

INDEPENDENT AUDITOR'S REPORT

To the Members of Bonfiglioli Transmissions Limited (formerly Bonfiglioli Transmissions Private Limited)

Report on the Audit of the Ind AS Financial Statements**Opinion**

We have audited the accompanying Ind AS financial statements of Bonfiglioli Transmissions Limited (formerly Bonfiglioli Transmissions Private Limited) ("the Company"), which comprise the Balance sheet as at December 31, 2025, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of material accounting policies and other explanatory information .

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2025, its profit including other comprehensive income/loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report , but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that
 - (i) for all the applications, the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis; and
 - (ii) for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g).
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on December 31, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;



- (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g);
- (g) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended December 31, 2025, has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 42A to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 44(g) to the Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 44(g) to the Ind AS financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances nothing has come to our notice that caused us to believe that the representations under sub-clause (a) and (b) of Rule 11(e) contain any material misstatement.
 - v. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act..



- vi. Based on our examination which included test checks, as explained in note 48 to the Ind AS financial statements,

(i) The Company has migrated to SAP S4 HANA from SAP ECC during the year on January 14, 2025. Based on our examination which included test checks, and as explained in note 48 to the financial statements, the SAP ECC software has a feature of recording audit trail and was enabled throughout the year, except in respect of relevant transactions underlying the application where the audit trail feature was not enabled throughout the year. Further, audit trail was not enabled at the database level to capture direct data changes in the database during the year.

For SAP S4 HANA,

- Based on our examination which included test checks, and as explained in note 48 to the financial statements, the software has a feature of recording audit trail and was enabled throughout the year, except in respect of certain relevant transactions underlying the application where the audit trail feature was not enabled throughout the year. Further, audit trail was enabled at the database level to capture direct data changes however in the absence of comprehensive information we are unable to comment on whether it was enabled throughout the year.

Accordingly, we are unable to comment upon whether during the year there was any instance of audit trail feature being tampered with in respect of the accounting software where audit trail has been enabled. Additionally, the audit trail in respect of the relevant prior year has been preserved by the company as per the statutory requirements for record retention to the extent it was enabled and recorded, as stated in Note 48 to the financial statements.

(ii) The Company has used an accounting software which is operated by a third-party software service provider, for maintaining its payroll books of account. On the examination of Service Organisation Controls report for maintaining its books of account (payroll) which has a feature of recording audit trail (edit log) facility, we noted that the audit log is operating throughout the year at the application and database layer, as described in note 48 to the financial statements. Further, the Service Organisation Controls report did not reveal any instance of audit trail feature being tampered with in respect of the accounting software.

Additionally, the audit trail in respect of the relevant prior year has been preserved by the company as per the statutory requirements for record retention to the extent it was enabled and recorded, as stated in Note 48 to the financial statements.

(iii) The Company has used an accounting software for accounting of leases & application of bank receipts and payments, which has the feature of recording audit trail (edit log) facility, which is not enabled at database level, as described in note 48 to the financial statements. Further, audit trail was not enabled for all the relevant transactions throughout the year. Accordingly, we are unable to comment upon whether during the year there was any instance of audit trail feature being tampered with in respect of the accounting software.

Additionally, the audit trail in respect of the relevant prior year has not been preserved by the company as per the statutory requirements for record retention, as stated in Note 48 to the financial statements.

(iv) The Company has used an accounting software relating to Bill of Materials (BOM), which has a feature of recording audit trail (edit log) facility which was enabled for relevant transactions throughout the year and the audit trail is not enabled at a database level.



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Further, wherever audit trail was enabled we did not come across any instance of audit trail feature being tampered with during the course of our audit.

Additionally, the audit trail in respect of the relevant prior year has been preserved by the company as per the statutory requirements for record retention, to the extent it was enabled and recorded, as stated in Note 48 to the financial statements.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Chirag Shah

Partner

Membership Number: 121648

UDIN: 26121648WIVMY9750

Place of Signature: Chennai

Date: March 31, 2026



Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Bonfiglioli Transmissions Limited (formerly Bonfiglioli Transmissions Private Limited) ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) All Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee) are held in the name of the company. In case where company is a lessee for immovable properties, the lease agreements are duly executed in favour of the lessee, except for 1 lease agreement as indicated below and as disclosed in note 3 to the financial statements, where the lease agreements are not duly executed in favour of the Company.

Description of Property	Gross carrying value (In Millions)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company*
Leasehold Land	22.32	Landlord	Not applicable	From June 2025 onwards	The contract is signed by both parties and as per explanations given to us, the contract is expected to be registered at the time of renewal in July 2026.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended December 31, 2025.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) All material inventories have been physically verified by the management during the year at reasonable intervals except for inventories lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate. Inventories lying with third parties



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have been confirmed by such third parties as at December 31,2025. There were no discrepancies of 10% or more noticed, in the aggregate for each class of inventory

- (b) As disclosed in note 15.2 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies or firms as follows:

Particulars	Loans (in Millions)
Aggregate amount granted/ provided during the year to Fellow Subsidiaries	441.99
Balance outstanding as at balance sheet date in respect of above cases	119.25

- (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.
- (c) The Company has granted loan during the year to related parties where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company



- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of gearboxes and motors, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues though there have been delays of upto 11 days in case of professional tax (amounting to Rs 0.07 million). According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs) in Millions	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	4.92	AY-2004-05*	Madras High Court
Income Tax Act, 1961	Income Tax	29.85	AY 2022-23	Dispute Resolution Panel (DRP)
Income Tax Act, 1961	Income tax	36.54	AY 2023-24	Assessing officer
Goods and Service Tax, 2017	Goods and Service tax	2.25	June- 2024	Commissioner (Appeals) of Customs
Goods and Service Tax, 2017	Goods and Service tax	0.51	March-2025	Commissioner of Goods and Service Tax

* The commissioner of Income tax has adjusted this demand with the refund of AY 2012-13

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.



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- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), 3(xii)(b), 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. With respect to Section 177 of the Act, the Company was converted into a public limited company with effect from September 2025. The Audit Committee was constituted subsequent to the year end and accordingly, no approvals in respect of related party transactions were obtained from the Audit Committee during the period.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.



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- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 43 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 45 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 45 to the financial statements.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Chirag Shah

Partner

Membership Number: 121648

UDIN: 26121648WIVMY9750

Place of Signature: Chennai

Date: March 31, 2026



Annexure 2 to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Bonfiglioli Transmissions Limited (formerly Bonfiglioli Transmissions Private Limited)**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Ind AS financial statements of Bonfiglioli Transmissions Limited (formerly Bonfiglioli Transmissions Private Limited) ("the Company") as of December 31, 2025 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Ind AS Financial Statements

A company's internal financial controls with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the



preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at December 31, 2025, 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 issued by the ICAI

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Chirag Shah**

Partner

Membership Number: 121648

UDIN: 26121648WIVMYY9750

Place of Signature: Chennai

Date: March 31, 2026



 Bonfiglioli <i>We engineer the energy</i>			
Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited) Balance Sheet as at December 31, 2025 CIN: U29309TN1998PLC040717 (All amounts in Millions of Indian Rupees, unless otherwise stated)			
	Note	As at December 31, 2025	As at December 31, 2024*
Assets			
Non-current assets			
Property, plant and equipment	3	2,691.52	2,639.82
Capital work-in-progress	3	123.46	137.32
Intangible assets	3	3.38	3.04
Intangible assets under development	3	-	9.46
Right-of-use asset	3	306.97	343.07
Financial assets			
i. Investments	4	1.13	1.13
ii. Loans	5A	69.30	92.40
iii. Other financial assets	6A	38.30	55.56
Deferred tax assets (Net)	8	174.08	161.80
Non-Current tax assets (Net)	19A	4.92	4.92
Other non-current assets	7A	78.31	74.39
Total non-current assets		3,491.37	3,522.91
Current assets			
Inventories	9	3,192.13	3,214.17
Financial assets			
i. Trade receivables	10	5,177.39	4,061.92
ii. Cash and cash equivalents	11	1,531.81	1,446.67
iii. Bank balances other than (ii) above	12	100.15	0.94
iv. Loans	5B	49.95	126.11
v. Other financial assets	6B	138.13	147.87
Current tax assets (net)	19B	-	82.30
Other current assets	7B	713.65	387.87
Total current assets		10,903.21	9,467.85
Total assets		14,394.58	12,990.76
Equity and liabilities			
Equity			
Equity share capital	13	1,253.31	1,253.31
Other equity	14	8,676.62	7,356.20
Total equity		9,929.93	8,609.51
Non-current liabilities			
Financial liabilities			
i. Lease liabilities	18A	3.88	28.09
ii. Other financial liabilities	16A	22.11	1.82
Provisions	17A	121.30	106.35
Total non-current liabilities		147.29	136.26
Current liabilities			
Contract liabilities	22	56.43	50.40
Financial liabilities			
i. Borrowings	15	-	-
ia. Lease liabilities	18B	24.24	37.48
ii. Trade payables	20		
Total outstanding dues of micro and small enterprises		516.43	382.72
Total outstanding dues of creditors other than micro and small enterprises		2,785.69	2,702.79
iii. Other financial liabilities	16B	438.70	662.18
Current tax Liability (net)	19B	30.59	-
Other current liabilities	21	209.16	201.90
Provisions	17B	256.12	207.52
Total current liabilities		4,317.36	4,244.99
Total liabilities		4,464.65	4,381.25
Total equity and liabilities		14,394.58	12,990.76
The accompanying notes form an integral part of the Financial Statements			
* Restated on account of acquisition of business under common control (Refer Note 46)			
for S.R. Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number: 101049W/E300004		for and on behalf of the Board of Bonfiglioli Transmissions Ltd (Formerly Known as Bonfiglioli Transmissions Private Limited) CIN: U29309TN1998PLC040717	
 Mr Chirag Shah Partner Membership Number: 121648 Place: Chennai Date: 31.03.2026		 Kennedy V Kaippally Managing Director DIN: 08110794 Place: Chennai Date: 31.03.2026	
		 G A Baleji Whole-time director and Chief Financial Officer DIN: 06630726 Place: Chennai Date: 31.03.2026	
		 Sunil Kumar Company Secretary M No: A58368 Place: Chennai Date: 31.03.2026	



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

Statement of Profit and Loss for the year ended December 31, 2025

CIN: U29309TN1998PLC040717

(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Note	Year ended December 31, 2025	Year ended December 31, 2024*
Continuing Operations			
Income			
Revenue from operations	23	20,135.26	18,541.83
Other income	24	100.63	69.72
Total Income		20,235.89	18,611.55
Expenses			
Cost of raw materials & components consumed	25	11,967.18	11,854.27
Changes in inventories of finished goods and work-in-progress	26	542.53	(64.11)
Employee benefits expense	27	1,062.70	982.19
Finance costs	29	77.77	104.18
Depreciation and amortisation expense	28	478.23	466.29
Other expenses	30	2,855.15	2,818.74
Total expenses		16,983.56	16,161.56
Profit before tax from continuing operations		3,252.33	2,449.99
Tax expense:			
Current tax	31	818.82	577.06
Tax pertaining to earlier years	31	61.24	(58.58)
Deferred tax	31	(6.47)	15.53
Total tax expense		873.59	534.01
Profit after tax for the year from continuing operations		2,378.74	1,915.98
Discontinued Operations			
Profit from Discontinued Operations before tax	32	-	22.06
Gain on disposal of discontinued Operations	32	-	23.74
Tax Expenses of Discontinued Operations	32	-	(10.14)
Profit after tax for the year from discontinued operations		-	35.66
Profit after tax for the year		2,378.74	1,951.64
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements loss of post-employment benefit obligations		(23.19)	(8.95)
Income tax relating to the above item		5.84	2.25
Other comprehensive income/(loss) for the year, net of tax		(17.35)	(6.70)
Total comprehensive income for the year, net of tax		2,361.39	1,944.94
Earnings per Equity share: [Nominal value per share: Rs 10, December 31, 2024 Rs.10]			
Earnings per Equity Share: (Basic and Diluted) - Continuing Operations	34	12.65	10.08
Earnings per Equity Share: (Basic and Diluted) - Discontinued Operations	34	-	0.19
Earnings per Equity Share: (Basic and Diluted) - Continuing & Discontinued Operations	34	12.65	10.27

The accompanying notes form an integral part of the Financial Statements

* Restated on account of acquisition of business under common control (Refer Note 46)

for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004


per Chirag Shah
Partner

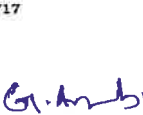
Membership Number: 121648
Place: Chennai
Date: 31.03.2026



for and on behalf of the Board of
Bonfiglioli Transmissions Ltd
(Formerly Known as Bonfiglioli Transmissions
Private Limited)
CIN: U29309TN1998PLC040717


Kennady V Kaippally
Managing Director

DIN: 08110794
Place: Chennai
Date: 31.03.2026


G A Balaji
Whole-time director and Chief
Financial Officer

DIN: 06630726
Place: Chennai
Date: 31.03.2026


Sunil Kumar
Company Secretary

M No: A58368
Place: Chennai
Date: 31.03.2026



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
Statement of Cash Flows for the year ended December 31, 2025
CIN: U29309TN1998PLC040717
(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Year ended December 31, 2025	Year ended December 31, 2024*
A. Cash flows from operating activities		
Profit before tax from Continuing and Discontinued Operations	3,252.33	2,495.79
Adjustments for		
Profit from discontinued operations	-	(22.06)
Gain on disposal of discontinued Operations	-	(23.74)
Depreciation and amortisation expense	436.79	407.59
Amortisation - Right-of-use asset	41.44	42.67
Allowance for doubtful debts no longer required written back	(6.70)	-
Interest income	(81.02)	(65.01)
Allowance for doubtful debts	-	23.24
Gain on sale of property, plant and equipment	(1.12)	(0.97)
Finance cost excluding interest on lease liabilities	74.04	97.21
Interest expense on Lease liabilities	3.73	6.97
Provision for product warranty	60.85	82.25
Net foreign exchange differences (unrealised)	(12.06)	(17.88)
Gain on termination of lease	(6.29)	-
Loss on disposal of property, plant and equipment	2.78	0.57
Operating Profit before working capital changes	3,764.77	3,026.63
Working capital adjustments:		
(Increase)/ Decrease in trade receivables	(1,083.44)	(31.41)
Decrease in inventories	22.04	308.58
(Increase)/ Decrease in other financial assets	34.54	(249.16)
Increase/ (Decrease) in trade payables	203.26	(677.10)
(Increase)/ Decrease in other assets	(325.78)	67.31
Decrease in provisions	(22.44)	(124.38)
Decrease in other financial liabilities	(196.90)	(156.89)
Increase in other Contract liabilities	6.03	-
Increase in other current liabilities	7.26	77.91
Cash generated from operations	2,409.34	2,241.49
Cash flow from operating activities - discontinued operations	-	44.59
Tax paid (Continuing & Discontinued Operations) - Net of refunds	(759.08)	(567.90)
Net cash inflow from operating activities*	1,650.26	1,718.18
B. Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(539.77)	(439.77)
Proceeds from disposal of property, plant and equipment	20.95	8.40
Deposits made during the year	(9,969.84)	(6,750.90)
Loans advanced to related party	(441.99)	(218.50)
Loans repaid by related party	541.25	-
Proceeds from the deposits matured during the year	9,870.63	8,450.10
Proceeds from Sale of Discontinued operations	-	23.74
Adjustments in net assets of Bonfiglioli Drives Solutions Private Limited	(78.50)	(118.30)
Interest income received	73.48	117.00
Cash Flow From Investing Activities - Continuing Operations	(523.79)	1,080.77
Cash Flow From Investing Activities - Discontinued Operations	-	36.92
Cash Flow From/ (Used) Investing Activities - Continuing And Discontinued Operations	(523.79)	1,117.69
C. Cash flows from financing activities		
Interest paid	(74.04)	(99.07)
Payment of Principle portion of lease liabilities	(36.11)	(38.55)
Payment of Interest of lease liabilities	(3.73)	(6.90)
Borrowings	-	500.00
Proceeds	-	(1,667.90)
Repayments	-	(689.30)
Payment of Dividend	(927.45)	(352.80)
Buyback of shares	-	-
Net cash used from financing activities	(1,041.33)	(2,294.53)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	85.14	541.35
Cash and cash equivalents at the beginning of the year	1,446.67	905.32
Cash and cash equivalents as at the end of the year (Refer note 11)	1,531.81	1,446.67

Note: Statement of Cash Flows has been prepared under indirect method set out in Ind AS 7 prescribed.

