) unsecured loan of ₹1,149.78 lakhs (As at March 31, 2022 ₹1,287.02 lakhs). The interest rates were fixed at 7.5% p.a.

## 25. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Trade payables		
- total outstanding dues of micro and small enterprises;	37.45	-
- total outstanding dues of creditors other than micro and small enterprises	6,512.92	4,522.27
<b>Total</b>	<b>6,550.37</b>	<b>4,522.27</b>

- Disclosure with respect to related party transactions is given in note 44.
- Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Principal amount outstanding as at end of year	37.45	-
Principal amount overdue more than 45 days	-	-
Interest due and unpaid as at end of year	-	-
Interest paid to the supplier	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-

iii. Ageing for Trade Payables outstanding is as follows:

(₹ in Lakhs)

Particulars	Not Due	Outstanding from due date of payment as on 31 <sup>st</sup> March 2023				
		Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	Total
<b>Unsecured and considered good</b>						
(i) MSME	-	37.45	-	-	-	37.45
(ii) Others	451.25	5,933.33	-	-	-	6,384.58
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	128.34	128.34
<b>Total</b>	<b>451.25</b>	<b>5,970.78</b>	<b>-</b>	<b>-</b>	<b>128.34</b>	<b>6,550.37</b>

(₹ in Lakhs)

Particulars	Not Due	Outstanding from due date of payment as on 31 <sup>st</sup> March 2022				
		Less than 1 year	1 to 2 Year	2 to 3 Year	More than 3 year	Total
<b>Unsecured and considered good</b>						
(i) MSME	-	-	-	-	-	-
(ii) Others	-	4,393.93	-	-	-	4,393.93
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	128.34	-	128.34
<b>Total</b>	<b>-</b>	<b>4,393.93</b>	<b>-</b>	<b>128.34</b>	<b>-</b>	<b>4,522.27</b>

## 26. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Advances from related parties (refer note 44)	1,168.36	613.77
Other payables	2,896.27	1,648.07
Other Advances	33.63	-
<b>Total</b>	<b>4,098.26</b>	<b>2,261.84</b>

## 27. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Advance against orders	44.05	4.40
Statutory dues payable	184.63	96.61
Other Payables	0.74	0.74
<b>Total</b>	<b>229.42</b>	<b>101.75</b>

## 28. PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Provision for gratuity (refer note 42)	12.57	14.88
<b>Total</b>	<b>12.57</b>	<b>14.88</b>



## 29. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Sale of products	32,287.50	27,593.41
Other operating revenues	376.39	1,014.51
<b>Total</b>	<b>32,663.89</b>	<b>28,607.92</b>

### A. Disaggregation revenue information

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>i. Revenue based on geography</b>		
Revenue from operations within the country	3,766.64	1,391.33
Revenue from operations outside the country	28,897.25	27,216.59
<b>Total</b>	<b>32,663.89</b>	<b>28,607.92</b>

## 30. OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Net gain on foreign currency transactions and translation	1,253.98	801.26
Interest received	10.61	51.36
<b>Total</b>	<b>1,264.59</b>	<b>852.62</b>

## 31. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Work in Progress - Opening	1,531.22	225.30
Work in Progress - Closing	1,038.70	1,531.22
	<b>492.52</b>	<b>(1,305.92)</b>
Finished Goods (Mfg.) - Opening	1,263.84	1,543.31
Finished Goods (Mfg.) - Closing	2,125.16	1,263.84
	<b>(861.32)</b>	<b>279.47</b>
<b>Total Change in Inventories</b>	<b>(368.80)</b>	<b>(1,026.45)</b>

## 32. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Salaries, wages and bonus	574.43	359.41
Contribution to provident and other funds	25.19	18.63
Director remuneration includes sitting fees	114.90	78.58
Gratuity expense (refer note 42)	20.37	32.13
Staff welfare expenses	62.89	34.90
<b>Total</b>	<b>797.78</b>	<b>523.65</b>

**33. DEPRECIATION AND AMORTISATION EXPENSE**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Depreciation of property, plant and equipment	91.23	67.07
Amortisation of intangible assets	0.92	0.50
Depreciation of right of use of assets	40.53	37.83
<b>Total</b>	<b>132.68</b>	<b>105.40</b>

**34. FINANCE COSTS**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Interest on borrowings	649.32	264.63
Other borrowing costs	12.98	41.87
Other financial charges	390.86	216.87
<b>Total</b>	<b>1,053.16</b>	<b>523.37</b>

**35. OTHER EXPENSES**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Repairs and maintenance	120.9	38.32
Rent	216.49	194.40
Rates and taxes	32.78	84.90
Insurance	11.33	8.18
Legal and professional fee	117.77	358.00
Travelling & conveyance expenses	492.01	174.84
Payment to Auditor	9.62	6.59
Security charges	33.13	28.26
Freight forwarding and distribution expenses	724.54	446.59
Foreign exchange Fluctuation Loss	421.7	-
Loss on sale of machinery	3.95	-
Advertisement, sales & distribution expenses (includes commission)	874.46	860.55
Office expenses	100.47	23.93
CSR expenses	93.99	6.60
Donation	3.04	3.50
Postage and Telephone	14.63	8.46
Printing and Stationery	11.98	11.00
Expected credit loss allowance	891.06	97.92
Bad debts	34.75	-
<b>Total</b>	<b>4,208.60</b>	<b>2,352.04</b>

**A. Auditor's remuneration (excluding taxes):**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Statutory audit fees including limited review	8.19	5.00
Tax Audit Fees	1.00	1.00
Other Services	0.43	0.59

### 36. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Remeasurement gains (losses) on defined benefit plans, not to reclassified to profit and loss account	11.98	23.19
Income tax effect	(3.02)	(5.84)
<b>Total</b>	<b>8.96</b>	<b>17.35</b>

### 37. EARNINGS PER SHARE (EPS)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Face Value of Equity Share	₹10	₹10
Profit attributable to equity shareholders (₹ in Lakhs) (A)	3,891.27	2,984.43
Weighted average number of equity shares for basic EPS (B)	8,32,57,977	7,43,65,845
Effect of dilution :		
Total weighted average potential equity shares	-	9,61,765
Weighted average number of equity shares adjusted for the effect of dilution (C)	8,32,57,977	7,53,27,610
Basic EPS (Amount in ₹) (A/B)	4.67	4.05
Diluted EPS (Amount in ₹) (A/C)	4.67	3.61

### 38. RESEARCH AND DEVELOPMENT ACTIVITIES

Details of expenditure incurred in respect of research and development activities undertaken during the year is as follows:

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Revenue expenditure charged to profit and loss account	103.97	95.02

### 39. SEGMENT REPORTING

The Company is in the business of manufacturing steel forging products having similar economic characteristics. The company and its Chief Operating Decision Maker (CODM) reviews steel forging business as the only segment and takes decision based on the demand and supply in forging business. Thus, as per Ind AS 108, the business activities fall within a single primary segment i.e. manufacturing and selling Steel Forging Products.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

#### a) Revenue from operations

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Domestic	3,766.64	1,391.33
Export	28,897.25	27,216.59
<b>Total</b>	<b>32,663.89</b>	<b>28,607.92</b>

#### b) Non-current assets

(₹ in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
India	4,960.27	4,902.97
Outside India	536.44	-
<b>Total</b>	<b>5,496.71</b>	<b>4,902.97</b>

#### 40. ADDITIONAL REGULATORY INFORMATION

Additional Regulatory Information pursuant to Clause 6L of General Instructions for preparation of Balance Sheet as given in Part I of Division II of Schedule III to the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Consolidated Financial Statements.

- a) The title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the consolidated financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
- b) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- c) The Company has not been declared as a willful defaulter by any lender who has powers to declare a company as a willful defaulter at any time during the financial year or after the end of reporting period but before the date when the consolidated financial statements are approved.
- d) The Company does not have any transactions with struck-off companies.
- e) The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.
- f) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act 2013 read with Companies (Restrictions on number of Layers) Rules, 2017.
- g) The company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities(intermediaries), with the understanding that the intermediary shall;
  - 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.
- h) The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall;
  - i. 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
  - ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- i) The Company does not have any transactions which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 ( such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- j) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

#### k) Ratios:

Particulars	Numerator	Denominator	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022	% Variance	Reason for Variance
Current Ratio	Current assets	Current liabilities	1.86	2.00	-7%	
Debt-equity ratio	Total debt	Shareholder's Equity	0.26	0.29	-11%	
Debt service coverage Ratio	Profit before Tax, Exceptional Items, Depreciation, Interest cost	Interest Cost + Long Term Borrowings scheduled 'principal repayments (excluding prepayments / refinancing) 'during the year)	7.45	4.15	80%	Ratio improved due to increase in profitability

Particulars	Numerator	Denominator	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022	% Variance	Reason for Variance
Return on equity ratio	[Net Profits after taxes]	Average Shareholder's Equity	0.22	0.25	-14%	
Inventory turnover Ratio (in days)	Revenue From Operations	Average Inventory	43	39	9%	
Trade receivables turnover ratio (in days)	Revenue From Operations	Average Accounts Receivable	187	119	57%	Debtors credit period increased due to pending realizations from the customers.
Trade payables turnover ratio (in days)	Net Credit Purchases	Average Trade Payables	97	69	40%	Creditors credit period increased due to better negotiations with the vendors.
Net capital turnover Ratio	Revenue From Operations	Working Capital	2.36	2.43	-3%	
Net profit ratio %	Net Profit	Revenue From Operations	12%	10%	14%	
Return on capital employed %	Earning before interest and taxes(EBIT)	Capital Employed	23%	21%	9%	
*Return on investment	Earning before interest and taxes(EBIT)	Average Total Assets	17%	19%	-9%	

## 41. FINANCIAL INSTRUMENTS

### i) Categories and hierarchy of financial instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale. The following methods and assumptions have been used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments

Financial Instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

#### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

All financial assets and liabilities are classified as level 3 and hence the carrying value represents the fair value of the financial assets and liabilities.

The carrying values of the financial instruments by categories were as follows:

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial assets Measured at amortised cost</b>						
Trade receivables	-	-	21,052.04	-	-	12,895.86
Cash and cash equivalents	-	-	514.54	-	-	591.76
Bank balances other than cash and cash equivalents	-	-	275.44	-	-	120.29
Other financial assets	-	-	717.37	-	-	763.07
<b>Total financial assets at amortised cost</b>	-	-	<b>22,559.39</b>	-	-	<b>14,370.98</b>
<b>Financial liabilities Measured at amortised cost</b>						
Borrowings						
Long term Borrowings	-	-	1,169.27	-	-	742.89
Short term Borrowings	-	-	3,964.09	-	-	3,908.66
Trade payables	-	-	6,550.37	-	-	4,522.27
Other financial liabilities	-	-	4,152.09	-	-	2,349.56
<b>Total financial liabilities carried at amortised cost</b>	-	-	<b>15,835.82</b>	-	-	<b>11,523.38</b>

## ii) Financial risk management objectives and policies:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company's principal financial liabilities comprise of loan from banks and financial institutions, finance lease obligations and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short term deposits, which arise directly from its operations.