*Includes amount spent in cash towards Corporate Social Responsibility Rs. 67.03 (2024 - Rs. 53.82)

The accompanying notes form an integral part of the Financial Statements

* Restated on account of acquisition of business under common control (Refer Note 46)

for S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Pr Chirag Shah
Partner

Membership Number: 121648
Place: Chennai
Date: 31.03.2026



for and on behalf of the Board of
Bonfiglioli Transmissions Ltd
(Formerly Known as Bonfiglioli Transmissions Private Limited)
CIN: U29309TN1998PLC040717

Kennedy Raipally
Managing Director

DIN: 08110794
Place: Chennai
Date: 31.03.2026

G A Balaji
Whole-time director and
Chief Financial Officer
DIN: 06630726
Place: Chennai
Date: 31.03.2026

Sunil Kumar
Company Secretary

M No: A58368
Place: Chennai
Date: 31.03.2026



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

Statement of Changes in Equity for the year ended December 31, 2025

CIN: U29309TN1998PLC040717

(All amounts in Millions of Indian Rupees, unless otherwise stated)

	As at December 31, 2025		As at December 31, 2024*	
	Number of shares	Amount	Number of shares	Amount
A. Equity share capital				
Equity shares of face value of Rs. 10 each Issued, Subscribed, Fully Paid				
Balance as at the beginning of the year	125,330,556	1,253.31	131,122,994	1,311.23
Shares issued during the year	-	-	-	-
Shares Bought Back	(5,792,438)	-	(5,792,438)	(57.92)
Balance as at the end of the year	125,330,556	1,253.31	125,330,556	1,253.31

B. Other equity

Particulars	Note	Reserves and surplus			Total
		Securities premium	Retained earnings	Capital Reserve	
For the year ended December 31, 2025					
Balance as at January 01, 2025	14	-	7,224.44	73.84	7,356.20
Profit for the year - Continuing Operations		-	2,378.74	-	2,378.74
Other comprehensive income (net of tax)		-	(17.35)	-	(17.35)
Acquisition of a business (refer note 46)		-	(927.45)	(113.52)	(1,135.22)
Payment of Dividend to share holders (refer note 14.3)		-	-	-	-
Balance as at December 31, 2025		-	8,658.38	(39.68)	8,676.62
For the year ended December 31, 2024					
Balance as at January 01, 2024	14	309.32	6,432.80	(39.71)	6,702.41
Profit for the year - Continuing Operations		-	1,915.98	-	1,915.98
Profit for the year - Discontinued Operations		-	35.66	-	35.66
Other comprehensive income (net of tax)		-	(6.70)	-	(6.70)
Payment of Dividend to share holders (refer note 14.3)		-	(689.30)	-	(689.30)
Acquisition of a business (refer note 46)		-	-	113.56	113.56
Utilized against Buyback of Shares		-	(410.67)	-	(410.67)
Utilized against Buyback of Shares - Tax		-	(53.33)	-	(53.33)
Utilized against Buyback of Shares - Securities premium		(309.32)	-	-	(309.32)
Balance as at December 31, 2024		-	7,224.44	73.84	7,356.20

The accompanying notes form an integral part of the Financial Statements

During the previous year ended December 31, 2024, the Company had bought back 5,792,438 shares of face value of INR 10 each at Rs 124.30 per share and such buy back were made in compliance of provisions of Section 58 and 69 of the Companies Act, 2013.

* Restated on account of acquisition of business under common control (Refer Note 46)

for **S.R. Baliloi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Chirag Shah**
Partner
Membership Number: 121648
Place: Chennai
Date: 31.03.2026

for and on behalf of the Board of
Bonfiglioli Transmissions Ltd
(Formerly Known as Bonfiglioli Transmissions Private Limited)
CIN: U29309TN1998PLC040717

Kennedy Vellupally
Managing Director
DIN: 08110794
Place: Chennai
Date: 31.03.2026

G A Balaji
Whole-time director and Chief Financial Officer
DIN: 06630726
Place: Chennai
Date: 31.03.2026

Sundar Kumar
Company Secretary
M No: A58368
Place: Chennai
Date: 31.03.2026



 Bonfiglioli <i>An engineering business</i>	
Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited) Notes forming part of the financial statements as at and for the year ended December 31, 2025	
1	Brief description of the Company Bonfiglioli Transmissions Limited (the 'Company/BT1' formerly known as Bonfiglioli Transmissions Private Limited) CIN: U29309TN1998PLC040717, a public limited company incorporated and domiciled in India, is a wholly owned subsidiary of Bonfiglioli S.p.A., Italy. The Company is engaged in the business of manufacture and sale of and trading in gear boxes and gear motors. The Company is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Plot No. AC7-AC11, SIDCO Industrial Estate, Thirumudivakkam, Kancheepuram - 600132, Tamil Nadu, India. The Company has converted from Private Limited Company to Public Limited Company, through a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on September 01st, 2025. Consequently, the name of the Company has been changed to Bonfiglioli Transmissions Limited pursuant to a fresh certificate of incorporation issued by the Registrar of Companies dated September 16th, 2025. The Company has also filed its Draft Red Herring Prospectus with the Securities and Exchange Board of India in connection with its proposed public issue on February 09, 2026. The Company's financial statements were approved for issue in accordance with a resolution of the directors on March 31, 2026.
2	Material accounting policies
2.1	Statement of Compliance and Basis of Preparation
(a)	Preparation and compliance with Ind AS The accompanying financial statements comprising the Balance Sheet as of December 31, 2025, statement of profit and loss for the year ended December 31, 2025, statement of cash flows for the year ended December 31, 2025 and the statement of changes in equity for the year ended December 31, 2025 have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015], other relevant provisions of the Act and interpretations issued by the Ind AS Transition Facilitation Group ('ITFG') applicable to companies reporting under Ind AS.
(b)	Historical cost convention The Financial Statements have been prepared on the historical cost and accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period (refer accounting policy regarding financial instruments). All amounts disclosed in the Financial Statements and notes have been rounded off to the nearest Million Indian Rupees with two decimal places, unless otherwise stated.
(c)	Current/Non-current classification The Company segregates assets and liabilities into current and non-current categories for presentation in the balance sheet after considering its normal operating cycle and other criteria set out in Ind AS 1, "Presentation of Financial Statements". For this purpose, current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period up to twelve months as its operating cycle.
2.2	Use of Estimates The preparation of the financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date and reported amount of income and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in these Financial Statements are based on management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.
2.3	Significant estimates and judgments The areas involving significant estimates and judgments are: (i) Defined benefit obligation: - The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 37. (ii) Useful life and Residual Value of PPE - Refer note 2.4 (c) (iii) Warranty provision (Refer note 17A and note 17B) The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Company also incurs for Warranty expenses that are beyond the warranty period as a goodwill gesture to the customers on case to case basis



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
Notes forming part of the financial statements as at and for the year ended December 31, 2025
(iv) Expected credit loss:

The company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit). The provision matrix is initially based on the company's historical observed default rates as follows:

Balances overdue by 0-6 months are provided at 0.20%-0.70% and those amounts overdue by more than 6 months are provided at 97%. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables and contract assets is disclosed in Note 40.

2.4 Property, plant and equipment and intangible assets
(a) Property, plant and equipment

Freehold land is carried at historical cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost represent expenditure that is directly attributable to the acquisition of assets including related taxes, duties, freight, insurance and cost of installation and is net of Cenvat and VAT/GST credits.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

Gains or losses arising on derecognition of property, plant and equipment is recognized in the Statement of Profit and Loss.

(b) Intangible assets

Intangible assets are stated at acquisition cost less accumulated amortization and impairment losses, if any. Computer software are capitalized when it is expected to provide future enduring economic benefits. Capitalisation cost include license fees.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from derecognition of intangible asset is recognized in the Statement of Profit and Loss.

(c) Depreciation and Amortization

Depreciation on property, plant and equipment is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets, assessed based on technical evaluation which are lower than those specified by Schedule II to the Act, in order to reflect the actual usage of the assets. Technical evaluation takes into account the estimated usage, past history of replacement, service support, availability of spares, anticipated technological changes, etc.

The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The estimated useful lives of property, plant and equipment are as follows :

Assets	Useful life followed by the Company (in years)	Useful life prescribed under Schedule II of the Act (in years)
Buildings	30.00	30.00
Office equipment's (including computers)	4.00	5.00
Furniture and fixtures	8.33	10.00
Motor vehicles	5.00	8.00
Plant and machinery		
Tools and patterns	4.00	7.50
Testing instruments	6.45	7.50
Others	10.00	15.00

Cost of computer software is amortized on a straight-line basis over a period of 3 years based on their estimated useful of the asset.

Leasehold improvements are depreciated over the leasehold period or useful life estimated by the management, whichever is lesser.



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

Notes forming part of the financial statements as at and for the year ended December 31, 2025

2.5 Impairment of Non-financial Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or CGU's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

2.6 Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'), i.e. in Indian rupee (Rs.) and all values are rounded off to nearest millions and decimals thereof except where otherwise indicated.

(ii) Transactions and balances

Initial Recognition

All foreign currency transactions are recorded in functional currency using the exchange rate prevailing on the date of transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing at the date of the transaction.

All monetary assets and liabilities denominated in foreign currency are at the closing exchange rates. Exchange differences arising out of actual payment/realisation and from the year end statement are recognized in the Statement of Profit and Loss.

Forward contracts

Foreign exchange forward contracts outstanding at the year-end on account of firm commitment / highly probable forecast transactions are marked to market and the gains/losses, if any, are recognized in the Statement of Profit and Loss.

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk, commodity price risk, and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 40

2.7 Inventories

Inventories are stated at lower of cost and net realizable value.

The cost of raw materials is determined using moving average price.

The cost of finished goods and work-in-progress comprises of raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written-down for obsolete/slow-moving/non-moving items, wherever necessary.

2.8 Financial instruments

Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.



For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those asset changes.

(ii) Measurements

Initial Recognition:

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 2.11 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

a. Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments. The instruments that do not meet the criteria for classification as measured at amortised cost or FVOCI will be measured at FVTPL.

Amortized Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method and are subject to impairment as per the accounting policy applicable to 'Impairment of financial assets.' Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses:

A 'financial asset' is classified as at the FVTOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

b. Equity instruments:

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation for the issuer and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity investment which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

Gains and losses on such equity investments are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.



c. Financial assets at fair value through profit or loss:

Financial assets in this category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109 i.e. they do not meet the criteria for classification as measured at amortised cost or FVOCI. Management only designates an instrument at FVTPL upon initial recognition, if the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument-by-instrument basis. For the Company, this category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. The Company has not designated any financial assets at FVTPL.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

Interest earned on instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate. Dividend income on listed equity investments are recognised in the statement of profit and loss as other income when the right of payment has been established.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. Impairment is considered when there is significant increase in credit risk. Note 40 details how the Company determines whether there has been a significant increase in credit risk.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is de-recognized only when:

- The Company's contractual right to the cash flow expires or
- The Company has transferred the rights to receive cash flows from the financial asset.

Financial liabilities
(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include deposits, loans & borrowings, trade and other payables.

(ii) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.9 Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Also refer accounting policies 2.8(iii) for impairment of financial assets.



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Notes forming part of the financial statements as at and for the year ended December 31, 2025
2.10 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, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Revenue from contract with customer

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods or ex-works depending on the contractual terms.

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances
Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

2.12 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government grants relating to income are recognized in the profit or loss, as necessary to match them with the costs that they are intended to compensate.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.



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Notes forming part of the financial statements as at and for the year ended December 31, 2025

2.13 Retirement and other employee benefits

a. Short-term

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The Company recognizes a liability and an expense for bonuses contractually obliged or where there is a past practice that has created a constructive obligation.

b. Post employment

Post employment benefits comprise of Provident fund and Gratuity which are accounted for as follows:

(i) Provident fund

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

(ii) Gratuity

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (net of tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

c. Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

2.14 Current and Deferred Tax

Tax expense comprises of current and deferred taxes.

Provision for current tax is computed at the applicable tax rate in accordance with the Income tax Act, 1961. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

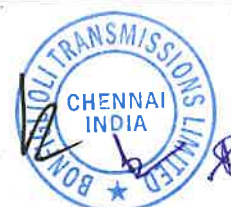
Deferred tax is provided using the balance sheet approach on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



2.15 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific 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 recognized in Statement of Profit and Loss in the period in which they are incurred.

2.16 Provisions and Contingent Liabilities
(i) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

Provision for product warranty cover the estimated liability to repair or replace products still under warranty on the Balance Sheet date and is determined by applying percentage of eligible sales based on management's best estimate considering the historical experience levels of repairs and replacement. Product warranty is generally extended for a period of 12 months from the date of sale.

(ii) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are recognized as contingent liability. The Company does not recognize a contingent liability but discloses its existence and other required disclosures in notes to the financial statements, unless the possibility of any outflow in settlement is remote. Further, provision is created in the books of accounts in respect of matters where management has concluded the Company's liability to be probable.

(iii) Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent Assets are not recognized, however, disclosed in financial statements when inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and the Company recognize such assets.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM)

2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.19 Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of Use Assets:

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over lease period or useful life estimated by the management, whichever is lesser as follows:

Asset Description	Useful Lives (Years)
Building	2 - 5
Leasehold land	95

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.



Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of buildings and others (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognized as expense on a straight-line basis over the lease term.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.20 Dividend

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the company in the Annual General Meeting. Interim Dividend is recognised when approved by the Board of Directors at the board meeting. Dividend distributed (including interim dividend) is recognised in the statement of changes in equity.