The main risks arising from Company's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks.

### a) Financial risk management

The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk; and
- Liquidity risk

### b) 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 the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates and interest rates.

The Company seeks to minimize the effects of these risks by using derivative and non derivative financial instruments. The use of derivatives and non derivative financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management and



the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

### c) Foreign currency risk management

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets. The Company is exposed to exchange rate risk under its trade portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in decrease in the Company's overall receivables in Rupee terms and favorable movements in the exchange rates will conversely result in increase in the Company's receivables in Rupee terms.

Going by the past trends and future prospects in respect of movement in exchange rate between the Rupee and any relevant foreign currency, the Board expects that there will be favorable movements in the exchange rate and accordingly the management has decided not to hedge the foreign currency through any forward exchange contract. Therefore, receivables aggregating to ₹5,611.42 lakhs outstanding as at 31 March 2023 represents as unhedged position.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of the reporting year are as follows:

#### Currency exposure as at 31 March 2023

(₹ in Lakhs)

Particulars	USD*	EURO*	AED*	Total
<b>Financial assets</b>				
Trade receivables	18,040.52	769.76	2,839.66	21,649.94
Other financial assets			159.67	159.67
<b>Total financial assets (A)</b>	<b>18,040.52</b>	<b>769.76</b>	<b>2,999.33</b>	<b>21,809.61</b>
<b>Financial liabilities</b>				
Trade payables	3.58		1,410.33	1,413.91
Other financial liabilities	-	-	-	-
<b>Total financial liabilities (B)</b>	<b>3.58</b>	<b>-</b>	<b>1,410.33</b>	<b>1,413.91</b>
<b>Net Exposure (A – B)</b>	<b>18,036.94</b>	<b>769.76</b>	<b>1,589.00</b>	<b>20,395.70</b>

\* Unhedged currency position

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. The positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

(₹ in Lakhs)

Particulars	Increase (strengthening of INR)		Decrease (weakening of INR)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Financial assets</b>				
USD/INR	(180.41)	(52.72)	180.41	52.72
EUR/INR	(7.70)	(3.39)	7.70	3.39
AED/INR	(29.99)	-	29.99	-
<b>Financial liabilities</b>				
USD/INR	0.04	-	(0.04)	-
AED/INR	14.10	-	(14.10)	-

**d) Interest rate risk :**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees with a mix of fixed and floating rates of interest. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The following table provides a break-up of the Company's fixed and floating rate borrowings

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Fixed rate borrowings	2,016.34	2,135.60
Floating rate borrowings	3,117.02	2,515.95
<b>Total borrowings</b>	<b>5,133.36</b>	<b>4,651.55</b>

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities, assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2023 would decrease / increase by ₹31.17 Lakhs (for the year ended 31 March 2022: decrease / increase by ₹25.16 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings

**e) Credit risk management:**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, loans, cash & cash equivalents.

**Trade receivables**

Customer credit risk is managed centrally by the Company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits defined in accordance with the assessment.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables.

**Cash and cash equivalents**

Credit risks from balances with banks and financial institutions are managed in accordance with the Company policy. The Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit- ratings assigned by credit-rating agencies.

In addition, the Company is not exposed to credit risk in relation to financial guarantees given to banks and other counterparties.

**Liquidity risk management**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term capital expenditure growth projects. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long- term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non- derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. 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.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

#### Liquidity exposure as at 31 March 2023

(₹ in Lakhs)

Particulars	<1 Year	1-5 years	>5 years	Total
<b>Financial assets</b>				
Trade receivables	21,052.04	-	-	21,052.04
Cash and cash equivalents	514.54	-	-	514.54
Bank balances other than cash and cash equivalents	275.44	-	-	275.44
Loans	117.31	-	-	117.31
Other financial assets	546.95	53.11	-	600.06
<b>Total financial assets</b>	<b>22,506.28</b>	<b>53.11</b>	<b>-</b>	<b>22,559.39</b>
<b>Financial liabilities</b>				
Long term borrowings	620.76	1,169.27	-	1,790.03
Short term borrowings	3,343.33	-	-	3,343.33
Trade payables	6,550.37	-	-	6,550.37
Other financial liabilities	4,150.48	1.61	-	4,152.09
<b>Total financial liabilities</b>	<b>14,664.94</b>	<b>1,170.88</b>	<b>-</b>	<b>15,835.82</b>

#### Liquidity exposure as at 31 March 2022

(₹ in Lakhs)

Particulars	<1 Year	1-5 years	>5 years	Total
<b>Financial assets</b>				
Trade receivables	12,895.86	-	-	12,895.86
Cash and cash equivalents	591.76	-	-	591.76
Bank balances other than cash and cash equivalents	120.29	-	-	120.29
Loans	31.18	-	-	31.18
Other financial assets	683.02	48.87	-	731.89
<b>Total financial assets</b>	<b>14,322.11</b>	<b>48.87</b>	<b>-</b>	<b>14,370.98</b>
<b>Financial liabilities</b>				
Long term borrowings	134.00	742.89	-	876.89
Short term borrowings	3,774.66	-	-	3,774.66
Trade payables	4,522.27	-	-	4,522.27
Other financial liabilities	2,300.77	48.79	-	2,349.56
<b>Total financial liabilities</b>	<b>10,731.70</b>	<b>791.68</b>	<b>-</b>	<b>11,523.38</b>

#### Collateral-

The Company has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfil certain collateral requirements for the banking facilities extended to the Company. There is obligation to return the securities to the Company once these banking facilities are surrendered (Refer note 22 and 24).

#### f) Capital Risk management

The Company being in a capital intensive industry, its objective is to maintain a strong credit rating, healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Company's capital requirement is mainly to fund its capacity expansion and repayment of principal and interest on its borrowings. The principal source of funding of the Company has been, and is expected to continue to be, cash generated

from its operations supplemented by funding from bank borrowings and the equity capital by way of preferential allotment. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt, divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, bank balances other than cash and cash equivalents and current investments.

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Long term borrowings	1,169.27	742.89
Current maturities of long term debt and finance lease obligations	620.76	134.00
Short term borrowings	3,343.33	3,774.66
Less: Cash and cash equivalent	(514.54)	(591.76)
Less: Bank balances other than cash and cash equivalents	(275.44)	(120.29)
Net debt	4,343.38	3,939.50
Total equity	19,763.00	15,862.74
Gearing ratio	0.22	0.25

- i. Equity includes all capital and reserves of the Company that are managed as capital.
- ii. Debt is defined as long and short term borrowings, as described in notes 22 and 24.

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

## 42. EMPLOYEE BENEFIT OBLIGATIONS

### a. Defined contribution plan

The Company operates defined contribution retirement benefit plans for all qualifying employees. Under these plans, the Company is required to contribute a specified percentage of payroll costs.

Company's contribution to provident fund recognised in statement of profit and loss of ₹19.99 Lakhs (31 March 2022: ₹14.93 lakhs)

### b. Defined benefit plans

The level of benefits provided depends on the member's length of service and salary at retirement age.

The gratuity plan is covered by The Payment of Gratuity Act, 1972. Under the gratuity plan, all employees are entitled to Gratuity Benefits on exit from service due to retirement, resignation or death at the rate of 15 days' salary for each year of service with payment ceiling of ₹20 lakhs. The vesting period for gratuity as payable under The Payment of Gratuity Act, 1972 is 5 years.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at 31 March 2023 by Independent, Qualified Actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

**i. Reconciliation of Opening and Closing balances of Defined Benefit Obligation**

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Defined Benefit obligation at beginning of year	89.41	80.48
Current Service Cost	10.69	26.66
Interest Cost	6.71	5.47
Actuarial (Gains)/Losses on Obligations		
- Due to Change in Demographic Assumptions		-
- Due to Change in Financial Assumptions	(5.28)	(0.25)
- Due to Experience	(6.70)	(22.94)
Benefits paid	-	-
Defined Benefit obligation at year end	94.83	89.41

**ii. Expenses recognised in statement of profit and loss account**

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Current Service Cost	10.69	26.66
Net Interest Cost	6.71	5.46
<b>Component of defined benefit cost recognised in statement of profit and loss</b>	<b>17.40</b>	<b>32.13</b>
Remeasurement of net defined benefit liability		
Actuarial (gain)/loss on defined benefit obligation	(11.98)	(23.19)
<b>Component of defined benefit cost recognised in other comprehensive income</b>	<b>(11.98)</b>	<b>(23.19)</b>

**iii. Actuarial assumptions**

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Discount rate (p.a.)	7.50%	6.80%
Attrition Rate	5% to 1%	5% to 1%
Retirement age	58	58
Rate of escalation in salary (p.a.)	6%	6%

**iv. The amount included in the consolidated financial statements arising from the entity's obligation in respect of its defined benefit plan is as follows**

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Present value of obligation	94.83	89.41
<b>Net liability / (asset) arising from defined benefit obligation</b>	<b>94.83</b>	<b>89.41</b>

**v. Sensitivity Analysis – Gratuity**

(₹ in Lakhs)

Particulars	Gratuity as on 31 March	
	2023	2022
Projected Benefit Obligation on Current Assumptions	94.83	89.41
Discount Rate - 1 percent increase	87.78	82.52
Discount Rate - 1 percent decrease	103.04	97.44
Salary Escalation Rate - 1 percent increase	103.08	97.43
Salary Escalation Rate - 1 percent decrease	87.62	82.41
Withdrawal Rate - 1 percent increase	95.23	89.61
Withdrawal Rate - 1 percent decrease	94.42	89.21

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

**vi. Maturity analysis of projected benefit obligation**

(₹ in Lakhs)

Particulars	Less than a year	Between 1 to 5 years	Between 6 to 10 years	Total
<b>As at 31 March 2023</b>				
Projected benefit payable	12.57	31.01	51.90	95.49
<b>As at 31 March 2022</b>				
Projected benefit payable	14.88	23.59	49.53	88.00

**43. CONTINGENT LIABILITIES AND LEGAL CASES**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Bank guarantee	-	41.93

**Capital Commitments**

Estimated amount of contract remaining to be executed on capital account, net of advances is Nil (Previous year Nil).