2.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, mention a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
Notes forming part of the financial statements as at and for the year ended December 31, 2025
2.22 Non-current assets held for sale and Discontinued operations

The company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The company treats sale of the asset or disposal group to be highly probable when:

- ▶ The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- ▶ An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- ▶ The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- ▶ The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- ▶ Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale. Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 32. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

2.23 Business Combinations

The Company applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a business comprises the,

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Company, and
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the fair value of consideration over the identifiable net asset acquired is recorded as goodwill, if the consideration is lower, the gain is recognised directly in equity as capital reserve. In case, business acquisition is classified as bargain purchase, the aforementioned gain is recognised in the other comprehensive income and accumulated in equity as capital reserve.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts, with adjustments only to harmonise accounting policies. Acquisition-related costs are expensed as incurred.

2.24 New and amended standards
(i) Ind AS 117 Insurance Contracts

The Ministry of corporate Affairs (MCA) notified the Ind AS 117, Insurance Contracts, vide notification dated 12 August 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after 1 April 2024. Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 had no impact on the Company's financial statements as the Company has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

(ii) Amendment to Ind AS 116 Leases - Lease Liability in a Sale and Leaseback

The MCA notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, which amend Ind AS 116, Leases, with respect to Lease Liability in a Sale and Leaseback. The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment is effective for annual reporting periods beginning on or after 1 April 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116. The amendment does not have a material impact on the Company's financial statements.



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Notes forming part of the financial statements as at and for the year ended December 31, 2025

2.25 Standards notified but not yet effective

The new and amended standards that are notified by the Ministry of Corporate Affairs (MCA), but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company will adopt these new and amended standards, when they become effective.

(i) Lack of exchangeability – Amendments to Ind AS 21

Amendments to Ind AS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

(ii) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to Ind AS 1

Amendments to paragraphs 69 to 76 of Ind AS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

(iii) Supplier Finance Arrangements - Amendments to Ind AS 7 and Ind AS 107

Amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 April 2025.

The amendments are not expected to have a material impact on the Company's financial statements.

(iv) International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12

Amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 April 2025, but not for any interim periods ending on or before 31 March 2026.

The amendments are not expected to have a material impact on the Company's financial statements.

Consequential amendments to other Ind ASs have also been made which are not expected to have any material impact on the Company's financial statements.

(v) Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants and Ind AS 10 Events after the Reporting Period

Ind AS 10 has been amended to remove the previous treatment under which a lender's post reporting date waiver—granted before the financial statements were approved for issue—of a breach of a material covenant in a long term loan arrangement that occurred on or before the end of the reporting period, resulting in the liability becoming payable on demand at the reporting date, was regarded as an adjusting event.

For annual reporting periods beginning on or after 1 April 2026, any breach of a covenant—whether material or immaterial—occurring on or before the reporting date will, in accordance with Ind AS 1, require the related liability to be classified as current, unless the lender has granted a waiver of the breach on or before the reporting date and has agreed not to demand repayment for at least 12 months after the reporting date as a consequence of the breach. Such a waiver shall be treated as an adjusting event.

The amendments are effective for annual reporting periods beginning on or after 1 April 2026 retrospectively in accordance with Ind AS 8.



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Notes forming part of the financial statements as at and for the year ended December 31, 2025
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3	Property, plant and equipment, Intangible assets, and Right of use asset														
	Property, plant and equipment							Intangible assets		Right-of-use asset					
	Freehold land	Buildings	Plant and machinery *	Furniture and fixtures	Office equipments (including computers) *	Vehicles	Total	Computer software	Capital work-in-progress	Intangible assets under development	Building	Land	Total		
Year ended December 31, 2024															
Cost/Deemed Cost															
As at January 01st, 2024	103.50	1,021.64	3,111.42	58.10	192.36	36.98	4,523.90	93.01	202.57	-	119.27	288.86	408.13	740	
Additions	-	3.70	518.52	0.40	15.60	18.50	556.72	9.10	131.55	9.46	7.40	-	140.85	(14.50)	
Disposals	-	(0.70)	(96.30)	(3.00)	(28.50)	(10.47)	(144.97)	(73.00)	(196.80)	(14.50)	(14.50)	-	(14.50)	(14.50)	
Continuing Operations	-	-	444.06	(3.00)	(0.62)	(12.90)	(61.28)	(73.00)	(136.71)	-	-	-	-	-	
Discontinued Operations (refer note 3.4 below)	-	-	652.24	-	(27.88)	(3.57)	(83.69)	(73.00)	(60.09)	-	-	-	-	-	
As at December 31st, 2024	103.50	1,024.54	3,533.64	55.50	179.46	35.01	4,935.65	29.11	137.32	9.46	112.17	288.86	401.03	40.03	
Depreciation/amortisation															
As at January 01st, 2024	-	139.35	1,693.59	33.93	80.39	15.19	1,962.45	69.83	-	-	24.04	3.05	27.09	42.67	
Depreciation/amortisation charge during the year*	-	37.50	314.40	5.60	35.29	8.00	400.88	9.20	-	-	39.60	3.07	42.67	(11.80)	
Disposals	-	(0.30)	(69.00)	(3.00)	(13.90)	(1.30)	(97.50)	(32.96)	-	-	(11.80)	-	(11.80)	(11.80)	
Continuing Operations	-	-	443.92	(3.00)	(0.63)	(10.34)	(58.19)	(32.96)	-	-	-	-	-	-	
Discontinued Operations (refer note 3.4 below)	-	-	(25.08)	-	(13.27)	(0.96)	(39.31)	(52.96)	-	-	-	-	-	-	
As at December 31st, 2024	-	176.55	1,969.06	36.53	101.78	11.89	2,295.83	26.07	-	-	51.84	6.12	57.96	34.44	
Net book value as at December 31, 2024	103.50	847.99	1,564.56	18.97	77.68	27.12	2,639.82	3.04	137.32	9.46	60.33	282.74	343.07	306.97	
Year ended December 31, 2025															
Cost/Deemed Cost															
As at January 01st, 2025	103.50	1,024.54	3,533.64	55.50	179.46	39.01	4,935.65	29.11	137.32	9.46	112.17	288.86	401.03	96.61	
Additions	-	21.64	451.81	0.67	23.43	10.57	508.12	2.05	88.05	2.27	96.61	-	96.61	(156.23)	
Disposals	-	(1.99)	(85.73)	-	-	(12.35)	(80.07)	(11.73)	(101.91)	(11.73)	(156.23)	-	(156.23)	(156.23)	
As at December 31st, 2025	103.50	1,044.19	3,949.72	56.17	202.89	37.23	5,393.70	31.16	123.46	-	59.55	288.86	341.41	341.41	
Depreciation/amortisation															
As at January 01st, 2025	-	176.55	1,969.08	36.53	101.78	11.89	2,295.83	26.07	-	-	51.84	6.12	57.96	41.44	
Depreciation/amortisation charge during the year*	-	38.12	350.05	4.84	32.62	4.17	439.80	1.71	-	-	38.38	3.05	41.44	(64.96)	
Disposals	-	(0.79)	(19.17)	-	-	(7.40)	(27.45)	(0.71)	-	-	(64.96)	-	(64.96)	(64.96)	
As at December 31st, 2025	-	213.88	2,299.96	41.37	134.40	12.57	2,702.18	27.78	-	-	25.26	9.18	34.44	34.44	
Net carrying amount as at December 31, 2025	103.50	830.31	1,649.76	14.80	68.49	24.66	2,693.52	3.38	123.46	9.46	27.29	279.68	306.97	306.97	

* Depreciation above includes depreciation relating to warranty service amounting to Rs 1.15 (December 31, 2024 - Rs 0.94)

3.1 Refer to note 2 for information on Material accounting policies

3.2 Refer to note 42B for disclosure of contractual commitments for the acquisition of property, plant and equipment

3.3 Capital work-in-progress mainly comprises of acquisition of Plant & Machinery

3.4 Related to sale value of assets on account of Slump sale transaction amounting to Nil, (December 31, 2024 - Rs 124.51)

3.5 On transition to Ind AS (i.e. April 01st, 2016), the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment



 Bonfiglioli Industrie di Componenti Meccaniche									
Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited) Notes forming part of the financial statements as at and for the year ended December 31, 2025 CIN: U29509TN1998PLC040717 (All amounts in Millions of Indian Rupees, unless otherwise stated)									
3.6 Details of Title deeds of immovable properties not held in the name of the company									
Relevant line item in the Balance Sheet	Description of property	Carrying value of the item as of December 31, 2025 (Rs in million)	Title deeds held in name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in name of Company			
	Right-of-use asset		22.32	Landlord	Not applicable	The contract is signed by both parties and the contract is expected to be registered at the time of renewal in July 2026			
3.7 Capital work in progress (CWIP) Ageing Schedule									
As at December 31, 2025									
Project in progress	Project in progress	Amount in CWIP for a period of			Total				
		Less than 1 year	1-2 years	More than 2-3 years					
	Project in progress	116.21	7.25	-	123.46				
	Project temporarily suspended	-	-	-	-				
	Total	116.21	7.25	-	123.46				
As at 31st December 2024									
Project in progress	Project in progress	Amount in CWIP for a period of			Total				
		Less than 1 year	1-2 years	More than 2-3 years					
	Project in progress	131.65	5.67	-	137.32				
	Project temporarily suspended	-	-	-	-				
	Total	131.65	5.67	-	137.32				
3.8 Intangible Asset under Development (IAUD) Ageing Schedule									
As at December 31, 2025									
Project in progress	Project in progress	Amount in IAUD for a period of			Total				
		Less than 1 year	1-2 years	More than 2-3 years					
	Project in progress	-	-	-	-				
	Project temporarily suspended	-	-	-	-				
	Total	-	-	-	-				
As at December 31, 2024									
Project in progress	Project in progress	Amount in IAUD for a period of			Total				
		Less than 1 year	1-2 years	More than 2-3 years					
	Project in progress	9.46	-	-	9.46				
	Project temporarily suspended	-	-	-	-				
	Total	9.46	-	-	9.46				
There are no projects whose completion is overdue or has exceeded its cost compared to its original plan during the year ended December 31, 2025 and for the years ended December 31, 2024 in relation to Capital-Work-in Progress and Intangible Assets under Development.									



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)		
Notes forming part of the financial statements as at and for the year ended December 31, 2025		
CIN: U29309TN1998PLC040717		
(All amounts in Millions of Indian Rupees, unless otherwise stated)		
	As at December 31, 2025	As at December 31, 2024
4 Investments at FVTPL		
Investment in equity instruments - Quoted		
37,500 (December 31, 2024 - 37,500) equity shares of Rs. 10 each fully paid-up in Tulsyan NEC Limited	1.13	1.13
Total	1.13	1.13
Aggregate amount of Quoted investments	1.13	1.13
Aggregate amount of impairment in the value of investments	-	-
4.1 These equity shares are valued at a price (represents the fair value) as determined in the share purchase agreement entered with Tulsyan NEC Limited		
5A Loans (at amortised cost)		
(Unsecured, considered good)		
Loans to related party # (also refer Note 38)	69.30	92.40
Total	69.30	92.40
5B Loans (at amortised cost)		
(Unsecured, considered good)		
Loans to related party # (also refer Note 38)	49.95	126.11
Total	49.95	126.11
Total (Current and Non-current)	119.25	218.51
# The Company has provided loan to Bonfiglioli Technology Space Private Limited		
(i) amounting to Rs 92.40 (December 31, 2024 - Rs 115.50) relating to sale of discontinued operations, which is repayable in 5 equal annual instalments at an interest rate of 8.25% p.a. and		
(ii) cash pooling facility amounting to Rs 26.85 (December 31, 2024 - Rs 103.01) at an interest rate of 8.25%, repayable within a year		
6A Other financial assets (at amortised cost)		
(Unsecured, considered good)		
Security deposits	38.30	55.56
Total	38.30	55.56
6B Other financial assets		
(Unsecured, considered good) - (at amortised cost)		
Security deposits	23.17	3.25
Refund receivable	2.76	2.25
Interest accrued on deposits with banks	9.28	1.74
Bank deposits with remaining maturity less than 12 months (also refer note 12.1)	0.77	-
Other receivables from related party (Refer Note 38) **	80.32	140.63
Expenses recoverable from holding company # (Refer Note 38)	21.83	-
Derivative instruments at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts	-	-
Total	138.13	147.87
# represents amount recoverable from holding company of Rs 21.83 (December 31, 2024: Nil) which has been incurred by the Company towards proposed Initial Public Offering (IPO) of the equity shares held by the selling shareholders (offer for sale).		
** Relates to Secondary Adjustment as per Transfer pricing (Refer Note 23)		
7A Other assets		
(Unsecured, considered good)		
Capital advances	78.31	74.39
Prepaid expenses	-	-
Total	78.31	74.39
7B Other assets		
(Unsecured, considered good)		
Advances to suppliers	46.50	26.29
Advance to employees	15.46	2.43
Prepaid expenses	31.49	39.50
Balances with Government Authorities:		
- Customs and excise	-	0.02
- Goods and services tax (GST) **	300.64	173.58
- Export entitlements	33.75	16.49
- Rebate claim receivable from GST authorities	285.81	129.56
Total other current assets	713.65	387.87
* Restated on account of acquisition of business under common control (Refer Note 46)		
** The management has evaluated the likely impact of prevailing uncertainties relating to imposition or enhancement of reciprocal tariffs and believes that there are no material impacts on the financial statements of the Company for the year ended December 31, 2025.		



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
Notes forming part of the financial statements as at and for the year ended December 31, 2025

CIN: U29309TN1998PLC040717

(All amounts in Millions of Indian Rupees, unless otherwise stated)

8 Deferred tax assets

The balance comprises temporary differences attributable to:

	As at December 31, 2025	As at December 31, 2024
Deferred tax assets		
Expenses allowable for tax on payment basis	44.74	26.62
Expense on which tax is not deducted	15.17	14.29
Allowance for doubtful debts & product warranty	53.88	62.38
Difference between book and tax written down value of depreciable property, plant and equipment and intangible assets	59.99	57.21
Right of Use	(9.32)	(15.20)
Lease liabilities	9.62	16.50
Total deferred tax assets	174.08	161.80

Movement in deferred tax assets

	Expenses allowable for tax on payment basis	Expense on which tax is not deducted	Provision for doubtful debts & product warranty	Property, plant and equipment and intangible assets	Right of Use	Lease liabilities	Total
At December 31, 2023	37.39	21.35	54.80	61.20	(23.99)	24.33	175.08
(Charged)/credited:							
- to profit or loss	(13.02)	(7.06)	7.58	(3.99)	8.79	(7.83)	(15.53)
- to other comprehensive income	2.25	-	-	-	-	-	2.25
At December 31, 2024	26.62	14.29	62.38	57.21	(15.20)	16.50	161.80
(Charged)/credited:							
- to profit or loss	12.28	0.88	(8.50)	2.78	5.88	(6.88)	6.44
- to other comprehensive income	5.84	-	-	-	-	-	5.84
At December 31, 2025	44.74	15.17	53.88	59.99	(9.32)	9.62	174.08

Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
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	As at December 31, 2025	As at December 31, 2024*
9 Inventories (at the lower of cost and Net realisable value)		
Raw materials and components	2,163.97	1,643.48
Work-in-progress	280.33	701.64
Finished goods	717.83	869.05
Total Inventories at the lower of cost and Net realisable value	3,192.13	3,214.17

9.1 Includes goods-in-transit amounting to INR 400.09 (31 December 2024: INR 340.67)

9.2 During the year ended 31 December 2025, INR 1.43 (31 December 2024: INR 0.95) was recognised as an expense for inventories carried at net realisable value

9.3 Inventories: Refer note 15.1 for details on encumbrances on inventories

* Restated on account of acquisition of business under common control (Refer Note 46)

10 Trade receivables		
Trade receivables from related parties (Refer note 38)	1,274.49	849.73
Trade receivables from third parties	3,902.90	3,212.19
Total	5,177.39	4,061.92
Break up of trade receivables		
Trade receivables considered good - Secured *	659.58	516.24
Trade receivables considered good - Unsecured	4,517.81	3,545.68
Trade receivables which have significant increase in credit risk	14.15	15.32
Trade receivables - credit impaired	38.08	44.39
	5,229.62	4,121.63
Less: Allowance for doubtful debts	(52.23)	(59.71)
Less: Allowance for doubtful debts		
Trade receivables which have significant increase in credit risk	(14.15)	(15.32)
Trade receivables - credit impaired	(38.08)	(44.39)
Total	5,177.39	4,061.92

10 Movement in provision of Allowance for bad and doubtful debts

Amount as at the beginning of the year	(59.71)	(38.61)
Add: (Provision) / reversal made during the year	6.70	(23.24)
Less: bad debts written off	0.78	2.14
Amount as at the end of the year	(52.23)	(59.71)

10 Refer note 15.1 for details of encumbrance on trade receivables, Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. For terms and conditions relating to related

* The receivables are secured against letter of credit

Trade receivables ageing schedule

As at 31st December 2025

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	4,689.66	486.46	0.96	0.31	-	-	5,177.39
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	10.85	2.90	0.40	-	-	14.15
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	22.57	0.42	15.09	38.08
Total	4,689.66	497.31	3.86	23.28	0.42	15.09	5,229.62
Allowance for credit loss	-	(10.65)	(2.90)	(23.17)	(0.42)	(15.09)	(52.23)
Total Trade receivable	4,689.66	486.66	0.96	0.11	-	-	5,177.39

As at 31st December 2024

	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	3,596.56	464.40	0.96	-	-	-	4,061.92
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	12.44	2.88	-	-	-	15.32
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	15.94	5.45	1.10	0.01	21.89	44.39
Total	3,596.56	492.78	9.29	1.10	0.01	21.89	4,121.63
Allowance for credit loss	-	(28.38)	(8.33)	(1.10)	(0.01)	(21.89)	(59.71)
Total Trade receivable	3,596.56	464.40	0.96	-	-	-	4,061.92

* Restated on account of acquisition of business under common control (Refer Note 46)



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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	As at December 31, 2025	As at December 31, 2024
11 Cash and cash equivalents		
Cash and cash equivalents		
- Cash on hand	0.04	0.08
Balances with banks		
- On current accounts	236.77	456.59
- Deposits with original maturity of less than three months	1,295.00	990.00
Total	1,531.81	1,446.67

12 Bank balances other than cash and cash equivalents		
Current		
Margin money deposits with original maturity period of more than three months but maturing within 12 months (refer note 12.1)	-	0.94
Bank deposits with more than 3 months and less than 12 months maturity	100.15	-
Total	100.15	0.94

12.1 Held as lien by bank against bank guarantees.

13 Equity share capital

Authorised share capital

187,995,834 (December 31, 2024 - 132,000,000) equity shares of Rs.10 each 1,879.96 1,320.00

Issued, subscribed and fully paid up

125,330,556 (December 31, 2024 - 125,330,556) equity shares of Rs.10 each 1,253.31 1,311.23
Less: Shares Bought Back - (57.92)
1,253.31 1,253.31

	As at December 31, 2025		As at December 31, 2024	
	Number of shares	Amount	Number of shares	Amount
(a) Reconciliation of number of equity shares				
Balance as at the beginning of the year	125,330,556	1,253.31	131,122,994	1,311.23
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Balance at the beginning of the current reporting period	125,330,556	1,253.31	131,122,994	1,311.23
Shares Bought Back	-	-	(5,792,438)	(57.92)
Balance as at the end of the year	125,330,556	1,253.31	125,330,556	1,253.31

(b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of equity shares held by holding company and its nominees

	As at December 31, 2025		As at December 31, 2024	
	Number of shares	Amount	Number of shares	Amount
Equity shares held by Bonfiglioli S.p.A. Italy, the holding company, and its nominees	125,330,556	1,253.31	125,330,556	1,253.31

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at December 31, 2025		As at December 31, 2024	
	Number of shares	Amount	Number of shares	Amount
Equity shares held by Bonfiglioli S.p.A. Italy, the holding company, and its nominees	125,330,556	1,253.31	125,330,556	1,253.31
% of shares held	100%		100%	

(e) In the period of five years immediately preceding December 31, 2025, the aggregate number of equity shares bought back by the Company was 5,792,438 of face value of Rs. 10 each during the financial year ended December 31, 2024.

(f) Details of Shareholding by promoters

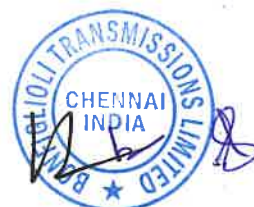
Shares held by promoters as at December 31, 2025

S. No	Promoter name	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the end of the year	% of total shares	% Change during the year
i	Bonfiglioli S.p.A. Italy & its nominees	125,330,556	-	125,330,556	100.00%	0.00%

Shares held by promoters at the end of the year December 31, 2024*

S. No	Promoter name	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the end of the year	% of total shares	% Change during the year
i	Bonfiglioli S.p.A. Italy & its nominees	127,941,176	(2,610,620)	125,330,556	100.00%	-2.04%

13.1 Equity shares are currently not listed in any stock exchange. However, the Company has filed its Draft Red Herring Prospectus with the Securities and Exchange Board of India in connection with its proposed public issue on February 09, 2026.



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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	As at December 31, 2025	As at December 31, 2024*
14 Other equity		
Reserves and surplus		
(i) Securities premium (refer note 14.1 (a))	-	-
(ii) Retained earnings (refer note 14.1 (b))	8,658.38	7,224.44
(iii) Capital Redemption Reserve (refer note 14.1 (c))	57.92	57.92
(iv) Capital Reserve (refer note 14.1 (d))	(39.68)	73.84
Total	8,676.62	7,356.20
14.1 Reserves and surplus		
(a) Securities premium		
Balance as at the beginning of the year	-	309.32
Less: Utilized against Buyback of Shares	-	(309.32)
Balance as at the end of the year	-	-
(b) Retained earnings		
Balance as at the beginning of the year	7,224.44	6,432.80
Less: Dividend paid to the Shareholders	(927.45)	(689.30)
Add: Profit for the year	2,378.74	1,951.64
Less: Utilized against Buyback of Shares	-	(352.75)
Less: Tax on buyback of shares	-	(53.33)
Less: Transferred to Capital Redemption reserve	-	(57.92)
Remeasurements of post-employment benefit obligations, net of tax for the period/year	(17.35)	(6.70)
Balance as at the end of the period/year	8,658.38	7,224.44
(c) Capital Redemption Reserve		
Balance as at the beginning of the year	57.92	-
Add : Transferred from Retained earnings	-	57.92
Balance as at the end of the year	57.92	57.92
(d) Capital Reserve		
Balance as at the beginning of the year	73.84	(39.72)
Acquisition of a business	(113.52)	113.56
Balance as at the end of the year	(39.68)	73.84
Total	8,676.62	7,356.20
14.2 Nature and purpose of other reserves		
Securities premium		
Securities premium is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shared in accordance with the provisions of the Companies Act. 2013.		
Retained Earnings		
Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.		
Capital Redemption Reserve		
The Company has recognised Capital Redemption Reserve on buy-back of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back. The Company can utilize the same for the purpose of issue of fully paid-up bonus shares to its members.		
Capital Reserve		
The capital reserve has been created due to a business combination transaction. The Capital Reserve is not available for distribution to shareholders.		
14.3 Dividend Distribution made	As at December 31, 2025	As at December 31, 2024*
Dividends on equity shares declared and paid		
Final dividend for the period ended on December 31, 2025 - Nil (Year ended December 31, 2024 - Nil)	-	-
Interim dividend for the period ended on December 31, 2025 - Rs. 7.40 per share (Year ended December 31, 2024 - Rs. 5.50 per share)	927.45	689.30
Total	927.45	689.30

* Restated on account of acquisition of business under common control (Refer Note 46)



 Bonfiglioli <i>(Unregistered Company)</i>		
Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited) Notes forming part of the financial statements as at and for the year ended December 31, 2025 CIN: U29309TN1998PLC040717 (All amounts in Millions of Indian Rupees, unless otherwise stated)		
	Current	
	As at December 31, 2025	As at December 31, 2024
15 Borrowings (at amortised cost)		
Secured - From banks		
Packing credit (refer note 15.1))	-	-
	-	-
15.1 The Company had taken packing credit loans from banks with interest rates ranging from 6.15% to 6.65% p.a. These facilities are repayable within 120 - 150 days and are secured on a pari-passu basis by a first charge by way of hypothecation of all existing and future current assets and by a second charge on the Company's movable Property, plant and equipment, both present and future. The loan does not carry any debt covenant. The Company has not defaulted on any borrowings.		
15.2 The quarterly returns / statements filed with the bank are in agreement with the books of accounts of the Company.		
	Non-current	
	As at December 31, 2025	As at December 31, 2024
16A Other financial liabilities at amortised cost		
Capital creditors		
MSME (Refer note 35)		
Non-MSME		
Employee benefits payable	22.11	1.82
Total	22.11	1.82
	Current	
	As at December 31, 2025	As at December 31, 2024*
16B Other financial liabilities at amortised cost		
Interest accrued and due on borrowings #	7.76	-
Capital creditors		
- total outstanding dues of micro enterprises and small enterprises (Refer note 35)	33.61	41.08
- total outstanding dues of creditors other than micro enterprises and small enterprises	110.63	109.45
Employee benefits payable	68.38	93.81
Purchase consideration payable (Refer Note 46)	214.40	214.40
Interim dividend payable to Parent company (Refer note 38)	-	191.76
Derivative instruments at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts	3.92	11.68
Total	438.70	662.18
# relates to finance cost was in relation to bill discounting of trade receivables		
* Restated on account of acquisition of business under common control (Refer Note 46)		
	Non-current	
	As at December 31, 2025	As at December 31, 2024
17A Provisions		
Provision for employee benefits:		
Compensated absences (Refer note 37)	73.44	57.30
Other provisions:		
Provision for product warranty (Refer note 17.1)	47.86	49.05
Total	121.30	106.35



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Notes forming part of the financial statements as at and for the year ended December 31, 2025
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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Current	
	As at December 31, 2025	As at December 31, 2024*
17B Provisions		
Provision for employee benefits:		
Compensated absences (Refer note 37)	13.79	9.03
Gratuity (Refer note 37)	68.61	24.66
Other provisions:		
Provision for product warranty (Refer note 17.1)	113.99	140.07
Provision for litigation (Refer note 17.2)	59.73	33.76
Total	256.12	207.52

17.1 Movement in provision for product warranty (current and non-current)

Amount as at the beginning of the year	189.12	179.31
Add: Provision created during the year	60.85	82.25
Less: Claims settled during the year	(88.12)	(72.44)
Amount as at the end of the year	161.85	189.12

The above provision represents estimate made for probable liabilities/ claims relating to warranty. The outflow is dependent on the receipt of claims during the period of warranty.

17.2 Movement of provision for litigation

Amount as at the beginning of the year	33.76	104.65
Add: Provision made/ (reversal) during the year (Income tax)	39.82	(64.88)
Less: Provision used against payment during the year	(13.85)	(6.01)
Amount as at the end of the year	59.73	33.76

The Company has recorded provisions for the liabilities arising on account of pending assessment proceedings with various Government authorities without prejudice to its legal right under the respective Acts/ Regulations.

* Restated on account of acquisition of business under common control (Refer Note 46)

	Non-current	
	As at December 31, 2025	As at December 31, 2024
18A Lease Liabilities		
Lease liabilities (refer note 33)	3.88	28.09
Total	3.88	28.09

	Current	
	As at December 31, 2025	As at December 31, 2024
18B Lease Liabilities		
Lease liabilities (refer note 33)	24.24	37.48
Total	24.24	37.48



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Non-current	
	As at December 31, 2025	As at December 31, 2024
19A Income Tax Assets (net)		
Opening balance	4.92	26.93
Refund reversed during the year	-	(22.01)
Closing balance	4.92	4.92

	Current	
	As at December 31, 2025	As at December 31, 2024
19B Income Tax Assets/(Liabilities) (net)		
Opening balance	82.30	92.53
Refund receivable during the year	-	19.51
Refund received during the year	(19.51)	-
Taxes paid for previous years	-	-
Less: Provision for current tax	(810.33)	(577.64)
Advance income tax and tax deducted at source	716.95	547.90
Closing balance	(30.59)	82.30

20 Trade payables

	As at December 31, 2025	As at December 31, 2024*
Current		
Total outstanding dues of micro and small enterprises (Refer note 35)	516.43	382.72
Total outstanding dues of creditors other than micro and small enterprises	2,785.69	2,702.79
Total	3,302.12	3,085.51
Payables to others	2,224.46	2,087.57
Payables to related parties (Refer note 38)	1,077.66	997.94
Total	3,302.12	3,085.51

Trade Payables ageing schedule

As at December 31, 2025

Particulars	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues - MSME	473.01	31.61	-	-	11.82	516.44
(ii) Undisputed - Others	2,342.68	441.48	0.19	-	1.33	2,785.68
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	2,815.69	473.09	0.19	-	13.15	3,302.12

As at December 31, 2024

Particulars	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues - MSME	351.98	22.15	-	1.75	10.07	385.95
(ii) Undisputed - Others	2,094.22	603.34	0.67	0.32	1.01	2,699.56
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	2,446.20	625.49	0.67	2.07	11.08	3,085.51

20 Trade payables are non-interest bearing and are generally settled between 30 to 120 days. For terms and conditions relating to related party receivables/ payables, refer Note 38

* Restated on account of acquisition of business under common control (Refer Note 46)

	As at December 31, 2025	As at December 31, 2024
21 Other current liabilities		
Statutory dues	185.90	191.00
Deferred Income (Export Promotion Capital Goods)	23.26	10.90
Total	209.16	201.90
22 Contract liabilities		
Advances from customers	56.43	50.40
	56.43	50.40