**44. RELATED PARTY DISCLOSURES AS REQUIRED BY IND AS 24 "RELATED PARTY DISCLOSURES" ARE GIVEN BELOW:****a) List of Related Parties****Key Management Personnel (KMP)**

Mr. Jaspalsingh Chandock – Chairman and Managing Director  
 Mr. Trimaan Chandock – Whole Time Director  
 Mr. Jaikaran Chandock – Whole Time Director  
 Mr. Raghavendra Raj Mehta – Independent Director  
 Mr. Radheshyam Soni - Independent Director  
 Ms. Shalu Bhandari - Independent Director  
 Mr. Mitesh Dani – Chief Financial Officer (Resigned on 23<sup>rd</sup> September 2022)  
 Mr. Aakash Joshi – Company Secretary

**Relative of Key Management Personnel (KMP)**

Mrs. Nivjeet Chandock – Wife of Jaspalsingh Chandock  
 Mrs. Mukta Chandock – Wife of Jaikaran Chandock

**Entities where control/significant influence by KMPs and their relatives exists and with whom transaction have taken place.**

Hotel Imperial Palace (I)  
 New Global Forge Private Limited



**b) Details of transactions with related parties**

(₹ in Lakhs)

Name of related party/Nature of Transaction	2022-23	2021-22
<b>Director's Remuneration</b>		
Mr. Jaspalsingh Chandock	72.00	48.00
Mr. Trimaan Chandock	18.00	12.00
Mr. Jaikaran Chandock	18.00	12.00
<b>Sitting fees</b>		
Mr. Deepak Mehta	-	0.10
Ms. Sejal Soni	-	0.10
Mr. Yatin Mehta	-	0.10
Mr. Raghavendra Raj Mehta	2.30	1.80
Ms. Shalu Bhandari	2.30	2.20
Mr. Radheshyam Soni	2.30	2.20
<b>Expenses</b>		
Mr. Mitesh Dani	2.00	4.80
Mr. Akash Joshi	6.75	5.40
Rent paid – Hotel Imperial Palace (I)	48.00	36.00
Rent deposit – Hotel Imperial Palace (I)	-	34.00
Expenses on behalf of Hotel Imperial Palace	33.26	31.70
Reimbursement of Expenses paid to Hotel Imperial Palace (I)	-	4.24
Reimbursement of Expenses paid to Mr.Jaspal Singh Chandock	3.91	59.24
Expenses on behalf of Mr.Jaspal Singh Chandock	124.60	301.42
Expenses on behalf of Mr.Jaikaran Chandock	-	0.29
<b>Advance received</b>		
Mr. Jaspalsingh Chandock	1,935.21	8,984.58
Mr. Trimaan Chandock	-	28.00
Mr. Jaikaran Chandock	-	7.82
Hotel Imperial Palace (I)	221.14	205.25
New Global Forge Private Ltd.	-	235.03
<b>Advance re-paid</b>		
Mr. Jaspalsingh Chandock	1,213.59	8,575.55
Mr. Trimaan Chandock	-	28.00
Mr. Jaikaran Chandock	-	3.30
Hotel Imperial Palace (I)	221.14	205.25
New Global Forge Private Ltd.	-	470.05

(₹ in Lakhs)

Name of related party/Nature of Transaction	2022-23	2021-22
<b>Outstanding balance at the end of the year</b>		
Mr. Jaspalsingh Chandock (Cr.)	1,269.44	613.77
Mr. Mitesh Dani – sitting fees payables	-	4.78
Mr. Trimaan Chandock (Cr.) – Remuneration Payable	5.14	-
Mr. Jaikaran Chandock (Cr.) – Remuneration Payable	19.48	4.52
Mr. Akash Joshi (Cr.) – Salary Payable	0.60	0.45

Note - Capital contribution for one of our subsidiary namely Kelmarsh Technologies FZ-LLC in Dubai has not been made till the closure of the financial year i.e., 31 March 2023. Now the company has decided to independently conduct all anticipated operations, either through its own operations or via existing subsidiary companies.

The Company has approved its consolidated financial statements in its board meeting dated 9<sup>th</sup> May 2023. Signatures to Notes 1 to 44 which form an integral part of consolidated financial statements.

As per our report of even date

For **M. B. Agrawal & Co.**  
Chartered Accountants  
Firm's Reg. No.: 100137W

Sd/-  
**Leena Agrawal**  
Partner  
Membership No.: 061362  
UDIN:23061362BGRRWS7067  
Mumbai, 9 May 2023

For and on behalf of the Board of Directors

Sd/-  
**Jaspalsingh Chandock**  
Chairman & Managing Director  
(DIN 00813218)

Sd/-  
**Jaikaran Chandock**  
Director  
(DIN 06965738)

Sd/-  
**Trimaan Chandock**  
Director  
(DIN 02853445)

Sd/-  
**Aakash Joshi**  
Company Secretary

# NOTICE

NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BALU FORGE INDUSTRIES LIMITED (FORMERLY KNOWN AS AMAZE ENTERTECH LIMITED) WILL BE HELD ON WEDNESDAY, 27<sup>th</sup> SEPTEMBER, 2023, AT 11:30 A.M. IST THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO VISUAL MEANS (OAVM) TO TRANSACT THE FOLLOWING BUSINESS:

## ORDINARY BUSINESS:

### 1. To receive, consider and adopt:

- a. the Audited Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2023 together with the Reports of the Board of Directors and the Auditors thereon; and
- b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2023 together with the Reports of the Auditors thereon;

### 2. Retirement by Rotation:

To appoint Mr. Trimaan Jaspalsingh Chandock (DIN: 02853445), who retires by rotation as a Director and being eligible, offers himself for re-appointment:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Mr. Trimaan Jaspalsingh Chandock (DIN: 02853445) who retires by rotation as a Director at this AGM, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

## SPECIAL BUSINESS:

### 3. Re-appointment of Mr. Jaspalsingh Chandock (DIN: 00813218), as Chairman and Managing Director of the Company:-

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** in accordance with the provision of Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and all other applicable provisions of the Act including any amendment(s), statutory modifications(s) or re-enactment(s) thereof for the time being in force and based on the recommendation of the Nomination & Remuneration Committee and the consent of the Board of Directors of the Company, the approval of the members of the Company is hereby accorded to re-appoint Mr. Jaspalsingh Chandock (DIN: 00813218), as

the Chairman and Managing Director of the Company for the period of 5 years commencing from 19<sup>th</sup> November, 2023, on the terms and conditions including remuneration as set out in the statement annexed to the notice, with liberty to the Board of Directors (hereinafter referred as the Board which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and condition of the said re-appointment and / or remuneration as may deem fit subject to the provisions of Schedule V of the Companies Act, 2013."

**"RESOLVED FURTHER THAT** the Board be and are hereby authorized to do all such acts, deeds, matters and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company."

### 4. Re-appointment of Mr. Trimaan Jaspalsingh Chandock (DIN: 02853445), as Whole-Time Director of the Company:-

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** in accordance with the provision of Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and all other applicable provisions of the Act including any amendment(s), statutory modifications(s) or re-enactment(s) thereof for the time being in force and based on the recommendation of the Nomination & Remuneration Committee and the consent of the Board of Directors of the Company, the approval of the members of the Company is hereby accorded to re-appoint Mr. Trimaan Jaspalsingh Chandock (DIN: 02853445), as the Whole-Time Director of the Company for the period of 5 years commencing from 19<sup>th</sup> November, 2023, on the terms and conditions including remuneration as set out in the statement annexed to the notice, with liberty to the Board of Directors (hereinafter referred as the Board which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and condition of the said re-appointment and / or remuneration as may deem fit subject to the provisions of Schedule V of the Companies Act, 2013."

**"RESOLVED FURTHER THAT** the Board be and are hereby authorized to do all such acts, deeds, matters and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company."

**5. Re-appointment of Mr. Jaikaran Jaspalsingh Chandock (DIN: 06965738), as Whole-Time Director of the Company:-**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** in accordance with the provision of Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and all other applicable provisions of the Act including any amendment(s), statutory modifications(s) or re-enactment(s) thereof for the time being in force and based on the recommendation of the Nomination & Remuneration Committee and the consent of the Board of Directors of the Company, the approval of the members of the Company is hereby accorded to re-appoint Mr. Jaikaran Jaspalsingh Chandock (DIN: 06965738), as the Whole-Time Director of the Company for the period of 5 years commencing from 19<sup>th</sup> November, 2023, on the terms and conditions including remuneration as set out in the statement annexed to the notice, with liberty to the Board of Directors (hereinafter referred as the Board which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and condition of the said re-appointment and / or remuneration as may deem fit subject to the provisions of Schedule V of the Companies Act, 2013."

**"RESOLVED FURTHER THAT** the Board be and are hereby authorized to do all such acts, deeds, matters and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company."

**6. To Consider and approve Issue of Convertible Warrants on Preferential Basis to the persons forming part of Promoter Group:-**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any amendment(s),

statutory modification(s) or re-enactment thereof for the time being in force) ("the Act") and the enabling provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI (ICDR) Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR), Regulations") and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (Takeover) Code") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with other applicable rules, regulations, circulars, notifications, clarifications and guidelines thereon issued from time to time by the Government of India ("GOI"), Reserve Bank of India ("RBI"), the Registrar of Companies (the "ROC"), Ministry of Corporate Affairs ("MCA"), Securities and Exchange Board of India ("SEBI") and the Stock Exchanges where the shares of the Company are listed ("Stock Exchanges") and/or any other competent authorities (hereinafter referred to as 'Applicable Regulatory Authorities') to the extent applicable, the Listing Agreements entered into by the Company with the Stock Exchanges and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the statutory, regulatory, appropriate authorities, institutions or bodies as may be required, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of the above authorities while granting any such approvals, consents, permissions and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution or any person authorised by the Board or its committee for such purpose) and subject to any other alterations, modifications, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot from time to time, in one or more tranches upto 50,00,000 (Fifty Lakhs) Fully Convertible Warrants ("Warrants/ Convertible Warrants") for cash at an issue price of ₹ 183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per warrant including a premium of ₹ 173.60/- (Rupees One Hundred Seventy-Three & Sixty Paise Only) per warrant with a right to the warrant holders to apply for and be allotted 1 (One) fully paid-up Equity Share of face value of ₹10/- (Rupees Ten) each of the Company ("Equity Shares") within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to ₹ 91,80,00,000/- (Rupees Ninety-One Crore Eighty Lakhs Only) to the proposed allottees as mentioned below on preferential basis for cash and in such form and manner and in accordance with the provisions of SEBI (ICDR) Regulations and SEBI Takeover Regulations or other applicable laws and on such terms and conditions as the Board may, in its absolute discretion think

fit and without requiring any further approval or consent from the members.

Sr #	Name of the Proposed Allottee	Category	Maximum No. of warrants proposed to be issued and allotted
1	Trimaan Jaspalsingh Chandock	Promoter Group	25,00,000
2	Jaikaran Jaspalsingh Chandock	Promoter Group	25,00,000
<b>Total</b>			<b>50,00,000</b>

**“RESOLVED FURTHER THAT** the Relevant Date, as per the provisions of Chapter V of the SEBI (ICDR) Regulations for determination of the issue price of Equity Shares is **Monday 28<sup>th</sup> August, 2023** i.e., 30 days prior to the date of Passing of the Special Resolution in the Annual General Meeting.”

**“RESOLVED FURTHER THAT** without prejudice to the generality of the above resolution, the issue of the Warrants, and Equity Shares to be allotted on exercise of the Warrants under the Preferential Allotment shall be subject to the following terms and conditions apart from others as prescribed under the applicable laws:

- a) An amount equivalent to 25% of the Warrant Price shall be payable at the time of subscription and allotment of each Warrant and the balance 75% of the Warrant Price shall be payable by the Warrant holder against each Warrant at the time of allotment of Equity Shares pursuant to exercise of the right attached to Warrants to subscribe to Equity Shares. The amount paid against Warrants shall be adjusted/set-off against the issue price for the resultant Equity Shares;
- b) Each Warrant held by the Proposed Allottee shall entitle each of them to apply for and obtain allotment of 1 (One) Equity Share of the face value of ₹10/- (Rupees Ten Only) at any time after the date of allotment but on or before the expiry of 18 (Eighteen) months from the date of allotment of warrants (the “Warrant Exercise Period”);
- c) The Warrants, being allotted to the Proposed Allottees and the Equity Shares proposed to be allotted pursuant to the conversion of these Warrants shall be under lock in for such period as may be prescribed under the SEBI ICDR Regulations;
- d) The Warrants shall be allotted in dematerialized form within a period of 15 (Fifteen) days from the date of passing of this shareholders resolution, provided that where the allotment of warrants is subject to receipt of any approval(s) or permission(s) from any regulatory authority or Government of India, the allotment shall be completed within a period of 15 days from the date of receipt of last of such approval or permission;
- e) The price determined above and the number of Equity Shares to be allotted on conversion of the Warrants shall be subject to appropriate adjustments as permitted under the rules, regulations and laws, as applicable from time to time;
- f) The Warrants and the equity shares be allotted on exercise of the warrants under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI ICDR Regulations except to the extent and in the manner permitted there under;
- g) The right attached to Warrants may be exercised by the Warrant holder, in one or more tranches, at any time on or before the expiry of 18 months from the date of allotment of the Warrants by issuing a written notice to the Company specifying the number of Warrants proposed to be converted along with the aggregate amount payable thereon. The Company shall accordingly, without any further approval from the Members, allot the corresponding number of Equity Shares in dematerialized form as per SEBI ICDR Regulations;
- h) The Equity Shares to be allotted on exercise of the Warrants shall be fully paid up and rank pari passu with the existing Equity Shares of the Company in all respects (including with respect to dividend and voting powers) from the date of allotment thereof, and be subject to the requirements of all applicable laws and shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- i) In the event the Warrant holder does not exercise the Warrants within 18 months from the date of allotment, the Warrants shall lapse and the amount paid to the Company at the time of subscription of the Warrants shall stand forfeited;
- j) The said Warrants by themselves until exercise of conversion option and Equity Shares allotted, does not give to the Warrant holder any rights with respect to that of the Shareholders of the Company;
- k) The Equity Warrants proposed to be issued shall be subject to appropriate adjustment, if during the interim period, the Company makes any issue of equity shares by way of capitalization of profits or reserves, upon demerger/ realignment, rights issue or undertakes consolidation/ sub-division/ re-classification of equity shares or such other similar events or circumstances requiring adjustments as permitted under SEBI (ICDR) Regulations and all other applicable regulations from time to time;
- l) The Equity Shares arising from the exercise of the Equity Warrants will be listed on Stock Exchanges where the equity shares of the Company are listed, subject to

the receipt of necessary regulatory permissions and approvals, as the case may be, and shall inter-alia be governed by the regulations and guidelines issued by SEBI or any other statutory authority;

**"RESOLVED FURTHER THAT** the Board Directors be and is hereby authorized to make an offer to the proposed allottees through private placement offer cum application letter (In the format of 'Form PAS-4') immediately after passing of this resolution with a stipulation that allotment would be made only upon receipt of in-principle approval from the stock exchanges."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Equity Shares of the Company as may be required to be issued and allotted upon exercise of the option by the warrant holder(s)."

**"RESOLVED FURTHER THAT** pursuant to the provisions of SEBI ICDR Regulations, 2018 and other applicable laws, the Board be and is hereby authorized to decide, approve, vary, modify and alter the terms and conditions of the issue of the warrants, as it may, in its sole and absolute discretion deem fit within the scope of this approval of Members and to record the name and details of the Proposed Allottee in Form PAS-5 and to make an offer to the Allottee through private placement offer cum application letter in Form PAS-4 as prescribed under the Companies Act, 2013, without being required to seek any further Consent or Approval of the Members."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents and to authorize such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the warrants and the Equity Shares on conversion of warrants and application for in-principle approval, listing approval thereof with the Stock Exchanges as appropriate and utilisation of proceeds of the Preferential Issue, digitally sign and filing requisite documents with the Ministry of Corporate Affairs and other regulatory authorities, filing of requisite documents with the depositories, issue and allotment of the Subscription Shares and take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive."

**"RESOLVED FURTHER THAT** the Board of directors of the Company be and is hereby authorised to delegate all or any of its powers conferred upon it by these resolutions, as it may deem fit in its absolute discretion, to any committee of the board of directors of the Company or to any one or more directors, officer(s) or authorized signatory(ies) including execution of any documents on behalf of the Company and to represent the Company before any governmental or regulatory authorities, and to appoint any professional advisors, bankers, consultants and advocates to give effect to this resolution and further to take all others steps which may be incidental, consequential, relevant or ancillary in this regard."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Director(s) or the Company Secretary or any other officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary to give effect to the aforesaid resolution."

## 7. To Consider and approve Issue of Equity Shares on Preferential Basis to the persons Other Than Promoters and Promoter Group.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any amendment(s), statutory modification(s) or re-enactment thereof for the time being in force) ("the Act") and the enabling provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI (ICDR) Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations") and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (Takeover) Code") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the provisions of the Foreign Exchange Management Act, 1999 and in accordance with other applicable rules, regulations, circulars, notifications, clarifications and guidelines thereon issued from time to time by the Government of India ("GOI"), Reserve Bank of India ("RBI"), the Registrar of Companies (the "ROC"), Ministry of Corporate Affairs ("MCA"), Securities and Exchange Board of India ("SEBI") and the Stock Exchanges where the shares of the Company are listed ("Stock Exchanges") and/or any other competent authorities (hereinafter referred to as 'Applicable Regulatory Authorities') to the extent applicable, the Listing Agreements entered into by the Company with the Stock Exchanges and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the



statutory, regulatory, appropriate authorities, institutions or bodies as may be required, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of the above authorities while granting any such approvals, consents, permissions and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution or any person authorised by the Board or its committee for such purpose) and subject to any other alterations, modifications, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot from time to time, in one or more tranches up to 25,00,000 (Twenty Five Lakhs) Equity Shares of ₹10/- (Rupees Ten) each for cash at an issue price of ₹ 183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per share including a premium of ₹ 173.60/- (Rupees One Hundred Seventy-Three & Sixty Paise Only) per share aggregating to ₹ 45,90,00,000/- (Rupees Forty-Five Crore Ninety Lakhs Only) to the proposed allottees as mentioned below on preferential basis for cash and in such form and manner and in accordance with the provisions of SEBI (ICDR) Regulations and SEBI Takeover Regulations or other applicable laws and on such terms and conditions as the Board may, in its absolute discretion think fit and without requiring any further approval or consent from the members.

Sr #	Name of the Proposed Allottee	Category	Maximum No. of Equity shares proposed to be issued and allotted
1	Sixteenth Street Asian Gems Fund	Non-Promoter	25,00,000

**"RESOLVED FURTHER THAT** the Relevant Date, as per the provisions of Chapter V of the SEBI (ICDR) Regulations for determination of the issue price of Warrants is Monday 28<sup>th</sup> August, 2023 i.e., 30 days prior to the date of Passing of the Special Resolution in the Annual General Meeting."

**"RESOLVED FURTHER THAT** the offer, issue, and allotment of the aforesaid Equity Shares to the proposed allottees shall be subject to applicable guidelines, notifications, rules and regulations and on the terms and conditions given herein below:

- The Allottee shall be required to bring in 100% of consideration, for the relevant equity shares to be allotted on or before the date of allotment hereof;
- The consideration for allotment of relevant equity shares shall be paid to the company by the proposed allottee from their respective bank accounts;
- The Equity Shares so allotted to the Proposed Allottees under this resolution shall not be sold, transferred,

hypothecated, or encumbered in any manner during the period of lock-in provided under SEBI ICDR Regulations, 2018 except to the extent and in the manner permitted there under;

- Allotment of the Equity Shares shall only be made in dematerialized form;
- The allotment of Equity Shares shall be completed within a period of 15 days from the date of passing this resolution, provided that where the allotment is pending on account of pendency of any approval by any regulatory authority, or the Central Government then, the allotment shall be completed within 15 days from the date of receipt of such approval;
- The Equity Shares proposed to be issued shall rank pari passu with the existing Equity Shares of the Company in all respects and that the Equity Shares so allotted shall be entitled to the dividend declared, if any, including other corporate benefits, if any;
- The issue and allotment of equity shares shall be subject to the requirements of all applicable laws and pursuant to the provisions of the Memorandum of Association and Articles of Association of the Company;
- The Equity Shares to be issued and allotted pursuant to the Preferential Issue shall be listed and traded on the Stock Exchanges subject to receipt of necessary regulatory permissions and approvals;

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to make an offer to the proposed allottees through private placement offer cum application letter (In the format of 'Form PAS-4') immediately after passing of this resolution with a stipulation that allotment would be made only upon receipt of in-principle approval from the stock exchange."

**"RESOLVED FURTHER THAT** pursuant to the provisions of SEBI ICDR Regulations, 2018 and other applicable laws, the Board be and is hereby authorized to decide, approve, vary, modify and alter the terms and conditions of the issue of the Shares, as it may, in its sole and absolute discretion deem fit within the scope of this approval of Members and expedient and to make an offer to the Allottee through private placement offer cum application letter in Form PAS-4 as prescribed under the Companies Act, 2013, without being required to seek any further Consent or Approval of the Members."