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Year ended December 31, 2025	Year ended December 31, 2024*
23 Revenue from operations		
Revenue from contract with customers		
Sale of products		
Sale of goods	19,749.40	18,119.35
Sale of services		
Income from services	77.55	41.95
Total revenue from contract with customers	19,826.95	18,161.30
Other operating revenue		
Scrap sales	100.09	89.18
Commission income	-	5.10
Income from government grant	127.90	145.62
Others - Secondary Adjustment as per Transfer pricing	80.32	140.63
Total other operating revenue	308.31	380.53
Total revenue from operations	20,135.26	18,541.83
Timing of Revenue recognition		
Revenue recognised at a point of time	19,749.40	18,119.35
Revenue recognised over a period of time	77.55	41.95
Total	19,826.95	18,161.30
Summary of contract balances	As at December 31, 2025	As at December 31, 2024*
Trade receivables (Refer note 10)	5,177.39	4,061.92
Advance from customers (Refer note 22)	56.43	50.40
Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	19,826.95	18,161.30
Adjustments	-	-
Revenue from contract with customers as per Statement of Profit and loss	19,826.95	18,161.30
Trade receivables are non-interest bearing and are normally settled on terms of 30 to 120 days. For the year ended December 31, 2025 Rs 52.23 (December 31, 2024: Rs 59.71) was recognised as provision for expected credit losses on trade receivables.		
Information about major customers		
Revenue from one customer amounting to Rs 2,265.48 for the year ended December 31, 2025 constitute more than 10% of the total revenue of the Company (December 31, 2024 - Rs. 1,801.73 (9.89%))		
24 Other income		
Interest income		
On bank deposits	69.21	53.14
On other deposits	2.20	9.78
On loan given to related party (refer note 38)	9.61	2.09
Other non operating income		
Gain on disposal of property, plant and equipment	1.12	0.97
Allowance for doubtful debts no longer required written back	6.70	-
Gain on termination of lease	6.29	-
Net gain on foreign currency transactions	5.50	3.74
Total	100.63	69.72

* Restated on account of acquisition of business under common control (Refer Note 46)



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Year ended December 31, 2025	Year ended December 31, 2024*
25 Cost of raw materials & components consumed		
Inventory as at the beginning of the year	1,643.48	1,816.21
Add: Purchases (net)	12,487.67	11,681.54
Less: Inventory as at the end of the year	2,163.97	1,643.48
Total	11,967.18	11,854.27
26 Changes in inventories of finished goods and work-in-progress		
Stock as at the beginning of the year		
Finished goods	869.05	726.92
Work-in-progress	701.64	779.66
Total (A)	1,570.69	1,506.58
Stock as at the end of the year		
Finished goods	747.83	869.05
Work-in-progress	280.33	701.64
Total (B)	1,028.16	1,570.69
(Increase)/Decrease in inventories of finished goods and work-in- progress		
Finished goods	121.22	(142.13)
Work-in-progress	421.31	78.02
Total (A-B)	542.53	(64.11)
27 Employee benefits expense		
Salaries, wages and bonus	906.42	849.21
Contribution to:		
Provident fund (Defined contribution plan) (Refer note 37)	51.42	52.80
Gratuity (Defined benefit plan) (Refer note 37)	50.12	25.90
Staff welfare expenses	54.74	54.28
Total	1,062.70	982.19
28 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (Refer note 3)	435.08	421.67
Amortisation of intangible assets (Refer note 3)	1.71	1.95
Depreciation of Right-of-use asset (Refer note 3)	41.44	42.67
Total	478.23	466.29
29 Finance costs		
Interest on borrowings	3.97	30.44
Interest on income tax	0.09	-
Interest on lease liabilities	3.73	6.97
Other borrowing costs (#)	69.98	66.77
Total	77.77	104.18

(#) finance cost was in relation to bill discounting of trade receivables

* Restated on account of acquisition of business under common control (Refer Note 46)



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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Year ended December 31, 2025	Year ended December 31, 2024*
30 Other expenses		
Consumption of stores, spare parts and tools	174.59	174.69
Sub-contracting charges	356.19	430.80
Power and fuel	224.39	213.74
Rent	16.34	6.35
Repairs and maintenance on Plant and machinery	107.99	120.30
Repairs and maintenance Buildings	5.02	5.38
Repairs and maintenance -Others	33.88	26.68
Insurance	24.82	25.82
Rates and taxes	18.15	8.92
Travelling and conveyance expenses	69.72	73.15
Contract labour charges	75.96	82.37
Payments to auditors (Refer note 30.1)	3.85	3.45
Directors' remuneration	2.00	2.00
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer note 45)	67.03	44.91
Professional fees	475.67	453.06
Freight and handling charges (net)	80.13	67.88
Provision for product warranty	60.85	82.25
Royalty	895.87	822.09
Allowance for doubtful debts	-	23.24
Loss on disposal of property, plant and equipment	2.78	0.57
Miscellaneous expenses	159.92	151.09
Total	2,855.15	2,818.74
30.1 Payments to auditors		
As auditor		
Statutory audit fee	3.85	2.90
Reimbursement of expenses	-	0.55
Other Services (Certification fees and other IPO related services)	21.83	-
Other Adjustments #	(21.83)	-
#Refer note 6B with regards to expenses recoverable from holding company		
	3.85	3.45

* Restated on account of acquisition of business under common control (Refer Note 46)



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(All amounts in Millions of Indian Rupees, unless otherwise stated)

	Year ended December 31, 2025	Year ended December 31, 2024*
31 Tax expense		
A. Income tax expense recognised in profit or loss		
Current tax - Continuing Operations		
Current tax on profits for the year	818.82	577.06
Adjustments for current tax of prior periods	61.24	(58.58)
Current tax - Discontinued Operations	-	10.14
Total	880.06	528.62
Deferred tax		
Decrease/(increase) in deferred tax assets	(6.47)	15.53
Total	(6.47)	15.53
Total	873.59	544.15
Tax reconciliation:		
Profit before income tax expense - Continuing Operations	3,252.33	2,449.99
Profit before income tax expense and gain on sale of Discontinued Operations	-	45.80
Profit before income tax expense	3,252.33	2,495.79
Applied tax rate	25.168%	25.168%
Income tax expense calculated at 25.168%	818.55	628.14
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
CSR Expenses	14.81	11.46
Adjustment for tax relating to earlier periods	61.24	(58.58)
Disallowance u/s 10(10CC)	1.82	1.73
Secondary adjustment on account of Repatriation of CSA charges for earlier years (Offered to tax in earlier years)	(20.21)	(35.39)
Fee for increase in authorised share capital	1.13	-
Lower Tax Rate for Long Term Capital Gain on Slump Sale	-	(1.49)
Others	(3.75)	(1.72)
Total Tax expense	873.59	544.15
The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.		
B. Income tax recognised in other comprehensive income		
Items that will not be reclassified to profit or loss	5.84	2.25

* Restated on account of acquisition of business under common control (Refer Note 46)



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

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(All amounts in Millions of Indian Rupees, unless otherwise stated)

32 Profit/ (Loss) from Discontinuing Operations

During the financial year ended December 31, 2024, for strategic reasons, the Company had decided to transfer a portion of its business division to a newly incorporated entity and thereby undertook restructuring activities of Slump sale of IT/ITES and R&D which led to the disposal of its business. Such disposal was completed on 30th September 2024.

Financial Impact of the Disposal

The financial effects of this transaction have been reflected in the financial statements as at and for the year ended December 31, 2025. The profit or loss from discontinued operations (disposal group) has been presented separately in the statement of profit and loss, in accordance with the requirements of Ind AS 105 - 'Non-current Assets Held for Sale and Discontinued Operations'. Accordingly, the profit and loss figures for the prior periods have been re-presented for comparative purposes in accordance with the requirements of the Ind AS 105 and consequently revenue from such discontinued operations are no longer disclosed in note 36(b) (Geographical segments) to the financial statements.

Compliance with Indian Accounting Standards (Ind AS)

The company has complied with the relevant Indian Accounting Standards (Ind AS) in recording and reporting this transaction. This includes Ind AS 105 for the classification, presentation and measurement of the disposed divisions, and Ind AS 1 for the presentation of financial statements.

This disclosure is made in accordance with the disclosure requirements under the Indian Accounting Standards.

	Year ended December 31, 2025	Year ended December 31, 2024*
REVENUES		
Revenue from operations	-	260.93
Total Revenues	-	260.93
EXPENSES		
Cost of raw materials & components consumed	-	0.46
Employee benefits expense	-	173.70
Depreciation and amortisation expense	-	16.40
Other expenses	-	48.31
Total Expenses	-	238.87
Profit before tax	-	22.06
Gain on sale of Division	-	23.74
Profit from Discontinued Operations	-	45.80
Tax Expenses of Discontinued Operations	-	10.14
Profit after tax from Discontinued Operations	-	35.66



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
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(All amounts in Millions of Indian Rupees, unless otherwise stated)

33 IND AS 116 - Lease Disclosure

The Company has lease contracts for Land and various buildings used in its operations. Leases of buildings generally have a lease term for 1 to 5 years and lease of land has a lease term of 95 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and sub-leasing the leased assets.

The Company also has certain leases of buildings with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(i). Movement in the carrying value of the Right to Use Asset

Particulars	December 31, 2025	December 31, 2024*
Opening balance	343.07	381.04
Depreciation charge for the year	(41.44)	(42.67)
Additions during the year	96.61	7.40
Disposal during the year	(91.27)	(2.70)
Closing balance	306.97	343.07

(ii). Classification of current and non current liabilities of the lease liabilities

Particulars	December 31, 2025	December 31, 2024*
Current	24.24	37.48
Non Current	3.88	28.09
Total Lease Liabilities	28.12	65.57

(iii). Movement in the carrying value of the lease liabilities

Particulars	December 31, 2025	December 31, 2024*
Opening Lease Liability	65.57	96.66
Leases Entered during the year	95.66	7.40
Accretion of interest	3.73	6.97
Disposal during the year	(97.00)	-
Lease Payments (Cash Outflows)	(39.84)	(45.46)
Closing Lease Liability	28.12	65.57

(iv). Contractual Maturities of lease liabilities

Particulars	December 31, 2025	December 31, 2024*
Less than one year	24.24	39.14
One to five years	3.88	29.55
More than five years	-	-
Total	28.12	68.69

(v) The following amounts are recognised in profit or loss:

Particulars	December 31, 2025	December 31, 2024*
Depreciation expenses of right of use	41.44	42.67
Interest expense on lease liabilities	3.73	6.97
Expense relating to short-term leases (included in other expenses)	16.34	6.35
Gain on termination of lease	(6.29)	-
Total amount recognised in profit or loss	55.22	55.99

The interest rate (weighted average incremental borrowing rate) for lease liabilities ranges from 7% to 9% with maturity between 2025-2029

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 the lease liabilities as and when they fall due.

The company has adopted the practical expediency of recognising Short term lease (Leasing of IT assets like laptop), Lease of Low value (Leasing of Crane) and lease involving variable rentals (storage and warehouse) in the statement of Profit and loss in a straight line basis disclosed as Rental expenses.

34 Earnings per equity share (EPS)

	December 31, 2025	December 31, 2024*
Profit after tax - Rs. Millions - Continuing Operations	2,378.74	1,915.98
Profit after tax - Rs. Millions - Discontinued Operations	-	35.66
Profit after tax - Continuing & Discontinued Operations	2,378.74	1,951.64
Number of equity shares of Rs. 10 each as at the beginning of the year	125,330,556	131,122,994
Number of equity shares of Rs. 10 each as at the end of the year	125,330,556	125,330,556
Weighted average number of equity shares of Rs. 10 each outstanding during the year	125,330,556	127,356,327
Effect of dilution		
Issue of Bonus shares (Refer Note 47(b))	62,665,278	62,665,278
Weighted average number of equity shares adjusted for the effect of dilution	187,995,834	190,021,605
Nominal value of each equity share (in Rs.)	10.00	10.00
Earnings per Equity Share: (Basic and Diluted) - Continuing Operations	12.65	10.08
Earnings per Equity Share: (Basic and Diluted) - Discontinued Operations	-	0.19
Earnings per Equity Share: (Basic and Diluted) - Continuing & Discontinued Operations	12.65	10.27

* Restated on account of acquisition of business under common control (Refer Note 46)



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
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35 Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at December 31, 2025	As at December 31, 2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	538.22	411.98
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	11.82	11.82
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	239.63	261.12
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under the MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	11.82	11.82

36 Segment information
(a) Description of segments and principal activities

The Board of Directors is considered to be the Chief Operating Decision Maker of the Company within the purview of Ind AS 108, Operating Segments. The Board examines the Company's performance and has determined the Company as a whole as one segment. Accordingly, the total segment revenue, total segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total capital expenditure during the period/year, total amount of charge of depreciation and amortisation during the period/year are all as reflected in the financial statements as at and for the year ended December 31, 2025 and for the year ended December 31, 2024.

(b) The Company is domiciled in India. The amount of its revenue from contract with customers broken down by location of the customers is shown in the table below:

Revenue from customers (Continuing Operations)	December 31, 2025	December 31, 2024
India	14,372.84	13,546.37
China	186.70	411.43
USA	3,077.40	2,405.17
Italy	607.63	373.18
Germany	435.33	642.25
Other countries	1,147.05	782.90
Total	19,826.95	18,161.30

(c) All non-current assets of the Company are located in India.
(d) Details of sale of products and Services (Continuing Operations)

Particulars	December 31, 2025	December 31, 2024
Gear box	12,056.19	11,072.63
Gear motor	5,825.12	5,366.21
Others	1,945.64	1,722.46
Total	19,826.95	18,161.30

* Restated on account of acquisition of business under common control (Refer Note 46)



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

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37 Employee benefit obligations

	Compensated absences (As per note 37.1)	
Particulars	December 31, 2025	December 31, 2024*
Current	13.79	9.03
Non-current	73.44	57.30
Total	87.23	66.33

	Gratuity (As per note 37.3)	
Particulars	December 31, 2025	December 31, 2024*
Current	68.61	24.66
Non-current	-	-
Total	68.61	24.66

37.1 Compensated absences

Compensated absences cover the Company's liability for earned leave.

The Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months. Hence, amounts to the extent of 73.44 (December 31, 2024 - Rs. 57.30) is presented as non-current.

Significant Actuarial Assumptions	December 31, 2025	December 31, 2024
Discount Rate	6.80%	6.96%
Future Salary Rate %	12.20%	11.60%

Post-employment obligations

37.2 Defined contribution plan - Provident fund

Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Amount recognised in statement of profit and loss

Particulars	Year ended December 31, 2025	Year ended December 31, 2024
Provident fund	51.42	52.80
Total	51.42	52.80



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37.3 Defined benefit plan - Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contribution to LIC.