**"RESOLVED FURTHER THAT** in case of non-subscription from any proposed Allottees, the Board of Directors of the Company shall have the power to allot same to any other proposed Allottees or dispose of such equity shares in the manner as they deem fit and beneficial in the interest of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents and to authorize such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Equity Shares and application for in-principle approval, listing approval thereof with the Stock Exchanges as appropriate and utilisation of proceeds of the Preferential Issue, filing requisite documents with the Ministry of Corporate Affairs and other regulatory authorities, filing of requisite documents with the depositories, issue and allotment of the Subscription Shares and take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification

to the foregoing and the decision of the Board shall be final and conclusive."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to delegate all or any of its powers conferred upon it by these resolutions, as it may deem fit in its absolute discretion, to any committee of the board of directors of the Company or to any one or more directors, officer(s) or authorized signatory(ies) including execution of any documents on behalf of the Company and to represent the Company before any governmental or regulatory authorities, and to appoint any professional advisors, bankers, consultants and advocates to give effect to this resolution and further to take all others steps which may be incidental, consequential, relevant or ancillary in this regard."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Director(s) or the Company Secretary or any other officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary to give effect to the aforesaid resolution."

Registered Office:  
506, 5<sup>th</sup> Floor, Imperial Palace,  
45 Telly Park Road, Andheri (East), Mumbai,  
Maharashtra, 400069

Date: 4<sup>th</sup> September, 2023  
Place: Mumbai

**By the Order of the Board  
For Balu Forge Industries Limited**  
(Formerly Known as Amaze Entertech Limited)

Sd/-  
**Mr. Jaspalsingh Chandock**  
Managing Director & Chairman  
DIN: 00813218

## Notes

- 1) The Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act") and as per the Listing Regulations, concerning resolutions vide item No. 3 to 6 in the Notice of Annual General Meeting is annexed hereto and form part of this Notice.
- 2) With Reference to General Circular No.14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 8, 2021, Circular No. 21/2021 dated December 14, 2021, Circular No. 02/2022 dated May 5, 2022 and Circular No. 10/2022 dated December 28, 2022 respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and pursuant to Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD1/ CIR/ P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/ CFD/CMD2/ CIR /P/2021/11 dated January 15, 2021 and Circular SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated May 13, 2022 ("SEBI Circulars") and in compliance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations/ SEBI Listing Regulations"), the Annual General Meeting of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 34<sup>th</sup> AGM shall be the Registered Office of the Company.
- 3) Notice Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 8, 2021, Circular No. 21/2021 dated December 14, 2021, Circular No. 02/2022 dated May 5, 2022 and Circular No. 10/2022 dated December 28, 2022 respectively, as the AGM shall be conducted through VC/OAVM, the facility for appointment of proxy by the members to attend and cast vote for the members is not available for this AGM and hence the proxy form and attendance slip including Route map are not annexed to the Notice. However, in pursuance of Section 113 of the Companies Act, 2013, the Body Corporate member/ institutional members are entitled to appoint authorised representatives to attend the AGM through VC/ OAVM and participate and cast their votes through e-voting. Accordingly, Institutional /Corporate Members are requested to send a scanned copy (PDF/ JPEG format) of the Board Resolution authorizing its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at [compliance@baluindustries.com](mailto:compliance@baluindustries.com).
- 4) In line with the General Circular No. 14/2020 dated April 08, 2020, General Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 8, 2021, Circular No. 21/2021 dated December 14, 2021 Circular No. 02/2022 dated May 5, 2022 and Circular No. 10/2022 dated December 28, 2022 respectively, issued by the Ministry of Corporate Affairs and Circular No. SEBI/ HO/ CFD/CMD1/CIR/ P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR /P/2021/11 dated January 15, 2021 and Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued by SEBI, owing to the difficulties involved in dispatching of physical copies, Notice of AGM are being sent in electronic mode to Members whose names appear on the Register of Members/ List of Beneficial owners as received from National Securities Depository Limited ("NSDL")/ Central Depository Services (India) Limited ("CDSL") and whose email address is available with the Company or the Depository Participants or RTA of the Company as on Friday, 1<sup>st</sup> September, 2023.
- 5) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- 6) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.baluindustries.com/shareholders-information.php>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of NSDL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- 7) Statement giving details of the Directors seeking reappointment is also annexed with this Notice pursuant to the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standard on General Meeting ("SS-2").
- 8) Queries proposed to be raised at the Annual General Meeting may be sent to the Company at e-mail address: [compliance@baluindustries.com](mailto:compliance@baluindustries.com) at least seven days prior to the date of Annual General Meeting. The same shall be replied suitably by the Company.
- 9) All the relevant documents referred to in this AGM Notice and Explanatory Statement etc., Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 and Register of Contracts or

Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other documents shall be available electronically for inspection by the members at the AGM. Members seeking to inspect such documents can send an e-mail to [compliance@baluindustries.com](mailto:compliance@baluindustries.com)

- 10) The Register of Members and Share Transfer Register in respect of equity shares of the Company will remain closed from Thursday, 21<sup>st</sup> September, 2023 to Wednesday, 27<sup>th</sup> September, 2023 (both days inclusive).
- 11) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- 12) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-voting during the AGM will be provided by NSDL.
- 13) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.
- 14) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
- 15) Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual reports, Notices, Circulars, etc. from the Company electronically.
- 16) Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agent, Skyline Financial Services Pvt. Ltd. Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Share Transfer Agent.
- 17) As per the provisions of Section 72 of the Act, facility for making nomination is available to Individuals holding shares in the Company. Members holding shares in physical form who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members may download the Nomination Form from the Company's website at <https://www.baluindustries.com/>. Members holding shares in demat mode should file their nomination with their Depository Participant (DPs) for availing this facility.
- 18) Members may please note that SEBI vide its circular SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3<sup>rd</sup> November 2021 and SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at [www.baluindustries.com](http://www.baluindustries.com). Members holding equity shares of the Company in physical form are requested to kindly get their equity shares converted into demat/electronic form to get inherent benefits of dematerialisation and also considering that physical transfer of equity shares/ issuance of equity shares in physical form have been disallowed by SEBI.
- 19) In furtherance of Green Initiative in Corporate Governance by Ministry of Corporate Affairs, the Shareholders are requested to register their email Id with the Company or with the Registrar and Transfer Agents at the below mentioned link <http://www.skylinerta.com/EmailReg.php>.
- 20) AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
- 21) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on cut of date Wednesday 20<sup>th</sup> September, 2023. Any persons, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday 20<sup>th</sup> September, 2023, may obtain the login ID and password by sending a request at Issuer/ RTA.

- 22) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM & a person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM.
- 23) The Board of Directors in their meeting held on **4<sup>th</sup> September, 2023** have appointed **Mr. Jaymin Modi, Practicing Company Secretaries** as the Scrutinizer for the e-voting and remote e-voting process in a fair and transparent manner.
- 24) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e- voting" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility and The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e- voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated scrutinizer report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forth with.
- 25) The Result declared along with the report of the scrutinizer shall be placed on the website of the Company <https://www.baluindustries.com/shareholdersinformation.php> and on the website of the Stock Exchange.
- 26) Instructions for remote e-Voting and e-voting during the AGM:
- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has availed services of National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by NSDL
  - The remote e-voting period commences on Saturday, 23<sup>rd</sup> September, 2023 (9:00 a.m. IST) and ends on Tuesday, 26<sup>th</sup> September, 2023 (5:00 p.m. IST). During this period members of the Company, holding shares as on the cut-off date of Wednesday, 20<sup>th</sup> September, 2023, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- c) The details of the process and manner for remote e-voting are explained herein below:

#### **How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*





#### **Step 1: Access to NSDL e-Voting system**

##### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

Type of shareholders	Login Method
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p> <b>App Store</b>  <b>Google Play</b></p>  
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</p> <p>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.



**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

1. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the

email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
2. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on **"Forgot User Details/Password"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **"Physical User Reset Password"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
3. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
4. Now, you will have to click on "Login" button.
5. After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
  2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
  3. Now you are ready for e-Voting as the Voting page opens.
  4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
  5. Upon confirmation, the message "Vote cast successfully" will be displayed.
  6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [info@csjmco.com](mailto:info@csjmco.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/Password"** or **"Physical User Reset Password"** option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
  3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Sagar S. Gudhate at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [compliance@baluindustries.com](mailto:compliance@baluindustries.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [compliance@baluindustries.com](mailto:compliance@baluindustries.com). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EOGM shall be the same person mentioned for Remote e-voting

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Secretarial Auditors, etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker and send request from their registered e-mail address mentioning their name, demat account number / folio number, e-mail id, mobile number at [compliance@baluindustries.com](mailto:compliance@baluindustries.com) by Monday, 25<sup>th</sup> September, 2023. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Registered Office:  
506, 5<sup>th</sup> Floor, Imperial Palace,  
45 Telly Park Road, Andheri (East), Mumbai,  
Maharashtra, 400069

Date: 4<sup>th</sup> September, 2023  
Place: Mumbai

**By the Order of the Board  
For Balu Forge Industries Limited  
(Formerly Known as Amaze Entertech Limited)**

Sd/-  
**Mr. Jaspalsingh Chandock**  
Managing Director & Chairman  
DIN: 00813218

## DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 on General Meetings]

Name	Mr. Jaspalsingh Chandock	Mr. Trimaan Jaspalsingh Chandock	Mr. Jaikaran Jaspalsingh Chandock
Date of Birth	02/06/1964	09/11/1990	22/05/1992
Age	59	32	31
Date of appointment on the Board	19 November, 2020	19 November, 2020	19 November, 2020
Qualification	Bachelor of Arts	MSc & BSc	BSc in Management & MSc in Strategic Marketing
Nature of expertise & experience	34 Years, Manufacturing & Hospitality	14 Years, Manufacturing & Hospitality	7 Years, Manufacturing & Hospitality
Relationship with other Director/ Key Managerial Personne	Mr. Jaspalsingh Chandock is the father of Mr. Trimaan Jaspalsingh Chandock and Mr. Jaikaran Jaspalsingh Chandock.	Mr. Trimaan Chandock is the son of Mr. Jaspalsingh Chandock and sibling of Mr. Jaikaran Chandock.	Mr. Jaikaran Chandock is the son of Mr. Jaspalsingh Chandock and sibling of Mr. Trimaan Chandock.
Terms and conditions of appointment/ re-appointment	Liable to retire by rotation.	Liable to retire by rotation.	Liable to retire by rotation.
Remuneration last drawn	Refer to Directors' Report and Corporate Governance Report forming part of the Annual Report.	Refer to Directors' Report and Corporate Governance Report forming part of the Annual Report.	Refer to Directors' Report and Corporate Governance Report forming part of the Annual Report.
Number of meetings of the Board attended during the financial year (2022-23)	6	6	6
Directorships held in other companies	1. Balu Hospitality Limited 2. Naya Energy Works Private Limited 3. Balu Advanced Technologies & Systems Private Limited	1. Balu Hospitality Limited 2. Naya Energy Works Private Limited 3. Balu Advanced Technologies & Systems Private Limited	1. Balu Hospitality Limited 2. Naya Energy Works Private Limited 3. Balu Advanced Technologies & Systems Private Limited
Memberships/ Chairmanships of committees of other companies	Nil	Nil	Nil
No. of shares held in the Company	54440010	75900	10150

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

#### ITEM NO.:- 3, 4 & 5

Mr. Jaspalsingh Prehladsingh Chandock (DIN: 00813218) was appointed as Chairman & Managing Director of the Company by way of special resolution passed by the members at the 31<sup>st</sup> Annual General Meeting held on 23<sup>rd</sup> December, 2020 with effect from 19<sup>th</sup> November 2020.

Mr. Trimaan Singh Chandock (DIN: 02853445) and Mr. Jaikaran Jaspalsingh Chandock (DIN: 06965738) were appointed as Whole-Time Directors of the Company by way of special resolution passed by the members at the 31<sup>st</sup> Annual General Meeting held on 23<sup>rd</sup> December, 2020 with effect from 19<sup>th</sup> November 2020.

Their current term of appointment as the Managing Director and Whole-Time Directors of the Company will expire on 18<sup>th</sup> November, 2023. Considering their knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, is of the view

that for smooth and efficient running of the business the re-appointment of Mr. Jaspalsingh Chandock, Mr. Trimaan Singh Chandock and Mr. Jaikaran Jaspalsingh Chandock on the Board of the Company as Managing Director and Whole-Time Directors is desirable and would be beneficial to the Company for a further period of 5 (Five) years with effect from 19<sup>th</sup> November, 2023.

The re-appointment of Managing Director and Whole-time Directors of the Company shall require the approval of the members by way of passing of Ordinary Resolution for the agenda matter as set out at Item No. 3, 4 & 5 of this Notice pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013.

It is proposed to seek member's approval for the appointment of Mr. Jaspalsingh Chandock as Managing Director and Mr. Trimaan Singh Chandock and Mr. Jaikaran Jaspalsingh Chandock as Whole-Time Directors of the Company, in terms of the applicable provision of the Act.

Broad particulars of the terms and appointment and remuneration payable are as under.

Particulars	Mr. Jaspalsingh Chandock	Mr. Trimaan Singh Chandock	Mr. Jaikaran Jaspalsingh Chandock
Basic Pay	₹72,00,000 Per Annum	₹18,00,000 Per Annum	₹18,00,000 Per Annum
Term	5 years from 19 <sup>th</sup> November 2023.	5 years from 19 <sup>th</sup> November 2023.	5 years from 19 <sup>th</sup> November 2023.

The draft letter of appointment containing terms and conditions of the said re-appointments shall be open for inspection by the Members through electronic mode.

The above may be treated as a written memorandum setting out the terms of re-appointment of Whole time Directors and Managing Director under Section 190 of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than Directors for their respective appointments are concerned or interested, whether directly or indirectly, in the resolution mentioned at Item Number 3, 4 & 5 of the Notice except to the extent of their shareholding in the Company.

#### ITEM NO.:- 6

The Company is in the business of manufacturing of any type of crankshaft in a large range of applications namely Automotive, Agricultural, Marine & Industrial etc. and to support the expansion of business by undertaking backward integration, acquisition of machinery and for general corporate purposes and to meet with the enhancement working capital requirements on account of expansion requires infusion of funds.

Such fund requirements can be met by the Company either through raising of capital or borrowed fund or combination of both. Hence, to ensure the smooth flow of the business, the Board of Directors of the Company at their meeting held on 4<sup>th</sup> September, 2023, subject to the necessary approvals, considered and approved raising of funds by issue of upto to 50,00,000 (Fifty Lakhs) Fully Convertible Warrants ("Warrants/ Convertible Warrants") for cash at an issue price of ₹183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per warrant including a premium of ₹ 173.60/- (Rupees One Hundred Seventy-Three & Sixty Paise Only) per warrant with a right to the warrant holders to apply for and be allotted 1 (One) fully paid-up Equity Share of face value of ₹10/- (Rupees Ten) each of the Company ("Equity Shares") within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to ₹ 91,80,00,000/- (Rupees Ninety-One Crore Eighty Lakhs Only) to the proposed allottees as mentioned below on preferential basis pursuant to sections 42 and 62 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of SEBI (ICDR) Regulations and SEBI (LODR) Regulations or other applicable laws and on such terms and conditions as the Board may, in its absolute discretion think fit and without requiring any further approval or consent from the members.

Hence, the Board of Directors of your Company recommends the resolution for approval of the shareholders in form of Special Resolution in the best interests of the Company.

The Company is otherwise eligible to make the Preferential Issue in terms of the provisions of Chapter V of the SEBI (ICDR) Regulations. There will be no change in the control or management of the Company pursuant to the proposed preferential issue. Consequent to the allotment of Warrants/ Convertible Warrants the shareholding of the Promoters and Promoter Group may change as per details given in this statement.

**Disclosure as required under rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("SEBI (ICDR) Regulations ") are as follows:**

#### 1. Objects of the Preferential Issue: The object of the issue is: -

- For working capital requirements of the Company-Not less than ₹61,20,00,000/- (Rupees Sixty-One Crore Twenty Lakhs Only).
- To meet general corporate purpose which shall not exceed 25% of the Issue Size i.e. Not exceeding ₹30,60,00,000/- (Rupees Thirty Crore Sixty Lakhs Only).

Any amount in excess unutilised portion of the receipt under general corporate purpose will be utilised by the Company for meeting its working capital requirement.

The said proceeds will be used within a period of 12 months from the date of receipts of funds or from the date the funds can be utilised, whichever is later. Till the time the proceeds are not utilised by the Company, it will be kept in a Separate Bank Account of the Company

As the proposed total issue size including warrants and equity is exceeding Rupees 100 crores, Pursuant to Regulation 162A of SEBI, the Board has appointed M/s. Infomerics Valuation and Rating Pvt. Ltd., agency registered with SEBI to monitor the proceeds of the issue and to submit its report to the Company, on a quarterly basis, till hundred percent of the proceeds of the issue have been utilised.

**2. The total/maximum number of securities to be issued/particulars of the offer/Kinds of securities offered and the price at which security is being offered number of securities to be issued and pricing:**

The resolution set out in the accompanying notice authorises the Board to create, offer, issue and allot from time to time, in one or more tranches up to 50,00,000 (Fifty Lakhs) Fully Convertible Warrants ("Warrants/ Convertible Warrants") for cash at an issue price of ₹ 183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per warrant including a premium of ₹ 173.60/- (Rupees One Hundred Seventy-Three & Sixty Paise Only) per warrant with a right to the warrant holders to apply for and be allotted 1 (One) fully paid-up Equity Share of face value of ₹10/- (Rupees Ten) each of the Company ("Equity Shares") within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to ₹ 91,80,00,000/- (Rupees Ninety-One Crore Eighty Lakhs Only) on preferential and private placement basis and resolution for the same has been passed by the Board of Directors in their meeting held on 4<sup>th</sup> September, 2023.

**3. Issue Price, Relevant Date and the Basis or justification on which the price has been arrived at or offer/ invitation is being made:**

The Equity Shares of the Company is listed exclusively on BSE Limited and the Equity Shares are frequently traded.

As per the provisions of Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 the Equity Shares will be issued at a price of ₹ 183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per share which is not less than the higher of the following:

- a. ₹ 149.83/- per Share being the 90 Trading days volume weighted average price of the Company's shares quoted on the Stock Exchange (BSE Limited) preceding the Relevant Date; or
- b. ₹ 183.32/- per Share being the 10 Trading days volume weighted average prices of the Company's shares quoted on the Stock Exchange (BSE Limited) preceding the Relevant Date;

The Relevant Date, as per the provisions of Chapter V of the SEBI (ICDR) Regulations for determination of the issue price of warrants is **Monday, 28<sup>th</sup> August 2023** i.e., 30 days prior to the date of Passing of the Special Resolution in the Annual General Meeting.

The Articles of Association of the issuer does not provide for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018.

The Calculation of minimum issue price as prescribed under Chapter V of SEBI (ICDR) Regulations, 2018 as issued by M/s. Jaymin Modi & Co, Practicing Company Secretary

can also be accessed on the company website on the following link at <https://baluindustries.com/shareholders-information.php>

**4. Name and Address of Valuer who performed Valuation:**

Not Applicable

**5. Amount which the Company intends to raise by way of issue of Warrants/ Convertible Warrants:**

Upto ₹ 91,80,00,000/- [Rupees Ninety-One Crore Eighty Lakhs Only].

**6. Material terms of issue of Warrants/ Convertible Warrants:**

The issue of Warrants shall be subject to the following terms and conditions:

- i. An amount equivalent to 25% of the Warrant Price shall be payable at the time of subscription and allotment of each Warrant and the balance 75% of the Warrant Price shall be payable by the Warrant holder against each Warrant at the time of allotment of Equity Shares pursuant to exercise of the right attached to Warrants to subscribe to Equity Shares. The amount paid against Warrants shall be adjusted/set-off against the issue price for the resultant Equity Shares;
- ii. Each Warrant held by the Proposed Allottee shall entitle each of them to apply for and obtain allotment of 1 (One) Equity Share of the face value of ₹10/- (Rupees Ten Only) at any time after the date of allotment but on or before the expiry of 18 (Eighteen) months from the date of allotment of warrants (the "Warrant Exercise Period");
- iii. The Warrants, being allotted to the Proposed Allottees and the Equity Shares proposed to be allotted pursuant to the conversion of these Warrants shall be under lock in for such period as may be prescribed under the SEBI ICDR Regulations;
- iv. The Warrants shall be allotted in dematerialized form within a period of 15 (Fifteen) days from the date of passing of this shareholders resolution, provided that where the allotment of warrants is subject to receipt of any approval(s) or permission(s) from any regulatory authority or Government of India, the allotment shall be completed within a period of 15 days from the date of receipt of last of such approval or permission;
- v. The price determined above and the number of Equity Shares to be allotted on conversion of the Warrants shall be subject to appropriate adjustments as permitted under the rules, regulations and laws, as applicable from time to time;
- vi. The Warrants and the equity shares be allotted on exercise of the warrants under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under



SEBI ICDR Regulations except to the extent and in the manner permitted there under;

- vii. The right attached to Warrants may be exercised by the Warrant holder, in one or more tranches, at any time on or before the expiry of 18 months from the date of allotment of the Warrants by issuing a written notice to the Company specifying the number of Warrants proposed to be converted along with the aggregate amount payable thereon. The Company shall accordingly, without any further approval from the Members, allot the corresponding number of Equity Shares in dematerialized form as per SEBI ICDR Regulations;
- viii. The Equity Shares to be allotted on exercise of the Warrants shall be fully paid up and rank pari passu with the existing Equity Shares of the Company in all respects (including with respect to dividend and voting powers) from the date of allotment thereof, and be subject to the requirements of all applicable laws and shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- ix. In the event the Warrant holder does not exercise the Warrants within 18 months from the date of allotment, the Warrants shall lapse and the amount paid to the Company at the time of subscription of the Warrants shall stand forfeited;
- x. The said Warrants by themselves until exercise of conversion option and Equity Shares allotted, does not give to the Warrant holder any rights with respect to that of the Shareholders of the Company;
- xi. The Equity Warrants proposed to be issued shall be subject to appropriate adjustment, if during the interim period, the Company makes any issue of equity shares by way of capitalization of profits or reserves, upon demerger/ realignment, rights issue or undertakes consolidation/ sub-division/ re-classification of equity shares or such other similar events or circumstances requiring adjustments as permitted under SEBI (ICDR) Regulations and all other applicable regulations from time to time;
- xii. The Equity Shares arising from the exercise of the Equity Warrants will be listed on Stock Exchanges where the equity shares of the Company are listed, subject to the receipt of necessary regulatory permissions and approvals, as the case may be, and shall inter-alia be governed by the regulations and guidelines issued by SEBI or any other statutory authority.