(a) The amounts recognised in the balance sheet and the movement in the net defined benefit obligation and plan assets over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Jan 1, 2024	234.27	167.54	66.73
Current service cost	22.37	-	22.37
Interest expense/(income)	15.93	12.40	3.53
Total amount recognised in profit or loss	38.30	12.40	25.90
<i>Remeasurements:</i>			
(Gain)/loss from change in demographic assumptions	(5.11)	-	(5.11)
(Gain)/loss from change in financial assumptions	11.79	-	11.79
Effect of Experience (gains)/losses	3.35	-	3.35
Return on plan assets, excluding amounts included in interest expense/(income)	-	1.08	(1.08)
Total amount recognised in other comprehensive income	10.03	1.08	8.95
Employer contributions	-	73.65	(73.65)
Benefit payments	(10.06)	(10.06)	-
Experience (gains)/losses	(31.08)	(27.81)	(3.27)
December 31, 2024	241.46	216.80	24.66

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Jan 1, 2025	241.46	216.80	24.66
Current service cost	20.48	-	20.48
Interest expense/(income)	15.96	15.09	0.87
Past service costs	28.77	-	28.77
Total amount recognised in profit or loss	65.21	15.09	50.12
<i>Remeasurements:</i>			
(Gain)/loss from change in demographic assumptions	(0.53)	-	(0.53)
(Gain)/loss from change in financial assumptions	12.48	-	12.48
Effect of Experience (gains)/losses	11.61	-	11.61
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.37	(0.37)
Total amount recognised in other comprehensive income	23.56	0.37	23.19
Employer contributions	-	29.36	(29.36)
Benefit payments	(16.44)	(16.44)	-
December 31, 2025	313.79	245.18	68.61



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The net liability/(asset) disclosed above relates to funded plan as follows:

Particulars	December 31, 2025	December 31, 2024
Present value of funded obligation	313.79	241.46
Fair value of plan assets	245.18	216.80
Deficit / (surplus) of funded plan	68.61	24.66

(b) Significant actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	December 31, 2025	December 31, 2024
Discount rate	6.80%	6.96%
Salary growth rate	12.20%	11.60%
Attrition rate	13.77%	13.65%

Notes:

- The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.
- The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

(c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation	
	Change in assumption	
	December 31, 2025	December 31, 2024
Discount rate	0.50%	0.50%
Salary growth rate	0.50%	0.50%

Particulars	Impact on defined benefit obligation	
	Increase in assumption	
	December 31, 2025	December 31, 2024
Discount rate	303.66	233.78
Salary growth rate	309.83	248.67

Particulars	Impact on defined benefit obligation	
	Decrease in assumption	
	December 31, 2025	December 31, 2024
Discount rate	324.38	249.61
Salary growth rate	292.36	234.58

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.



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(d) Plan assets

The Company has plan assets by way of investments funds in Life Insurance Corporation of India (LIC).

(e) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to Government of India bond rate.

If the return on plan asset is lower than this rate, then it will create a plan deficit.

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

(f) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plan for the year ending December 31, 2025 is Rs. 33.54 (December 31, 2024 is Rs. 26.54)

The weighted average duration of the defined benefit obligation is 8 years (December 31, 2024 - 8 years).

The expected maturity analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
December 31, 2025	33.54	40.82	115.50	237.30	427.16
December 31, 2024	26.54	28.37	96.08	183.86	334.85

* Restated on account of acquisition of business under common control (Refer Note 46)



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38 Related party disclosures
A Name of related parties and nature of relationship
(i) Where control exists

Ultimate Holding Company	Bon-Fi SRL
Holding company	Bonfiglioli S.p.A.

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

Fellow subsidiaries	Bonfiglioli Transmission (Aust.) Pty Ltd - Australia
	Bonfiglioli Transmission (Aust.) Pty Ltd - New Zealand
	Bonfiglioli Vectron GmbH (until June 2024)*
	Bonfiglioli South Africa Pty Ltd.
	Bonfiglioli U.S.A. Inc.
	Bonfiglioli Vietnam Co. Ltd
	Bonfiglioli Riduttori S.p.A.
	Bonfiglioli Güç Aktarma ve Otomasyon Teknolojileri Sanayi ve Tic. A.Ş.
	Bonfiglioli (U.K) Ltd
	Bonfiglioli South East Asia Pte. Ltd.
	Bonfiglioli Trading (Shanghai) Co. Ltd
	Tecnotrans Bonfiglioli SA
	Bonfiglioli Deutschland GmbH
	Bonfiglioli Drives (Shanghai) Co. Ltd
	Bonfiglioli Slovakia sro
	Bonfiglioli Redutores do Brasil Indústria e Comércio Ltda
	Bonfiglioli Transmission S.A.S
	O&K Antriebstechnik GmbH
	Bonfiglioli Drive Solutions Private Ltd
	Bonfiglioli Technology Space Pvt. Ltd

(iii) Others

 Clementino Bonfiglioli Charitable Trust*
B.R.T. S.p.A#

(iv) Key management personnel

 Mrs. Sonia Bonfiglioli, Promoter and Non-Executive Director
 Mr. G.A Balaji, Chief Financial Officer and Whole-time director
 Mr. Kennady V Kaippally, Managing Director (w.e.f. November 11, 2025) and Whole Time Director (upto November 09, 2025)
 Mr. Massimo Sarti, Non Executive Director (w.e.f. April 23, 2025)
 Mr Marco Mossuto, Non-Executive Director (w.e.f February 03, 2026)
 Mr. Ravindra Pisharody, Independent Director
 Mrs Rossella Schiavini, Independent Director (w.e.f February 03, 2026)
 Mr Sundaresan Ananthanarayanan, Independent Director (w.e.f February 03, 2026)
 Mr. Sunil kumar, Company Secretary (w.e.f November 27, 2024)
 Mr. Fausto Carboni, Director (till July 3, 2024)
 Ms. Bindhu Madhavi M (till April 21, 2023)
 Mr. Vijaykrishna (till August 12, 2022)
 Ms. Arthi N (till November 16, 2023)

* represents CSR trust in which Company is a trustee

represents Company in which Sonia Bonfiglioli is a director and her relative is a shareholder

The above information regarding related parties has been determined to the extent such parties have been identified on the basis of information available with the Company.

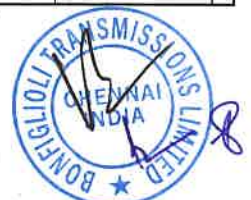
(*) Bonfiglioli Vectron GmbH is no more existence, since it was merged in Bonfiglioli Deutschland GmbH effective from 01.07.2024



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B Particulars of transactions and balances with related parties

Description	December 31, 2025	December 31, 2024*
(a) Transactions during the year		
Sale of goods		
Fellow subsidiaries:		
Bonfiglioli Transmission (Aust.) Pty Ltd - Australia	112.43	155.54
Bonfiglioli Vietnam Co. Ltd	91.99	43.79
Bonfiglioli U.S.A. Inc.	785.25	603.36
Bonfiglioli Slovakia sro	22.74	83.06
Bonfiglioli South Africa Pty Ltd.	5.89	2.44
Bonfiglioli Transmission S.A.S	87.15	59.71
Bonfiglioli Redutores do Brasil Industria e Comercio Ltd	198.64	132.78
Bonfiglioli Transmission (Aust.) Pty Ltd - New Zealand	22.41	10.65
Bonfiglioli Drives (Shanghai) Co. Ltd	143.83	95.59
Bonfiglioli Deutschland GmbH	435.33	628.32
Bonfiglioli Riduttori S.p.A.	471.86	301.24
Bonfiglioli Guc Aktarma VE	19.62	35.26
Bonfiglioli (U.K) Ltd	338.19	85.50
Bonfiglioli South East Asia Pte. Ltd.	36.74	67.85
Bonfiglioli Trading (Shanghai) Co. Ltd.	39.22	310.63
Tecnotrans Bonfiglioli SA	195.75	84.12
Others:		
B.R.T. S.p.A	43.23	47.17
Sale of services (from continuing operations)		
Holding company:		
Bonfiglioli S.p.A.	3.03	8.09
Fellow subsidiaries:		
Bonfiglioli Riduttori S.p.A.	1.78	0.03
Bonfiglioli Drives (Shanghai) Co. Ltd	3.54	0.35
Bonfiglioli Trading (Shanghai) Co. Ltd.	0.12	1.18
Bonfiglioli Transmission S.A.S	-	-
Bonfiglioli Deutschland GmbH	-	1.25
Bonfiglioli South East Asia Pte. Ltd.	-	-
Bonfiglioli Redutores do Brasil Industria e Comercio Ltd	-	-
Bonfiglioli Transmission (Aust.) Pty Ltd - Australia	0.10	-
Bonfiglioli U.S.A. Inc.	2.58	-
Bonfiglioli Vietnam Co. Ltd	-	0.01
Tecnotrans Bonfiglioli SA	-	-
Bonfiglioli Vectron GmbH (until June 2024)	-	4.11
Bonfiglioli Technology Space Pvt Ltd	3.10	0.52
Sale of services (from discontinued operations-also refer note 32)		
Holding company:		
Bonfiglioli S.p.A.	-	252.36
Fellow Subsidiaries:		
O&K Antriebstechnik GmbH	-	8.57
Sale of Discontinued Operations		
Fellow subsidiaries:		
Bonfiglioli Technology Space Pvt Ltd	-	115.50
Commission income		
Fellow subsidiaries:		
Bonfiglioli Riduttori S.p.A.	-	3.37
O&K Antriebstechnik GmbH	-	1.73
Interest Income on loan given		
Fellow subsidiaries:		
Bonfiglioli Technology Space Pvt Ltd	9.61	2.09
Secondary Adjustment received as per Transfer pricing		
Holding company:		
Bonfiglioli S.p.A.	80.32	140.63
Loan given		
Fellow subsidiaries:		
Bonfiglioli Technology Space Pvt Ltd	-	218.51
Loan repaid during the year		
Fellow subsidiaries:		
Bonfiglioli Technology Space Pvt Ltd	541.26	-
Loan provided during the year		
Fellow subsidiaries:		
Bonfiglioli Technology Space Pvt Ltd	441.99	-



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B Particulars of transactions and balances with related parties

Description	December 31, 2025	December 31, 2024*
Expenses recoverable from holding company		
Holding company:		
Bonfiglioli S.p.A.	21.83	-
Purchase of goods		
Fellow subsidiaries:		
Bonfiglioli Drives (Shanghai) Co. Ltd	8.24	3.17
Bonfiglioli Vietnam Co. Ltd	-	-
Bonfiglioli Vectron GmbH (Until June 2024)	-	1.39
Bonfiglioli Deutschland GmbH	2.10	1.01
Bonfiglioli U.S.A. Inc.	0.43	0.07
Bonfiglioli Riduttori S.p.A.	1,856.50	1,985.81
Bonfiglioli Redutores do Brasil Industria e Comercio Ltd	0.48	-
Bonfiglioli Transmission (Aust.) Pty Ltd - Australia	0.71	0.31
Bonfiglioli South Africa Pty Ltd.	5.98	0.80
Bonfiglioli Transmission S.A.S	0.21	0.29
Tecnotrans Bonfiglioli SA	0.07	0.04
Bonfiglioli Transmission (Aust.) Pty Ltd - New Zealand	0.01	-
O&K Antriebstechnik GmbH	11.00	4.74
Bonfiglioli Trading (Shanghai) Co. Ltd.	-	28.29
Bonfiglioli Guç Aktarma VE	0.01	-
Others:		
B.R.T. S.p.A	33.16	76.28
Professional fees		
Holding company:		
Bonfiglioli S.p.A.	427.76	420.33
Sales commission expense		
Fellow subsidiaries:		
Bonfiglioli U.S.A. Inc.	46.17	36.39
Special project (E-commerce)		
Holding company:		
Bonfiglioli S.p.A.	-	4.45
Remuneration to Key managerial personnel		
Key Managerial personnel (Refer note c below)	42.17	52.83
Salary advance given during the year		
Key Managerial personnel:		
Mr. Kennady V Kaippally	12.10	-
Sitting fees to Director		
Key Managerial personnel:		
Mr. Ravindra Pisharody	2.00	2.00
Other expenses (including Reimbursement of expenses)		
Fellow subsidiaries:		
Bonfiglioli Riduttori S.p.A.	2.03	0.28
Bonfiglioli Drives (Shanghai) Co. Ltd	0.75	0.34
Bonfiglioli Trading (Shanghai) Co. Ltd	0.00	0.21
Bonfiglioli Slovakia sro	0.52	0.62
Bonfiglioli Transmission (Aust.) Pty Ltd - Australia	-	0.13
Bonfiglioli Vietnam Co. Ltd*	0.46	0.01
Bonfiglioli Redutores do Brasil Industria e Comercio Ltd	-	0.79
Bonfiglioli U.S.A. Inc.	0.31	1.76
Royalty		
Holding company:		
Bonfiglioli S.p.A.	888.08	813.32
Donation		
Others		
Clementino Bonfiglioli Charitable Trust	3.79	3.10
Dividend Paid		
Holding company:		
Bonfiglioli S.p.A.	927.45	689.32



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B Particulars of transactions and balances with related parties

Description	December 31, 2025	December 31, 2024*
Buy Back of Equity Shares		
Holding company:		
Bonfiglioli S.p.A.	-	324.50
Fellow subsidiaries:		
Bonfiglioli Vectron GmbH (Until June 2024)	-	395.50
(b) Balances as at the end of the year		
Trade receivables		
Holding company:		
Bonfiglioli S.p.A.	8.41	89.38
Fellow subsidiaries:		
Bonfiglioli Transmission (Aust.) Pty Ltd - Australia	40.68	36.79
Bonfiglioli Transmission S.A.S	27.97	10.34
Bonfiglioli Transmission (Aust.) Pty Ltd - New Zealand	11.65	3.78
Bonfiglioli Vietnam Co. Ltd	47.79	18.70
Bonfiglioli Drives (Shanghai) Co. Ltd.	45.38	33.78
Bonfiglioli Trading (Shanghai) Co. Ltd.	6.31	9.27
Bonfiglioli Slovakia sro	10.29	12.94
Bonfiglioli Riduttori S.p.A.	186.26	84.67
Bonfiglioli U.S.A. Inc.	357.65	321.58
Bonfiglioli Vectron GmbH (Until June 2024)	-	-
Bonfiglioli South Africa Pty Ltd	0.72	2.11
Bonfiglioli Deutschland GmbH	177.39	57.68
Bonfiglioli Redutores do Brasil Industria e Comercio Ltd	28.05	42.97
Bonfiglioli Guc Aktarma VE	2.19	0.60
Bonfiglioli South East Asia Pte. Ltd.	15.61	24.72
Bonfiglioli (U.K) Ltd	164.85	35.63
Tecnotrans Bonfiglioli SA	133.10	39.09
O&K Antriebstechnik GmbH	-	3.36
Bonfiglioli Technology Space Pvt Ltd	3.32	4.12
Others:		
B.R.T. S.p.A	6.87	18.22
Trade payables		
Holding company:		
Bonfiglioli S.p.A.	551.77	471.22
Fellow subsidiaries:		
Bonfiglioli Transmission S.A.S	0.12	0.10
Bonfiglioli Drives (Shanghai) Co. Ltd	2.26	1.01
Bonfiglioli U.S.A. Inc.	37.60	38.72
Bonfiglioli Riduttori S.p.A.	481.71	478.32
Bonfiglioli Transmission (Aust.) Pty Ltd - Australia	0.01	0.14
Bonfiglioli Transmission (Aust.) Pty Ltd - New Zealand	0.01	-
Bonfiglioli Vietnam Co. Ltd	0.03	0.01
Bonfiglioli South Africa Pty Ltd.	3.58	0.02
Bonfiglioli Deutschland GmbH	0.26	0.88
Tecnotrans Bonfiglioli SA	0.07	-
Bonfiglioli Slovakia sro	-	0.01
Bonfiglioli Technology Space Pvt Ltd*	0.24	0.00
Others		
B.R.T. S.p.A	-	7.51
Purchase consideration payable (Refer Note 46)		
Fellow subsidiaries:		
Bonfiglioli Drive Solutions Private Limited	214.40	214.40
Loan given (Outstanding as at balance sheet date)		
Fellow subsidiaries:		
Bonfiglioli Technology Space Pvt Ltd	119.25	218.51
Other receivable		
Holding company:		
Bonfiglioli S.p.A.	80.32	140.63
Interim Dividend Payable (Net of tax deducted at source)		
Holding company:		
Bonfiglioli S.p.A.	-	191.76
Remuneration Payable to key managerial personnel		
Mr G.A Balaji	3.01	5.59
Mr. Kennady V Kaippally	19.87	26.89
Mr. S Sunil Kumar	0.06	0.01
Salary advance (Outstanding as at balance sheet date)		
Key Managerial personnel:		
Mr. Kennady V Kaippally	12.10	-
Expenses recoverable from holding company		
Holding company:		
Bonfiglioli S.p.A.	21.83	-



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C Details of Remuneration to Key Managerial Personnel

Particulars	Year ended December 31, 2025		
	Mr G.A Balaji	Mr. Kennady V Kaippally	Mr. Sunil Kumar
(a) short-term employee benefits	14.60	20.76	1.45
(b) post-employment benefits	1.67	8.81	0.04
(c) other long-term benefits	3.91	13.97#	0.09
(d) reversal long term benefits accrued in previous years**	-	(23.12) **	-
Total	20.18	20.42	1.58

includes provision created towards bonus amounting to 8.91 MINR payable in 2028 subject to satisfaction of certain conditions and pension amounting to 7.12 MINR payable at the time of retirement subject to satisfaction of certain conditions.

** during the current year owing to non-satisfaction of conditions, the Company has reversed provision for bonus created in earlier years amounting to Rs. 23.12.

Particulars	Year ended December 31, 2024		
	Mr G.A Balaji	Mr. Kennady V Kaippally	Mr. Sunil Kumar
(a) short-term employee benefits	12.30	18.30	0.13
(b) post-employment benefits	1.40	2.70	-
(c) other long-term benefits	4.50	13.50	-
Total	18.20	34.50	0.13

Information with respect to post employment benefit plan is disclosed in note 37

Transaction with related party - Transfer price:

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and all the related party outstanding balances as at the period/year end are unsecured, interest free and settlement occurs in cash except for loan provided to related parties as disclosed in note 5 to the financial statements. Further, there are no guarantees provided or received to/from any related party. For the year ended December 31, 2025 and for the earlier year ended December 31, 2024 the Company has assessed that no impairment is required in respect of amounts owed by related parties. This assessment is undertaken for each financial year through examining the financial position of the related party and the market in which the related party operates. Also, the Company has entered into international transactions with related parties and has a policy of maintaining documents as prescribed by the Income-tax Act, 1961 to prove that these transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

*Represents amount less than INR 0.01 Million.



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39 Fair value measurements

(a) Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those the carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying value		Fair value	
	December 31, 2025	December 31, 2024*	December 31, 2025	December 31, 2024*
Investments	1.13	1.13	1.13	1.13
Loans	119.25	218.51	119.25	218.51
Other Financial assets	176.43	203.43	176.43	203.43
Total	296.81	423.07	296.81	423.07
Other financial liabilities	460.81	664.00	460.81	664.00
Total	460.81	664.00	460.81	664.00

The carrying amounts of trade receivables, trade payables, cash & cash equivalents and bank balances other than cash & cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(b) Fair Values hierarchy

	Note	December 31, 2025		
		Level 1	Level 2	Level 3
Financial assets				
Investments				
- Equity instruments (quoted)	4	1.13	-	-
Total		1.13	-	-
Financial liabilities				
Derivative instruments	16B	-	3.92	-
Total		-	3.92	-
	Note	December 31, 2024		
		Level 1	Level 2	Level 3
Financial assets				
Investments				
- Equity instruments (quoted)	4	1.13	-	-
Total		1.13	-	-
Financial liabilities				
Derivative instruments	16B	-	11.68	-
Total		-	11.68	-

Hierarchy:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices or realisable price as on the date of reporting. This includes listed equity instruments that have realisable price as agreed in the share purchase agreement.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There have been no transfers between Level 1 and Level 2 during the year ended December 31, 2025.

(c) Valuation process

The finance department of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO and the finance department which is in accordance with the Company's policy.

(d) Fair value of financial assets and liabilities measured at amortised cost

The fair values for other financial assets were calculated based on cash flows discounted using a risk adjusted discount rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



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40 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, bank balances other than cash and cash equivalents, financial assets measured at amortised cost	Ageing analysis Credit ratings	Diversification of bank deposits and review of credit ratings, credit limits and letters of credit
Liquidity risk	Trade payables, borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)	Sensitivity analysis	Monitoring exchange rate movements and forward foreign exchange contracts
Market risk - interest rate	Short-term borrowings at variable interest rates	Sensitivity analysis	Availability of committed credit lines and borrowing facilities

(A) Credit risk

Credit risk arises from cash and cash equivalents, bank balances other than cash and cash equivalents, financial assets measured at amortised cost and credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk on cash and cash equivalents is limited as the Company generally deposits surplus cash with banks holding high credit ratings.

Credit risk with respect to domestic and export trade receivable (other than receivables from related parties) is managed by the Company through periodical review of their credit worthiness. The Company does not perceive any credit risk in respect of receivables from related parties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee cover is taken.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

A default on a financial asset is when the counterparty fails to make contractual payments within one year from the due date. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries.

(ii) Provision for expected credit losses

The Company provides for loss allowance based 12 month expected credit loss except in the case of trade receivables which are provided based on life-time expected credit loss and on a specific identification basis.

Year ended December 31, 2025:
(a) Expected credit loss for other financial assets at amortised cost

The risk of default in carrying value of other financial assets is negligible and hence no provision for expected credit loss has been provided.

(b) Expected credit loss for trade receivables and contract assets under simplified approach:

Ageing	Less than 6 months	More than 6 months	Total
Gross carrying amount - Trade receivables	5,186.97	42.65	5,229.62
Loss allowance rate - Trade receivables	-0.21%	-97.48%	-1.00%
Expected credit losses (Loss allowance provision)	(10.65)	(41.58)	(52.23)
Carrying amount of trade receivables (net of loss allowance provision)	5,176.32	1.07	5,177.39



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Year ended December 31, 2024:

(a) Expected credit loss for other financial assets at amortised cost

The risk of default in carrying value of other financial assets is negligible and hence no provision for expected credit loss has been provided.

(b) Expected credit loss for trade receivables under simplified approach:

Ageing	Less than 6 months	More than 6 months	Total
Gross carrying amount - Trade receivables	4,089.34	32.29	4,121.63
Loss allowance rate - Trade receivables	-0.69%	-97.03%	-1.45%
Expected credit losses (Loss allowance provision)	(28.38)	(31.33)	(59.71)
Carrying amount of trade receivables (net of loss allowance provision)	4,060.96	0.96	4,061.92

(iv) Reconciliation of loss allowance provision
(a) Other financial assets

There is no loss allowance provision created for other financial assets.

(b) Trade receivables

During the year, the Company has written off/(back) of trade receivables December 31, 2025 - Rs. 0.78 (December 31, 2024 - Rs. 2.14) and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written-off.

Loss allowance on December 31, 2024	(59.71)
Changes in loss allowance - changes in risk parameters	7.48
Loss allowance on December 31, 2025	(52.23)
Loss allowance on December 31, 2023	(38.61)
Changes in loss allowance - changes in risk parameters	(21.10)
Loss allowance on December 31, 2024	(59.71)



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(B) Liquidity risk

Liquidity risk refers to risk that the Company cannot meet its financial obligations. The objective of a prudent liquidity risk management is to maintain sufficient liquidity and ensure availability of funds to meet its obligations through:

- (a) internal financing by way of daily cash flow projection
- (b) fund and non-fund based working capital limits from various banks.

The Company assessed the concentration of risk with respect to financial liabilities and concluded it to be low.

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	December 31, 2025	December 31, 2024
Floating rate		
- Expiring within 1 year (cash credit, packing credit and working capital demand loan)	1,825	1,825

The bank overdraft facilities may be drawn at any time and may be terminated by the bank as per terms and conditions of the sanction letter issued by the banker.

(ii) Contractual maturities of financial liabilities:

	Less than 6 months	6 months to 1 year	More than 1 year	Total
December 31, 2025				
Borrowings	-	-	-	-
Trade payables	3,302.12	-	-	3,302.12
Other financial liabilities	438.70	-	22.11	460.81
Lease liabilities	-	24.24	3.88	28.12
Total	3,740.82	24.24	25.99	3,791.05
December 31, 2024				
Borrowings	-	-	-	-
Trade payables	3,085.51	-	-	3,085.51
Other financial liabilities	662.18	-	1.82	664.00
Lease liabilities	18.31	20.83	29.55	68.69
Total	3,766.00	20.83	31.37	3,818.20



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(C) Market risk

Market risk is the risk that changes in market price, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange risks and interest rates as future specific market changes cannot be predicted normally with accuracy.

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions on account of sale / purchase of goods denominated in a currency that is not the Company's functional currency (Rs). The risk is measured through a forecast of foreign currency cash flows that would arise due to the underlying assets and liabilities held.

The company review the import and exports in specific currency and if there be the need to make payment over and above the receivables and balance available in specific currency in EEFC account, then forward cover is taken to cover the exposure.

a) Foreign currency exposure

The Company's exposure to foreign exchange risk at the end of the reporting period/year are expressed as follows:

	December 31, 2025					December 31, 2024				
	USD	EUR	JPY	AUD	NZD	USD	EUR	JPY	AUD	NZD
Financial assets:										
Trade receivables	964.98	901.81	-	52.34	-	708.42	498.96	-	40.58	-
Derivative assets										
Foreign exchange forward contract	962.02	-	-	51.50	-	718.09	-	-	58.08	-
Net exposure to foreign exchange risks (assets)	2.96	901.81	-	0.84	-	(9.67)	498.96	-	(17.50)	-
Financial liabilities:										
Trade payables	45.07	1,075.48	131.39	0.01	0.01	45.10	966.02	90.91	0.14	-
Derivative liability										
Foreign exchange forward contract	42.94	178.55	134.29	-	-	-	321.40	87.42	-	-
Net exposure to foreign exchange risks (liabilities)	2.13	896.93	(2.90)	0.01	0.01	45.10	644.62	3.49	0.14	-



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	December 31, 2025		December 31, 2024	
	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Foreign exchange forward contracts	-	3.92	-	11.68
Total	-	3.92	-	11.68

	Impact on profit before tax	
	December 31, 2025	December 31, 2024
Sensitivity		
INR/USD - Increase by 1% *	0.01	(0.55)
INR/USD - Decrease by 1% *	(0.01)	0.55
INR/EUR - Increase by 1% *	0.05	(1.46)
INR/EUR - Decrease by 1% *	(0.05)	1.46
INR/JPY - Increase by 1% *	0.03	(0.03)
INR/JPY - Decrease by 1% *	(0.03)	0.03

Sensitivity analysis is not disclosed for NZD & AUD due to negligible impact on profit.

* Holding all other variables constant.

(iii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from short term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company has not taken any interest rate swaps to convert the floating rate borrowings to fixed rate loans. The Company monitors the movement in the interest rates and uses the prepayment option to repay the borrowings at the time when the interest rates are unfavourable. The assessment of viability of using the pre-payment option shall be evaluated by the finance team.

a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	December 31, 2025	December 31, 2024
Variable rate borrowings	-	-
Total	-	-

b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	December 31, 2025	December 31, 2024
Interest rates - increase by 100 basis points*	-	-
Interest rates - decrease by 100 basis points*	-	-

* The risk estimates provided assume a parallel shift of 100 basis points interest rates across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.



Bonfiglioli

(Incorporated in India)

Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)

Notes forming part of the financial statements as at and for the year ended December 31, 2025

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All amounts in Millions of Indian Rupees, unless otherwise stated

41. Capital management

Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
Net 'debt' divided by Total 'equity' (as shown in the balance sheet)
The Company's strategy is to maintain an optimal gearing ratio. The gearing ratios were as follows:

	As at December 31, 2025	As at December 31, 2024
Total equity (A)	9,929.93	8,609.51
Borrowings (refer note 15)	-	-
Lease liabilities (refer note 18B)	28.12	65.57
Less: Cash and cash equivalents (refer note 11)	(1,531.81)	(1,446.67)
Less : Bank balances other than cash and cash equivalents above	(100.15)	(0.94)
Net debt (B)	(1,603.84)	(1,382.04)
Gearing ratio (B / A)	-16.15%	-16.05%

42. Contingent liabilities and Commitments

A. Contingent liabilities

Particulars	As at December 31, 2025	As at December 31, 2024
Disputed Income-tax demands pending before various forums for Assessment year 2004-05, 2013-14, 2015-16, 2017-18, 2018-19, 2020-21, 2021-22, 2022-23 and AY 2023-24	28.06	86.50
Indirect tax matters	2.76	-

Includes demand orders received under Income Tax Act, 1961 with respect to

- (i) certain disallowances of expenditure & disregarding self assessment paid by the company for AY 04-05 (proceedings pending before High Court), AY 21-22 (proceedings pending with CIT-Apprals) and AY 22-23 (proceedings pending with Assessing Officer) amounting to 28.06 (Dec-24 32.40) and
- (ii) downward transfer pricing adjustments relating to certain corporate support charges for AY 15-16, 17-18, 18-19 and 20-21 amounting to Nil (Dec-24 54.10). Further, the amounts disclosed in Dec-24 relating to downward transfer pricing adjustments represents the reduction in tax and interest amounting to 54.13 owing to the application filed by the Company under The Direct Tax Vivad se Vishwas Scheme, 2024 in respect of which, the Company has received approval from the Income Tax Authorities subsequently.

B. Commitments

Particulars	As at December 31, 2025	As at December 31, 2024
Estimated amount of contracts remaining to be executed on capital account, net of capital advances, and not provided for.	237.48	346.90



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43 Following Ratios to be disclosed:-

Particulars	Numerator	Denominator	December 31, 2025	December 31, 2024 *	Variance	Reason for variance
(a) Current Ratio (Times)	Current assets	Current liabilities	2.53	2.23	13.23%	
(b) Debt-Equity Ratio (Times)	Total Debt (including lease liabilities)	Shareholder's Equity	0.00	0.01	0.00%	
(c) Debt Service Coverage Ratio (Times)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses like depreciation and other amortizations Interest & other adjustments etc.	Debt service = Interest & Lease Payments + Principal Repayments	65.01	1.43	4431.71%	Variance noted due to reduction in the amount of principal repayments in the current year
(d) Return on Equity Ratio (Percentage)	Net Profit after taxes	Average Shareholder's Equity	25.66%	23.11%	11.06%	
(e) Inventory turnover ratio (Times)	Cost of goods sold	Average inventory	3.91	3.61	8.27%	
(f) Trade Receivables turnover ratio (Times)	Net Credit Sale of Goods and Services	Average trade receivable	4.33	4.57	-5.25%	
(g) Trade payables turnover ratio (Times)	Net Credit Purchase	Average trade payable	3.91	3.39	15.50%	
(h) Capital turnover ratio (Times)	Net sales	Working capital = Current assets - Current liabilities	3.08	3.65	-15.50%	
(i) Net profit ratio (Percentage)	Net Profit after taxes	Net sales	11.81%	10.33%	14.13%	
(j) Return on Capital employed (Percentage)	Earnings before interest and taxes	Capital employed	34.02%	29.96%	13.57%	
(k) Return on investment (Percentage)	Profit after tax	Total equity	23.90%	22.25%	7.64%	

* Restated on account of acquisition of business under common control (Refer Note 46)

(a) Current Ratio (Times)
Due to decrease in the Creditor and borrowing

(b) Debt-Equity Ratio
Due to decrease in the borrowing at the year end

(c) Debt Service Coverage Ratio (Times)
Due to decrease in the borrowing at the year end & Reduction in Profit

44 Other Regulatory Disclosure as required under Schedule III of Companies Act, 2013

- The Company does not have any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- The Company is not declared as a willful defaulter by any bank or financial institution or other lender.
- The Company has balance with below-mentioned companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.