#### 7. Principal terms of Assets charged as securities:

Not Applicable

#### 8. Intention/ Contribution of promoters/directors/key managerial personnel to subscribe to the offer:

Mr. Trimaan Jaspalsingh Chandock and Mr. Jaikaran Jaspalsingh Chandock, persons forming part of the promoter group will subscribe to the said warrants and apart from them no promoters, other persons forming part of Promoter Group, directors, key managerial personnel propose to participate in the offer.

#### 9. The shareholding pattern of the Company before the proposed issue and after the proposed issue of warrants as follows:

Please refer "Annexure – A" to this Explanatory Statement for details.

#### 10. Proposed time schedule/ time frame within which the allotment/ preferential issue shall be completed:

The allotment of Warrants shall be completed within a period of 15 days from the date of passing of the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval(s) or permission(s) from any regulatory authority / body, the allotment shall be completed by the Company within a period of 15 days from the date of such approval(s) or permission(s). Further, upon exercise of the option by the allottee to convert the warrants, the company will ensure that the allotment of equity shares pursuant to exercise of warrants should be completed within 15 days from the date of such exercise by the allottee.

#### 11. Change in control, if any, in the Company that would occur consequent to the preferential offer/issue:

There shall be no change in management or control of the Company pursuant to the issue and allotment of warrants and conversion of the same in to equity shares.

#### 12. No. of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

During the financial year 2023-2024, the Company has made:

1. Preferential allotment to 14 persons belonging to the Non-Promoter Public Category, of 1,37,27,000 (One Crore Thirty-Seven Lakhs Twenty-Seven Thousand) Equity Shares of ₹10/- (Rupees Ten) each for cash, issued at a price of ₹115.45 (Rupees One Hundred Fifteen and Forty-five paise only) total aggregating to ₹1,58,47,82,150/- (Rupees One Hundred Fifty-Eight Crore Forty-Seven Lakhs Eighty-Two Thousand One Hundred & Fifty Only);
2. Preferential allotment to 2 persons belonging to the Promoter Group Category, of 30,00,014 (Thirty Lakhs & Fourteen) Fully Convertible Warrants ("Warrants/ Convertible Warrants") for cash at an issue price of

₹115.45/- (Rupees One Hundred Fifteen Rupees & Forty-Five Paise Only) per warrant including a premium of ₹105.45/- (Rupees One Hundred Five Rupees & Forty-Five Paise Only) per warrant with a right to the warrant holders to apply for and be allotted 1 (One) fully paid-up Equity Share of face value of ₹10/- (Rupees Ten) each of the Company ("Equity Shares") within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to ₹34,63,51,616.30 (Rupees Thirty-Four Crore Sixty Three Lakhs Fifty One Thousand Six Hundred Sixteen & Thirty Paise Only).

Apart from the above the company has not made any other preferential allotment during the financial year 2023-2024.

### 13. Valuation for consideration other than cash:

Not applicable.

### 14. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer OR where the specified securities are issued on a preferential basis for consideration other than cash, the valuation of the assets in consideration for which the equity shares are issued shall be done by an independent valuer, which shall be submitted to the stock exchanges where the equity shares of the issuer are listed:

Not applicable.

### 15. Lock-in:

The Equity Shares to be allotted on conversion of warrants shall be subject to a lock-in for such period as specified under applicable provisions of the SEBI (ICDR) Regulations.

### 16. Listing:

The Company will make an application to the Stock Exchange at which the existing shares are already listed, for listing of the equity shares being issued. Such Equity Shares, once allotted, shall rank pari-passu with the existing equity shares of the Company in all respects, including dividend.

### 20. Identity of proposed allottees (including natural persons who are the ultimate beneficial owners of equity shares proposed to be allotted and/ or who ultimately control), the percentage (%) of Post Preferential Issue Capital that may be held by them and Change in Control, if any, consequent to the Preferential issue and the Current and proposed status of the allottee(s) post preferential issues namely, promoter or non-promoter:

Sr. No.	Name of the proposed allottee	Pre-issue Category	Name of the natural persons who are the ultimate beneficial owners	Pre-Issue Holding*		No. of Warrants to be issued	Shareholding post allotment of warrants & conversion of the same in to Equity Shares**		Post- issue Category
				No. of Equity Shares	% of Holding		No. of Equity Shares	% of Holding	
1	Trimaan Jaspalsingh Chandock	Promoter Group	NA	15,43,032	1.54	25,00,000	40,43,032	3.76	Promoter Group
2	Jaikaran Jaspalsingh Chandock	Promoter Group	NA	15,43,032	1.54	25,00,000	40,43,032	3.76	Promoter Group

\*Pre-Issue % Holding is calculated on total diluted share capital of the Company.

### 17. Certificate:

As required in Regulation 163(2) of the SEBI (ICDR) Regulations, a certificate from a Practicing Company Secretary, certifying that the issue is being made in accordance with the requirements of the SEBI (ICDR) Regulations, will be kept open for inspection at the Registered Office of the Company between 11:00 AM and 1:00 PM on all working days between Monday to Friday of every week, up to the date of close of remote e-voting period. The certificate of the practising company secretary can also be accessed on the company website on the following link at <https://baluindustries.com/shareholders-information.php>

### 18. Undertakings:

The Company hereby undertakes that:

- It would re-compute the price of the securities specified above in terms of the provisions of SEBI(ICDR) Regulations, where it is so required;
- If the amount payable, if any, on account of the re-computation of price is not paid within the stipulated in SEBI (ICDR) regulations the above Equity shares shall be continued to be locked in till such amount is paid by the allottees;
- All the equity shares held by the proposed allottees in the company are in dematerialized form only;

### 19. Disclosures specified in Schedule VI of the SEBI (ICDR) Regulations, if the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower:

It is hereby confirmed that, neither the Company nor its promoters or directors is a wilful defaulter or a fraudulent borrower as per Regulation 163(1)(i) of Chapter V read with schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Further, none of its Directors or Promoter is a fugitive economic offender as defined under the SEBI (ICDR) Regulations.

*\*\*Post Issue % Holding is calculated on the on total diluted share capital and assuming the subscription of Equity Shares and Warrants and conversion of warrants in to Equity Shares offered under current preferential Allotment.*

Mr. Trimaan Chandok, Mr. Jaikaran Chandok, being proposed allottees, their relatives and the other Promoters and their relatives are concerned or interested, financially or otherwise in this resolution to the extent of issue of securities made to them on preferential basis and no other directors and Key Managerial Personnel and their relatives are concerned or interested in the proposed resolution.

The Board of Directors of the Company believe that the proposed issue is in the best interest of the Company and therefore board recommends the Special Resolution as set out in Item Number 6 in the accompanying notice for approval by the Members.

#### ITEM NO.: - 7

The Company is in the business of manufacturing of any type of crankshaft in a large range of applications namely Automotive, Agricultural, Marine & Industrial etc. and to support the expansion of business by undertaking backward integration, acquisition of machinery and for general corporate purposes and to meet with the enhancement working capital requirements on account of expansion requires infusion of funds. Such fund requirements can be met by the Company either through raising of capital or borrowed fund or combination of both. Hence, to ensure the smooth flow of the business, the Board of Directors of the Company are their meeting held on Monday 04<sup>th</sup> September 2023, subject to the necessary approvals, considered and approved raising of funds by issue of Equity Shares up to 25,00,000 (Twenty-Five Lakhs) Equity Shares of ₹10/- (Rupees Ten) each for cash at an issue price of ₹183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per share including a premium of ₹173.60/- (Rupees One Hundred Seventy-Three & Sixty Paise Only) per share aggregating to ₹45,90,00,000/- (Rupee Rupees Forty-Five Crore Ninety Lakhs Only) on preferential basis pursuant to sections 42 and 62 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the SEBI (ICDR) Regulations and the SEBI (LODR) Regulations as amended from time to time and subject to approval of shareholders.

Hence, the Board of Directors of your Company recommends the resolution for approval of the shareholders in form of Special Resolution in the best interests of the Company.

The Company is otherwise eligible to make the Preferential Issue in terms of the provisions of Chapter V of the SEBI (ICDR) Regulations. There will be no change in the control or management of the Company pursuant to the proposed preferential issue. Consequent to the allotment of equity shares, the shareholding of the Promoters and Promoter Group may decrease as per details given in this statement.

**Disclosure as required under rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("SEBI (ICDR) Regulations ") are as follows:**

#### 1. Objects of the Preferential Issue: The object of the issue are: -

- For working capital requirements of the Company-Not less than ₹34,42,50,000/- (Rupees Thirty Four Crore Forty Two Lakhs Fifty Thousand Only).
- To meet general corporate purpose which shall not exceed 25% of the Issue Size i.e. Not exceeding ₹11,47,50,000/- (Rupees Eleven Crore Forty Seven Lakhs Fifty Thousand Only).

Any amount in excess unutilised portion of the receipt under general corporate purpose will be utilised by the Company for meeting its working capital requirement.

The said proceeds will be used within a period of 12 months from the date of receipts of funds or from the date the funds can be utilised, whichever is later. Till the time the proceeds are not utilised by the Company, it will be kept in a Separate Bank Account of the Company.

As the proposed total issue size including warrants and equity is exceeding Rupees 100 crores, Pursuant to Regulation 162A of SEBI, the Board has appointed M/s. Infomerics Valuation and Rating Pvt. Ltd., agency registered with SEBI to monitor the proceeds of the issue and to submit its report to the Company, on a quarterly basis, till hundred percent of the proceeds of the issue have been utilised.

#### 2. The total/maximum number of securities to be issued/particulars of the offer/Kinds of securities offered and the price at which security is being offered number of securities to be issued and pricing:

The resolution set out in the accompanying notice authorises the Board to create, offer, issue, and allot from time to time, in one or more tranches up to 25,00,000 (Twenty-Five Lakhs) Equity Shares of ₹10/- (Rupees Ten) each for cash at an issue price of ₹183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per share including a premium of ₹173.60/- (Rupees One Hundred Seventy-Three & Sixty Paise Only) per share aggregating to ₹ 45,90,00,000/- (Rupee Forty-Five Crore Ninety Lakhs Only) on preferential and private placement basis and resolution for the same has been passed by the Board of Directors in their meeting held on Monday 04<sup>th</sup> September 2023.

**3. Issue Price, Relevant Date and the Basis or justification on which the price has been arrived at or offer/ invitation is being made:**

The Equity Shares of the Company is listed exclusively on BSE Limited and the Equity Shares are frequently traded.

As per the provisions of Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 the Equity Shares will be issued at a price of ₹183.60/- (Rupees One Hundred Eighty-Three & Sixty Paise Only) per share which is not less than the higher of the following:

- a. ₹149.83/- per Share being the 90 Trading days volume weighted average price of the Company's shares quoted on the Stock Exchange (BSE Limited) preceding the Relevant Date; or
- b. ₹183.32/- per Share being the 10 Trading days volume weighted average prices of the Company's shares quoted on the Stock Exchange (BSE Limited) preceding the Relevant Date;

The Relevant Date, as per the provisions of Chapter V of the SEBI (ICDR) Regulations for determination of the issue price of Equity Shares is **Monday, 28<sup>th</sup> August 2023** i.e., 30 days prior to the date of Passing of the Special Resolution in the Annual General Meeting.

The Articles of Association of the issuer does not provide for a method of determination which results in a floor price higher than that determined under ICDR Regulations, 2018.

The Calculation of minimum issue price as prescribed under Chapter V of SEBI (ICDR) Regulations, 2018 as issued by M/s. Jaymin Modi & Co, Practicing Company Secretary can also be accessed on the company website on the following link at <https://baluindustries.com/shareholders-information.php>

**4. Name and Address of Valuer who performed Valuation:**

Not Applicable

**5. Amount which the Company intends to raise by way of issue of Equity Shares:**

Up to ₹45,90,00,000/- (Rupee Forty-Five Crore Ninety Lakhs Only)

**6. Principal terms of Assets charged as securities:**

Not Applicable

**7. Intention/ Contribution of promoters / directors / key managerial personnel to subscribe to the offer:**

None of the existing Directors or Key Managerial Personnel or Promoters intends to subscribe to the proposed issue of Equity Shares on preferential allotment of Equity Shares.

**8. The shareholding pattern of the Company before the proposed issue and after the proposed issue of Equity Shares as follows:**

Please refer "Annexure-A" to this Explanatory Statement for details.

**9. Proposed time schedule/ time frame within which the allotment/ preferential issue shall be completed:**

The allotment of Equity Shares shall be completed within a period of 15 days from the date of passing of the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval(s) or permission(s) from any regulatory authority / body, the allotment shall be completed by the Company within a period of 15 days from the date of such approval(s) or permission(s).

**10. Change in control, if any, in the Company that would occur consequent to the preferential offer/issue:**

There shall be no change in management or control of the Company pursuant to the issue and allotment of equity shares.

**11. No. of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:**

During the financial year 2023-2024, the Company has made:

1. Preferential allotment to 14 persons belonging to the Non-Promoter Public Category, of 1,37,27,000 (One Crore Thirty-Seven Lakhs Twenty-Seven Thousand) Equity Shares of ₹10/- (Rupees Ten) each for cash, issued at a price of ₹115.45 (Rupees One Hundred Fifteen and Forty-five paise only) total aggregating to ₹1,58,47,82,150/- (Rupees One Hundred Fifty-Eight Crore Forty-Seven Lakhs Eighty-Two Thousand One Hundred & Fifty Only);
2. Preferential allotment to 2 persons belonging to the Promoter Group Category, of 30,00,014 (Thirty Lakhs & Fourteen) Fully Convertible Warrants ("Warrants/ Convertible Warrants") for cash at an issue price of ₹115.45/- (Rupees One Hundred Fifteen Rupees & Forty-Five Paise Only) per warrant including a premium of ₹105.45/- (Rupees One Hundred Five Rupees & Forty-Five Paise Only) per warrant with a right to the warrant holders to apply for and be allotted 1 (One) fully paid-up Equity Share of face value of ₹10/- (Rupees Ten) each of the Company ("Equity Shares") within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to ₹34,63,51,616.30 (Rupees Thirty-Four Crore Sixty Three Lakhs Fifty One Thousand Six Hundred Sixteen & Thirty Paise Only).

Apart from the above the company has not made any other preferential allotment during the financial year 2023-2024.

**12. Valuation for consideration other than cash:**

Not applicable.

**13. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer OR where the specified securities are issued on a preferential basis for consideration other than cash, the valuation of the assets in consideration for which the equity shares are issued shall be done by an independent valuer, which shall be submitted to the stock exchanges where the equity shares of the issuer are listed:**

Not applicable.

**14. Lock-in:**

The Equity Shares shall be subject to a lock-in for such period as specified under applicable provisions of the SEBI (ICDR) Regulations.

**15. Listing:**

The Company will make an application to the Stock Exchange at which the existing shares are already listed, for listing of the equity shares being issued. Such Equity Shares, once allotted, shall rank pari-passu with the existing equity shares of the Company in all respects, including dividend.

**16. Certificate:**

As required in Regulation 163(2) of the SEBI (ICDR) Regulations, a certificate from a Practicing Company Secretary, certifying that the issue is being made in accordance with the requirements of the SEBI (ICDR) Regulations, will be kept open for inspection at the

Registered Office of the Company between 11:00 AM and 1:00 PM on all working days between Monday to Friday of every week, up to the date of close of remote e-voting period. The certificate of the practising company secretary can also be accessed on the company website on the following link at <https://baluindustries.com/shareholders-information.php>

**17. Undertakings:**

The Company hereby undertakes that:

- It would re-compute the price of the securities specified above in terms of the provisions of SEBI(ICDR) Regulations, where it is so required;
- If the amount payable, if any, on account of the re-computation of price is not paid within the stipulated in SEBI (ICDR) regulations the above Equity shares shall be continued to be locked in till such amount is paid by the allottees;
- All the equity shares held by the proposed allottees in the company are in dematerialized form only;

**18. Disclosures specified in Schedule VI of the SEBI (ICDR) Regulations, if the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower:**

It is hereby confirmed that, neither the Company nor its promoters or directors is a wilful defaulter or a fraudulent borrower as per Regulation 163(1)(i) of Chapter V read with schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Further, none of its Directors or Promoter is a fugitive economic offender as defined under the SEBI (ICDR) Regulations.

**19. Identity of proposed allottees the percentage (%) of Post Preferential Issue Capital that may be held by them and Change in Control, if any, consequent to the Preferential issue and the Current and proposed status of the allottee(s) post preferential issues namely, promoter or non-promoter:**

Sr. No.	Name of the proposed allottee	Pre-issue Category	Name of the natural persons who are the ultimate beneficial owners	Pre-Issue Holding*		No. of Warrants to be issued	Shareholding post allotment of warrants & conversion of the same in to Equity Shares**		Post- issue Category
				No. of Equity Shares	% of Holding		No. of Equity Shares	% of Holding	
1	Sixteenth Street Asian Gems Fund	Non-Promoter Public	UBO: Ms. Rashmi Kwatra	0	0	25,00,000	25,00,000	02.32	Non-Promoter Public

\*Pre-Issue % Holding is calculated on total diluted share capital of the Company.

\*\*Post Issue % Holding is calculated on the on total diluted share capital and assuming the subscription of Equity Shares and Warrants and conversion of warrants in to Equity Shares offered under current preferential Allotment.

The Board of Directors of the Company believe that the proposed issue is in the best interest of the Company and therefore board recommends the Special Resolution as set out in Item Number 7 in the accompanying notice for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, whether directly or indirectly, in the resolution mentioned at Item Number 7 of the Notice except to the extent of their shareholding.

**Annexure – A**

The shareholding pattern of the Company before the proposed issue and after the proposed issue of Warrants and Equity Shares as follows:

Sl. #	Category	Pre-issue Shareholding	% of Shareholding*	Post-issue shareholding	% of Shareholding*
		No. of Equity Shares*		No. of Equity Shares*	
A	Promoters and Promoter Group Holding				
1	Indian				
	Individual	5,75,26,074	57.47	6,25,26,074	58.11
	Sub Total	5,75,26,074	57.47	6,25,26,074	58.11
2	Foreign	-	-	-	
	<b>Sub Total (A)</b>	<b>5,75,26,074</b>	<b>57.47</b>	<b>6,25,26,074</b>	<b>58.11</b>
B	Non-Promoter Holding				
B1	Institutions				
1	Institutions Domestic				
1.a	Foreign Portfolio Investors Category I	18,03,500	1.80	18,03,500	1.68
1.b	Foreign Portfolio Investors Category II	37,75,000	3.77	37,75,000	3.51
1.c	Any Other (Institutions (Foreign))	18,00,000	1.80	43,00,000	4.00
	<b>Sub Total (B1)</b>	<b>73,78,500</b>	<b>7.37</b>	<b>98,78,500</b>	<b>9.18</b>
B2	Non – Institutions				
1	Individuals (share Capital up to ₹2 lakhs)	57,15,489	5.71	57,15,489	5.31
2	Individuals (share Capital in excess of ₹2 lakhs)	1,42,94,599	14.28	1,42,94,599	13.29
3	Non-Resident Indians (NRIs)	5,14,045	0.51	5,14,045	0.48
4	Bodies Corporate	1,27,67,541	12.76	1,27,67,541	11.87
5	Any Other	18,95,652	1.89	18,95,652	1.76
	<b>Sub-Total (B)</b>	<b>4,25,65,826</b>	<b>42.53</b>	<b>4,50,65,826</b>	<b>41.89</b>
C1	Shares underlying DRs	-	-	-	-
C2	Shares held by Employee Trust	-	-	-	-
C	Non-Promoter – Non- Public	-	-	-	-
	<b>Grand Total [A+B+C]</b>	<b>10,00,91,900</b>	<b>100.00</b>	<b>10,75,91,900</b>	<b>100.00</b>

**Notes:**

\*Pre-Issue % Holding is calculated on total diluted share capital of the Company.

\*\*Post Issue % Holding is calculated on the on total diluted share capital and assuming the subscription of Equity Shares and Warrants and conversion of warrants in to Equity Shares offered under current preferential Allotment.



## NOTES



**BALU FORGE INDUSTRIES LIMITED**

**Registered Office**

506, 5<sup>th</sup> Floor, Imperial Palace, 45 Tally Park Road,  
Andheri (East), Mumbai – 400 069.

**[www.baluindustries.com](http://www.baluindustries.com)**

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