 Bonfiglioli Corporation					
Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited) Notes forming part of the financial statements as at and for the year ended December 31, 2025 CIN: U29309TN1998PLC040717 (All amounts in Millions of Indian Rupees, unless otherwise stated)					
Name of Struck off Company	Nature of transactions with struck-off Company	Transactions during the period/year		Balance outstanding	
		December 31, 2025	December 31, 2024 *	As at December 31, 2025	As at December 31, 2024
S B Reshellers Pvt. Ltd.	Sales made by company/Advance received from customer	-	-	-	0.00
Green Handle Products Pvt Ltd	Trade Payables	-	-	-	-

Note: Since the numbers are reported in Millions amount is disclosed as Zero

d) The Company does not have any charges or satisfaction to be registered with ROC beyond stipulated statutory period.

e) The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended December 31, 2025 and years ended December 31, 2024.

f) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the link on behalf of the Ultimate Beneficiaries.

g) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds 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 link on behalf of the Ultimate Beneficiaries.

h) The Company has not granted any loans or advances in nature of loans given to promoters, directors, KMPs and its related parties except for loan given to its related party as disclosed in Note 5 to the financial statements.

i) There are no transactions in the nature of undisclosed income or income surrendered which needs to be accounted in the books of accounts during the year in the tax assessments under the Income Tax Act, 1961.

j) Compliance with clause (87) of section 2 of the Act read with Companies (Restriction in number of Layers) Rules, 2017, with respect of layer of Companies are not applicable to the Company.



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Notes forming part of the financial statements as at and for the year ended December 31, 2025

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45 Corporate Social Responsibility (CSR)

	As at December 31, 2025	As at December 31, 2024
(i) Gross amount required to be spent by the company during the period	46.33	44.91
(ii) Amount approved by the Board to be spent during the period	46.33	44.91
(iii) Amount spent during the year ending on 31st December 2025		
a) Construction/acquisition of any assets		
b) on purpose other than (a) above	57.66	57.66
Total		
(iv) Amount spent during the year ending on 31st December 2024		
a) Construction/acquisition of any assets		
b) on purpose other than (a) above	35.54	9.37
Total		44.91
(v) Details related to spent / unspent obligations:	As at December 31, 2025	As at December 31, 2024
a) Contribution to Public Trust		
b) Contribution to Charitable Trust	9.37	9.15
c) Contribution to Enhancing Vocational Skills	57.66	44.59
d) Contribution to Ensuring environmental sustainability		0.08
e) Contribution to Promoting health care including preventing health care:		
f) Unspent amount in relation to:		
- Ongoing project		9.37
- Other than ongoing project		
(vi) Total of previous years Shortfall		
(vii) Reason for shortfall	Not applicable	
(viii) Nature of CSR activities	Promoting Education	
	Promoting Healthcare	
	Enhancement of Vocational Skills	
	Homes for women and orphans	
(ix) Details of related party transactions	Chennaitino Bonfiglioli Charitable Trust - Rs. 3.79 (December 31, 2024 - Rs. 3.10)	
(x) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Nil	
Details of Ongoing project and other than ongoing project		
As at December 31, 2025		
Opening Balance	Amount required to be spent during the year	Amount spent during the period
With company	In Separate CSR Unspent A/c	From Company's bank A/c
-	9.37	46.33
		57.66
		9.37
		(11.33)
		-
As at December 31, 2024		
Opening Balance	Amount required to be spent during the year	Amount spent during the year
With company	In Separate CSR Unspent A/c	From Company's bank A/c
-	18.28	44.91
		35.54
		18.28
		-
		9.37

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46 Business Combination

The Company entered into a Business Transfer Agreement ("BTA") on December 15, 2025 with its related party, Bonglioli Drive Solutions Private Limited ("BDSPL"), which is engaged in the manufacturing of gear components to align with the Group's business strategy in India. Pursuant to the BTA, the Company has acquired the business of BDSPL, comprising tangible movable properties, business contracts, employees, associated commercial rights, and has assumed the related liabilities, for a purchase consideration of INR 214.40. The Company has assessed this acquisition as a business combination under common control.

The transaction has been accounted in accordance with "Pooling of interest method" as laid down in Appendix C - "Business combinations of entities under common control" of Ind AS 103 notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, comparatives have been restated to give effect of the business transfer from the beginning of the previous year.

In addition, pursuant to the business transfer, there is no change in the authorised share capital of the Company.

1. Statement of Profit and Loss

Particulars	Amount for the year ended December 31, 2025 (before common control transaction)	Transactions undertaken by BDSPL	Other Adjustments#	Amount for the year ended December 31, 2025	Amount for the year ended December 31, 2024 (before common control transaction)	Transactions undertaken by BDSPL	Other Adjustments#	Amount for the year ended December 31, 2024
(I) Income								
Revenue from Operations	19,848.38	386.83	(408.26)	19,826.95	14,260.26	82.57	(181.53)	18,161.30
(i) Revenue from contract with customers	299.82	8.49	-	308.31	380.53	-	-	380.53
(ii) Other operating revenue	101.93	(1.30)	-	100.63	69.72	0.00	-	69.72
Other Income								
Total Income	20,250.13	394.02	(408.26)	20,235.89	18,710.51	82.57	(181.53)	18,611.55
(II) Expenses								
Cost of raw materials & components consumed	12,180.49	194.95	(408.26)	11,967.18	11,989.38	46.42	(181.53)	11,854.27
Changes in inventories of finished goods and work-in-progress	435.36	107.17	-	542.53	(60.81)	(3.30)	-	(64.11)
Employee benefits expense	1,061.83	0.87	-	1,062.70	981.95	0.24	-	982.19
Finance costs	73.45	4.32	-	77.77	104.25	(0.07)	-	104.18
Depreciation and amortisation expense	459.27	18.96	-	478.23	450.26	16.03	-	466.29
Other expenses	2,830.51	24.64	-	2,855.15	2,799.66	19.08	-	2,818.74
Total Expenses	17,040.91	350.91	(408.26)	16,983.56	16,264.69	78.40	(181.53)	16,161.56
Profit before tax from continuing operations	3,209.22	43.11	-	3,252.33	2,445.82	4.17	-	2,449.99
Tax expense:								
Current tax	810.33	8.49	-	818.82	577.64	(0.58)	-	577.06
Tax pertaining to earlier years	61.64	(0.40)	-	61.24	(58.58)	-	-	(58.58)
Deferred tax	(6.47)	-	-	(6.47)	15.53	-	-	15.53
Total tax expense	865.50	8.09	-	873.59	534.59	(0.58)	-	534.01
Profit after tax for the year from continuing operations	2,343.72	35.02	-	2,378.74	1,911.23	4.75	-	1,915.98
Discontinued Operations								
Profit from Discontinued Operations before tax	-	-	-	-	22.06	-	-	22.06
Gain on disposal of discontinued Operations	-	-	-	-	23.74	-	-	23.74
Tax Expenses of Discontinued Operations	-	-	-	-	(10.14)	-	-	(10.14)
Profit after tax for the year from discontinued operations	-	-	-	-	35.66	-	-	35.66
Profit after tax for the year	2,343.72	35.02	-	2,378.74	1,946.89	4.75	-	1,951.64
Other comprehensive Income:								
Items that will not be reclassified to profit or loss in subsequent periods								
Remeasurements loss of post-employment benefit obligations	(23.19)	-	-	(23.19)	(8.95)	-	-	(8.95)
Income tax relating to the above item	5.84	-	-	5.84	2.25	-	-	2.25
Other comprehensive income/(loss) for the year, net of tax	(17.35)	-	-	(17.35)	(6.70)	-	-	(6.70)
Total comprehensive income for the year, net of tax	2,326.37	35.02	-	2,361.39	1,940.19	4.75	-	1,944.94



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
Notes forming part of the financial statements as at and for the year ended December 31, 2025
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(All amounts in Millions of Indian Rupees, unless otherwise stated)

2. Balance Sheet

Particulars	Amount as of December 31, 2024 (before common control transaction)	Amount as of December 31, 2024 (for BDSPL)	Other Adjustments	Amount as of year ended December 31, 2024
Assets				
Non-current assets				
Property, plant and equipment	2,481.45	158.37	-	2,639.82
Capital work-in-progress	112.21	25.11	-	137.32
Intangible assets	3.04	-	-	3.04
Intangible assets under development	9.46	-	-	9.46
Right-of-use asset	343.07	-	-	343.07
Financial assets				
i. Investments	1.13	-	-	1.13
ii. Loans	92.40	-	-	92.40
iii. Other financial assets	55.56	-	-	55.56
Deferred tax assets (Net)	161.80	-	-	161.80
Non-current tax assets (Net)	4.92	-	-	4.92
Other non-current assets	74.39	-	-	74.39
Total non-current assets	3,339.43	183.48	-	3,522.91
Current assets				
Inventories	3,107.00	107.17	-	3,214.17
Financial assets				
i. Trade receivables	4,095.62	23.43	(57.13)	4,061.92
ii. Cash and cash equivalents	1,446.67	-	-	1,446.67
iii. Bank balances other than (ii) above	0.94	-	-	0.94
iv. Loans	126.11	-	-	126.11
v. Other financial assets	147.87	-	-	147.87
Current tax assets (net)	82.30	-	-	82.30
Other current assets	251.56	36.31	-	287.87
Total current assets	9,358.07	166.91	(57.13)	9,467.85
Total assets	12,697.50	350.39	(57.13)	12,990.76
Equity and liabilities				
Equity				
Equity share capital	1,253.31	-	-	1,253.31
Other equity	7,277.61	4.75	73.84	7,356.20
Total equity	8,530.92	4.75	73.84	8,609.51
Non-current liabilities				
Financial liabilities				
i. Lease liabilities	28.09	-	-	28.09
ii. Other financial liabilities	1.42	-	-	1.82
Provisions	106.35	-	-	106.35
Total non-current liabilities	136.26	-	-	136.26
Current liabilities				
Contract liabilities	50.40	-	-	50.40
Financial liabilities				
i. Borrowings	-	-	-	-
ii. Lease liabilities	37.48	-	-	37.48
Trade payables	342.72	-	-	342.72
Total outstanding dues of micro and small enterprises	2,710.89	49.03	(57.13)	2,702.79
Other financial liabilities	447.75	0.03	214.40	662.18
Current tax liability (net)	-	-	-	-
Other current liabilities	194.55	7.35	-	201.90
Provisions	206.54	0.94	-	207.52
Total current liabilities	4,030.33	57.39	157.27	4,244.99
Total liabilities	4,166.59	57.39	157.27	4,381.25
Total equity and liabilities	12,697.51	62.14	231.11	12,990.76

Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
Notes forming part of the financial statements as at and for the year ended December 31, 2025
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Summary of assets and liabilities acquired as at December 15, 2025	
Particulars	Amount as of December 15, 2025
Assets	
Non-current assets	
Property, plant and equipment	182.24
Capital work-in-progress	0.54
Total non-current assets	182.78
Current assets	
Inventories	57.93
Other current assets	29.32
Trade Receivables	
Total current assets	87.25
Total assets	270.03
Other Equity	
Current liabilities	
Total outstanding dues of creditors other than micro and small enterprises	48.28
iii Other financial liabilities	-
Other current liabilities	7.35
Total current liabilities	55.63
Total liabilities	55.63
Net Purchase consideration payable *	214.40

* The purchase consideration payable has been disclosed under Note 16B "Other Current Financial Liabilities"
Other adjustments relates to intercompany eliminations

47 Events after the reporting period

(a) Management has evaluated the potential impact of prevailing global geopolitical uncertainties and believes that no material impact is expected on the Company's business or the accompanying financial statements for the year ended December 31, 2025. Management will continue to monitor developments related to such uncertainties and will update its assessment as necessary from time to time.

(b) The shareholders in its meeting held on November 10, 2025 approved a bonus issue of 62,665,278 equity shares of INR 10 each to eligible Equity Shareholders of the Company holding equity shares whose name appears in the



Bonfiglioli Transmissions Limited (Formerly known as Bonfiglioli Transmissions Private Limited)
Notes forming part of the financial statements as at and for the year ended December 31, 2025
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48 Maintenance of books and records of the Company

Proper books of account as required by law have been kept by the Company, except that the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis.

The Company has migrated to SAP S4 HANA from SAP ECC during the year on January 14, 2025. The SAP ECC software has a feature of recording audit trail feature and was enabled throughout the year, except in respect of relevant transactions underlying the application where the audit trail feature was not enabled throughout the year. Further, audit trail was not enabled at the database level to capture direct data changes in the database during the year. For SAP HANA, the software has a feature of recording audit trail and was enabled throughout the year, except in respect of certain relevant transactions underlying the application where the audit trail feature was not enabled throughout the year. Further, audit trail was enabled at the database level in capture direct data changes however in the absence of comprehensive information, we are unable to comment on whether it was enabled throughout the year.

The Company has used an accounting software which is operated by a third-party software service provider, for maintaining its payroll books of account. The software has a feature of recording audit trail (edit log) facility and is operating throughout the year at the application and database layer. Further, the Service Organisation Controls report did not reveal any instance of audit trail feature being tampered with in respect of the accounting software. Additionally, the audit trail in respect of the relevant prior year has been preserved by the company as per the statutory requirements for record retention to the extent it was enabled and recorded.

The Company has used an accounting software for accounting of leases & application of bank receipts and payments, which has the feature of recording audit trail (edit log) facility, which is not enabled at database level. Further, audit trail was not enabled for all the relevant transactions throughout the year. Additionally, the audit trail in respect of the relevant prior year has not been preserved by the company as per the statutory requirements for record retention.

The Company has used an accounting software relating to Bill of Materials (BOM), which has a feature of recording audit trail (edit log) facility, which was enabled for relevant transactions throughout the year and the audit trail is not enabled at a database level. Additionally, the audit trail in respect of the relevant prior year has been preserved by the company as per the statutory requirements for record retention, to the extent it was enabled and recorded.

for S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

[Signature]
per Chirag Shah
Partner



for and on behalf of the Board of
Bonfiglioli Transmissions Ltd
(Formerly known as Bonfiglioli Transmissions Private Limited)
CIN: U29309TN1998PLC040717

[Signature]
Kennedy Lappally
Managing Director

[Signature]
G A Balaji
Whole-time director and Chief Financial Officer

[Signature]
Sunil Kumar
Company Secretary

Membership Number: 121648
Place: Chennai
Date: 31.03.2026

DIN: 08110794
Place: Chennai
Date: 31.03.2026

DIN: 06630726
Place: Chennai
Date: 31.03.2026

M No: AS8368
Place: Chennai
Date: 31.03.2026

